



Comprehensive Annual Financial Report
June 30, 2014



CITY OF BUCKEYE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED June 30, 2014

Prepared by the
Finance Department

Introductory Section.	
Letter of Transmittal	I
List of Principal Officials.....	V
Organizational Chart.....	VI
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Statement of Net Position	16
Statement of Activities.....	17
Governmental Funds – Balance Sheet	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	21
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual.....	22
Impact Fees Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	24
HURF Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	25
Proprietary Funds – Statement of Net Position.....	26
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position	27
Proprietary Funds – Statement of Cash Flows.....	28
Fiduciary Funds – Statement of Fiduciary Net Position	30
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	31
Notes to Financial Statements.....	32
Required Supplementary Information	
Public Safety Personnel Retirement System – Schedule of Funding Progress	62
Combining and Individual Fund Statements and Schedules	
CFD Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	63
Debt Service Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	64
Nonmajor Governmental Funds – Combining Balance Sheet	65
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66
Nonmajor Special Revenue Funds – Combining Statement Balance Sheet	67
Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
Statistical Section (Unaudited)	
Property Tax Levies and Rates	71
Direct and Overlapping Property Tax Rates	72
Property Tax Levies and Collections	73
City Sales Tax Revenue.....	74
Direct and Overlapping Sales Tax Rates	75
Selected Demographic and Economic Statistics	76
Principal Employers.....	77
Authorized Positions.....	78
Selected City of Buckeye Financial Indicators	79

Introductory Section

Honorable Mayor and City Council
City of Buckeye, AZ

The Finance Department respectfully submits the Comprehensive Annual Financial Report (CAFR) of the City of Buckeye, Arizona for the fiscal year ended June 30, 2014. The State of Arizona requires in ARS Section 9-481 that each incorporated city be audited at least once for every fiscal year. 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 City departments. City 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, has issued an unqualified opinion on the City’s CAFR for the year ended June 30, 2014. As indicated by the opinion of our independent auditors, the report fairly presents the financial position and the results of operations of the City 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 City’s financial affairs. It includes disclosures necessary for the reader to gain an understanding of the City’s financial activities. The independent auditor’s 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 auditor’s 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 City. This section is intended to familiarize the reader with the City 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 City 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 and 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 City of Buckeye that are interesting and relevant to assessing the City's financial condition. This section is intended to assist the reader in understanding the environment in which the City operates.

PROFILE OF THE CITY OF BUCKEYE

The City of Buckeye was founded in 1888 and is the western-most incorporated city 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 approximately 56,459 based on a report from Maricopa Association of Government. 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 City has a planning area of 600 square miles with a total of 392 annexed square miles. City 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 City operates under a council-manager form of government. The seven-member City 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 City elections are non-partisan. The City Council is responsible for passing ordinances, adopting the budget, appointing members of commissions and hiring the City Manager. The City Manager carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the City and appoints the various department heads.

The City provides traditional municipal services such as public safety (police, fire, and magistrate court), airport facility for business and recreational flying, 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 City's enterprise funds. Sanitation, refuse collection and recycling services are provided through a separate enterprise fund. The City provides, or will provide, street lighting and maintenance for developing areas through legally formed street lighting and maintenance improvement districts. The City 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 City includes all government activities, organizations and functions for which the City 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 City 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 City Treasurer.

FINANCIAL INFORMATION

Local Economy The City 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 City’s revenues over the past several years. The slowdown in housing and the economy generally has been readily apparent in the revenue collections. The challenge faced by Buckeye is that the retail and office development desired by residents, and which would provide the City with a reliable, long-term source of revenue, was only beginning to emerge at the same time the economy started its downward trends. Buckeye’s retail is growing slowly but steadily.

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 City 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 City 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 City’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 City 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.

On May 9, 2012, the City of Buckeye adopted its first seven (7) Year Capital Improvement Program (fiscal year 2012 through fiscal year 2018). The Capital Improvement Program is a suggested schedule of capital expenditures to be incurred in a given fiscal year for a fixed period of years to meet capital needs. The City of Buckeye Capital Improvement Program (“CIP”) specifically sets forth each project or capital expenditure that the City initiates. Each project or capital expenditures will contain estimates of cost and proposed financing, with each project annually reviewed, updated, and possibly revised as part of the City of Buckeye budgeting process.

Relevant Financial Policies The City of Buckeye maintains accounts in accordance with the principles of fund accounting to ensure that limitations and restrictions on the City’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 City incorporates performance expectations and initiatives into their annual budgeting process, which are intended to move the City 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 City 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. In the event a fund is overspent, the City will transfer enough money from the General Fund to show a zero balance. In most cases, there is sufficient fund balance to take that action.

City management monitors the City’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 all available resources are accounted for with appropriate budgetary controls, and only available resources are disbursed or encumbered.

Historically, the City 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 City Department who contributed to its preparation and recognize the major effort of the Financial Services Division in administering the City’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 City in a responsible and progressive manner.

Respectfully submitted,

Finance Department
/iw

Jackie Meck
Mayor

Eric Orsborn
Vice Mayor

Michelle Hess
Councilmember

Ray Strauss
Councilmember

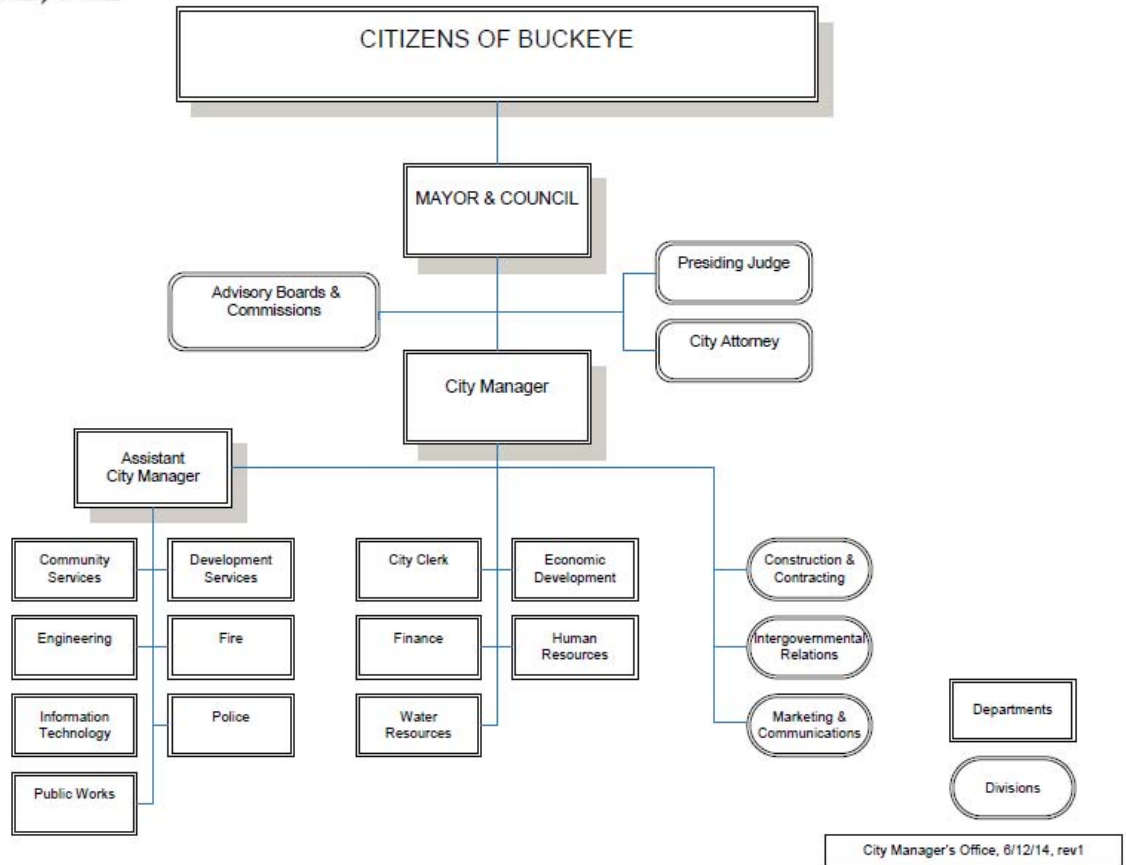
Craig Heustis
Councilmember

Brian McAchran
Councilmember

Robert Garza
Councilmember



City of Buckeye Organizational Chart
June, 2014



Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buckeye, Arizona (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund and major special revenue funds of the City, as of June 30, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Correction of an Error

As described in Note 14 to the financial statements, the City applied an adjustment to beginning net position and fund balance to correct incorrectly recorded capital assets and long-term debt, respectively, in prior years. Our opinions are not modified with respect to this matter.

Adoption of New Accounting Standard

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As discussed in Note 13 to the financial statements, the City has retroactively restated the previously reported net position to account for bond issuance costs in accordance with this Statement. In addition, the City has updated the current period reporting to reclassify certain assets to deferred outflows of resources and certain liabilities to deferred inflows of resources. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4 through 15 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the respective budgetary comparison for the major debt service funds, the combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The respective budgetary comparison for the major debt service funds and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the respective budgetary comparison for the major debt service funds, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Phoenix, Arizona
November 24, 2014

As financial management of the City of Buckeye, Arizona, we are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2014. 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.

The City 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 City's elected officials serve as the Board of Directors for each CFD), making the City financially accountable for their operations. The City, however, has no financial liability for the debts of the CFDs. A description of these component units is available in Note 1 on page 32. Separate financial statements are not prepared for the CFDs.

Financial Highlights

- The total assets and deferred outflows of resources of the City of Buckeye, Arizona exceeded its total liabilities at the close of the fiscal year ended June 30, 2014 by \$613,704,522 (net position). Of this amount, \$90,845,078 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2014, the City of Buckeye, Arizona's governmental funds reported combined ending fund balances of \$65,670,946, an increase of \$7,125,322 in comparison to fiscal year 2013. This change was mainly due to:
 - The General Fund's fund balance increased by \$1,454,303;
 - The governmental Impact Fee Funds' fund balance decreased by (\$883,722);
 - The various CFD Debt Service Funds' fund balance increased by \$104,179; a portion of which consisted of an adjustment to beginning fund balance as of June 30, 2013 of \$800,000;
 - The various CFD Debt Service Funds' fund balance decreased by (\$71,422);
 - The Highway User Revenue Fund's (HURF) fund balance decreased by (\$180,944); and,
 - Nonmajor Governmental Funds' fund balance increased by \$6,702,928.
- As of June 30, 2014, the total fund balance in the General Fund was \$18,838,178. The fund balance in the governmental Impact Fees totaled \$13,518,697.
- For fiscal year 2014, total General Fund revenues of \$47,094,796 were greater than budgeted revenues of \$44,069,656. An increase of \$3,025,140 or 6.86%. Total General Fund expenditures of \$44,386,292 were less than the budgeted expenditures of \$56,604,904. A decrease of \$12,218,612 or 21.6%.
- For fiscal year 2014, governmental Impact Fee revenues of \$1,997,240 were greater than budgeted revenues of \$783,121. An increase of \$1,214,119 or 155%. Total governmental Impact Fee expenditures of \$1,152,088 were less than budgeted expenditures of \$15,675,432. A difference of \$14,523,344 or 92.6% when compared to budget.

Overview of the Financial Statements

The financial section of the Comprehensive Annual Financial Report (CAFR) for the City 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 major special revenue funds and notes to the basic financial statements.

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

The statement of net position presents information on all of the City of Buckeye, Arizona's assets, deferred outflows of resources, liabilities, and net position, which is defined as assets plus deferred outflows of resources less liabilities. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 City 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 City 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 City's water, sewer, solid waste, and airport operations.

Fund Financial Statements. Also presented are the traditional fund financial statements for governmental funds. The fund financial statements focus on major funds of the City. 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 City 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 City 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.

Proprietary Funds. The City of Buckeye, Arizona maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as “business-type activities” in the government-wide financial statements. The City 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 City.

The second type of Proprietary Fund is the *Internal Service fund*, which is used to account for activities that involve the governmental entity providing goods or services to other departments or agencies on a cost-reimbursement basis.

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 City 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 City of Buckeye, Arizona's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements. The notes to the basic financial statements beginning on page 32 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 City 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 City has disclosed this information in Note 11 to the basic financial statements and in required supplementary information on page 62.

Government-Wide Financial Statements Analysis

Net positions may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the City as of June 30, 2014 and 2013, showing that assets and deferred outflows of resources exceeded liabilities for both governmental and business-type activities by a total of \$613,704,522 for the fiscal year ended June 30, 2014.

City of Buckeye, Arizona
Condensed Statement of Net Position
June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 129,365,957	\$ 131,917,728	\$ 34,350,808	\$ 32,588,931	\$ 163,716,765	\$ 164,506,659
Capital assets:						
Non-depreciable	174,141,773	171,975,629	10,549,165	7,367,857	184,690,938	179,343,486
Depreciable (net)	215,647,169	222,233,293	248,105,265	253,712,431	463,752,434	475,945,724
Total Assets	\$ 519,154,899	\$ 526,126,650	\$ 293,005,238	\$ 293,669,219	\$ 812,160,137	\$ 819,795,869
Deferred Outflows of Resources						
Loss on refunding and defeasance	852,915	915,838	-	-	852,915	915,838
Total deferred outflow of resources	\$ 852,915	\$ 915,838	-	-	\$ 852,915	915,838
LIABILITIES						
Other liabilities	\$ 14,881,175	\$ 14,893,150	\$ 2,791,887	\$ 4,762,477	\$ 17,673,062	\$ 19,655,627
Non-current liabilities:						
Due within one year	8,583,634	7,605,056	591,458	285,007	9,175,092	7,890,063
Due in more than one year	168,069,204	149,025,343	4,391,172	4,353,530	172,460,376	153,378,873
Total Liabilities	\$ 191,534,013	\$ 170,607,711	\$ 7,774,517	\$ 9,401,014	\$ 199,308,530	\$ 180,008,725
NET POSITION						
Net investment in capital assets	\$ 213,136,104	\$ 237,578,523	\$ 254,014,252	\$ 256,525,111	\$ 467,150,356	\$ 494,103,634
Restricted for						
Impact fees	13,518,697	14,402,419	9,558,074	11,808,074	23,076,771	26,210,493
SLID operations	82,198	85,523	-	-	82,198	85,523
Highway and streets	236,523	417,467	-	-	236,523	417,467
Debt service	10,188,264	10,073,095	-	-	10,188,264	10,073,095
Capital outlay	11,593,038	10,612,492	-	-	11,593,038	10,612,492
Other	10,131,429	4,100,462	-	-	10,131,429	4,100,462
Unrestricted	69,587,548	78,248,958	21,257,530	15,935,020	90,845,078	94,183,978
TOTAL NET POSITION	\$ 328,473,801	\$ 355,518,939	\$ 285,230,721	\$ 284,268,205	\$ 613,704,522	\$ 639,787,144

Please note that the City did not restate fiscal year 2013 balances in the condensed statement above. All restatements are shown to the beginning net position in fiscal year 2014.

Net position consists of three components. One portion of the City's net position (76.1%) reflects its net 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 City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City 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.

An additional portion of the City of Buckeye, Arizona's net position (9.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$90,845,078 (14.8%), may be used to meet the government's ongoing obligations to citizens and creditors.

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

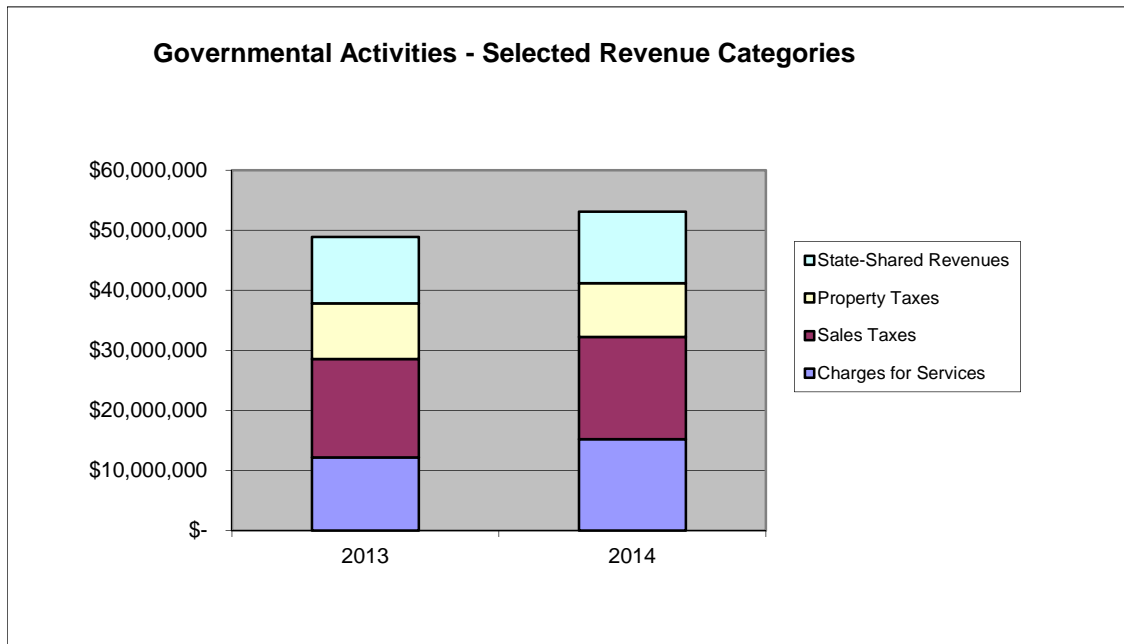
The following table reflects the condensed Statement of Changes in Net Position for the fiscal years ended June 30, 2014 and 2013. This information is helpful in understanding the sources and uses of funds during the fiscal year.

City of Buckeye, Arizona Changes in Net Position For the Fiscal Years Ended June 30, 2014 and 2013						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues						
Fees, fines and charges for services	\$ 15,185,231	\$ 12,171,785	\$ 22,860,407	\$ 18,234,801	\$ 38,045,638	\$ 30,406,586
Operating grants and contributions	6,314,969	3,210,818	-	-	6,314,969	3,210,818
Capital grants and contributions	4,582,925	12,117,675	43,187	3,043,271	4,626,112	15,160,946
General revenues						
Sales taxes	17,057,331	16,364,424	-	-	17,057,331	16,364,424
Property taxes	8,891,436	9,259,137	-	-	8,891,436	9,259,137
Franchise taxes	2,558,045	2,384,979	-	-	2,558,045	2,384,979
State-shared revenues	11,912,520	11,063,282	-	-	11,912,520	11,063,282
Investment earnings	365,368	396,874	4,199	19,584	369,567	416,458
Other	7,080,275	2,867,160	23,534	13,918	7,103,809	2,881,078
Total Revenues	\$ 73,948,100	\$ 69,836,134	\$ 22,931,327	\$ 21,311,574	\$ 96,879,427	\$ 91,147,708
EXPENSES						
General government	\$ 44,353,079	\$ 26,509,546	\$ -	\$ -	\$ 44,353,079	\$ 26,509,546
Public safety	32,145,964	28,524,189	-	-	32,145,964	28,524,189
Highways and streets	3,376,108	3,494,907	-	-	3,376,108	3,494,907
Culture and recreation	3,556,699	3,210,037	-	-	3,556,699	3,210,037
Community development	4,589,090	1,011,271	-	-	4,589,090	1,011,271
Economic development	857,980	634,894	-	-	857,980	634,894
Health and welfare	515,372	458,642	-	-	515,372	458,642
Miscellaneous	221,643	133,417	-	-	221,643	133,417
Interest on long-term debt	8,750,687	8,786,448	-	-	8,750,687	8,786,448
Airport	-	-	678,268	704,766	678,268	704,766
Solid Waste	-	-	3,702,671	3,477,546	3,702,671	3,477,546
Sewer	-	-	9,297,155	11,176,242	9,297,155	11,176,242
Water	-	-	9,026,581	8,759,591	9,026,580	8,759,591
Total Expenses	\$ 98,366,622	\$ 72,763,351	\$ 22,704,675	\$ 24,118,145	\$ 121,071,296	\$ 96,881,496
Changes in net position before transfers:	(24,418,522)	(2,927,217)	226,652	(2,806,571)	(24,191,870)	(5,733,788)
Transfers	663,324	895,971	(663,324)	(895,971)	-	-
Change in net position	(23,755,198)	(2,031,246)	(436,672)	(3,702,542)	(24,191,870)	(5,733,788)
Net position at beginning of year	355,518,939	357,550,185	284,268,205	287,970,747	639,787,144	645,520,935
Change in accounting principle - Note 13	(5,458,825)	-	-	-	(5,458,825)	-
Correction of error - Note 14	2,168,884	-	1,399,188	-	3,568,072	-
Net Position - beginning of year (as restated)	352,228,998	357,550,185	285,667,393	287,970,747	637,896,391	645,520,932
Total net position	\$ 328,473,801	\$ 355,518,939	\$ 285,230,721	\$ 284,268,205	\$ 613,704,522	\$ 639,787,144

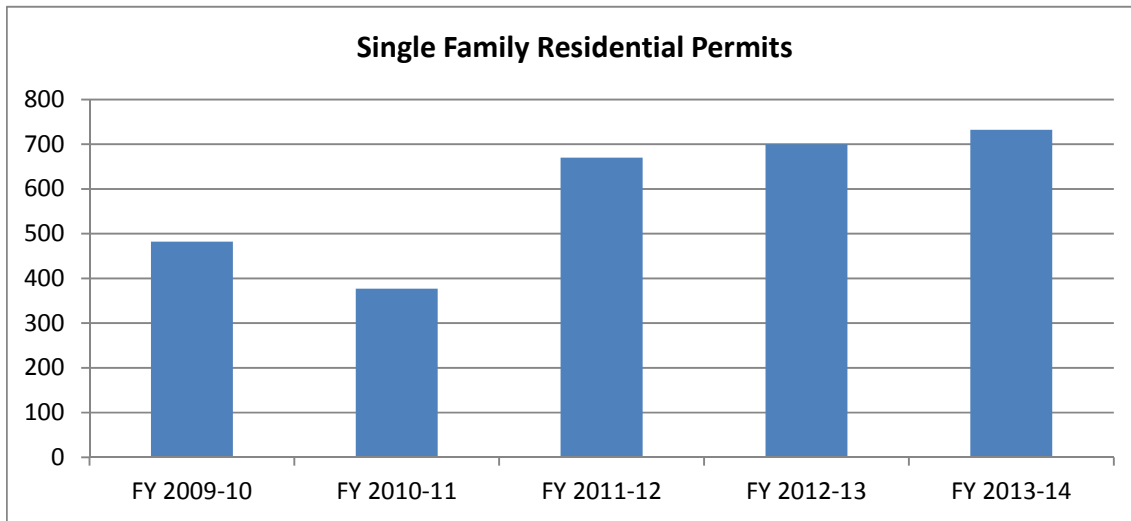
Please note that the City did not restate fiscal year 2013 balances in the condensed statement above. All restatements are shown to the beginning net position in fiscal year 2014.

Governmental Activities. Governmental activities decreased the City's net position by (\$23,755,198) from the prior fiscal year. In addition, the beginning net position was adjusted as of June 30, 2013 by (\$5,458,825) related to a change in accounting principle and \$2,168,884 related to a correction of an error. This net decrease is attributable to an increase in expenses as discussed further below. The greatest increase in expense can be found in the Public Safety area. Police purchased ten new vehicles as part of their replacement program, as well as increasing its staff. Community services added more programs which are off-set by an increase in revenue. Engineering services were started in-house, which required an increase in staff for the Community Development department.

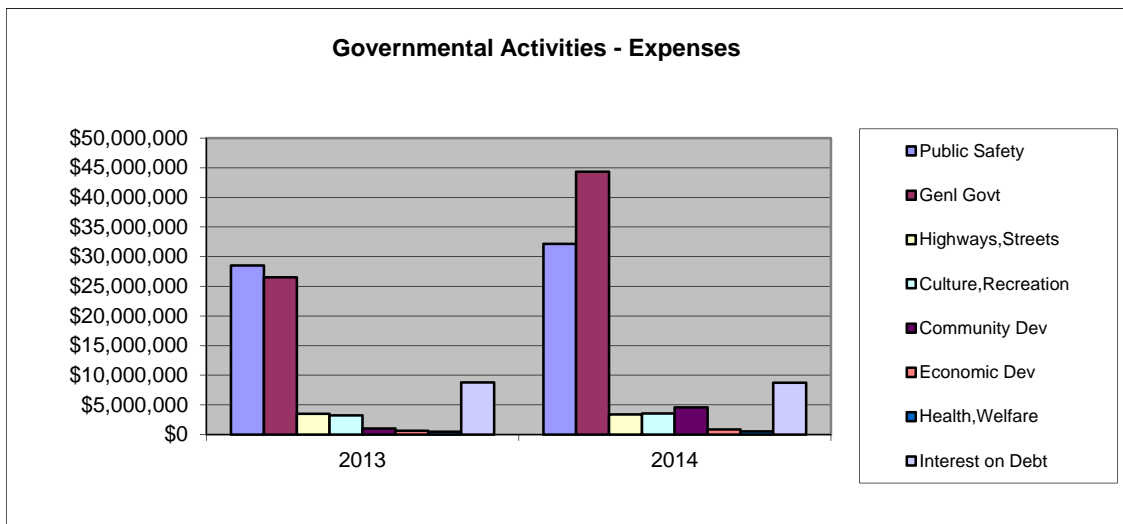
The chart below graphically reflects certain of the information above relative to the City's revenues.



The City of Buckeye saw another increase in the Building Permits for single family residents from 2013 to 2014 than the previous year. The sales tax collections increased thru June 30, 2014. The local sales tax for 2014 was \$17,057,331 in comparison to 2013 in the amount of \$16,364,424. The above graph does not include the reduction in capital grants and contributions but only focuses on the major revenue sources. The sales tax shows a steady increase as does the charges for services category. State shared revenues are on an uphill climb as well and should continue to increase over time.



Information relative to the City's expense categories from the table is reflected graphically below.



Total expenses of the governmental funds increased a total of \$25,603,271 from fiscal year 2013 to fiscal year 2014. Spending in the general government and public safety area increased. Staff was increased in the economic development area as well as development services and engineering. The recreational activities increased as the population increased in the City therefore staff had to be added in those areas as well. The before and after school program as well as the sports activities are extremely successful. Public Safety added an additional 6 positions, and Development services increased by five positions during fiscal year 2014 compared to fiscal year 2013.

Business-Type Activities. Business-type activities decreased the City's net position by (\$436,672) during the fiscal year ended June 30, 2014. In addition, beginning net position as of June 30, 2013 was adjusted by \$1,399,188 related to a correction of an error. Capital grants and contributions showed a decrease of (\$3,000,084) during the fiscal year. During fiscal year 2014, total grants and contribution received were \$43,187, while in fiscal year 2013, a total of \$3,043,271 was received.

Fund Financial Statements Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City'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 City'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 City include the General Funds, Impact Fee Funds, CFD (Community Facility Districts) Funds for both capital improvements and CFD debt service, CFD Debt 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, 2014, the City's governmental funds reported combined ending fund balances of \$65,670,946 (pg 18), an increase of \$7,125,322 from June 30, 2013. Approximately 28.7% 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.

City of Buckeye, Arizona
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30, 2014 and 2013

	Governmental Activities		Increase
	2014	2013	<Decrease> from FY 2013
General Funds	\$ 18,838,178	\$ 17,383,875	\$ 1,454,303
Impact Fee Funds	13,518,697	14,402,419	(883,722)
CFD Funds	9,663,418	9,559,239	104,179
Debt Service Funds	527,312	598,734	(71,422)
HURF Fund	236,523	417,467	(180,944)
Nonmajor Governmental Funds	22,886,818	16,183,890	6,702,928

General Fund The General Fund is the chief operating fund of the City of Buckeye, Arizona. This fund increased by \$1,454,303. Key factors in this change were:

- General fund collections of local transaction privilege tax, charges for services, and grants and contributions increased from the prior year.
- Operating expenditures remained below budget over the fiscal year.

Impact Fee Fund. Balances decreased during the fiscal year by \$883,722, due to a transfer out for the planned fire station at Sun City Festival. Construction is to begin during fiscal year 2015. Total impact fees collected were \$1,879,601 (pg 20), an increase of \$326,320 from the amount budgeted for fiscal year 2014.

Community Facility District (CFD) Funds. During the fiscal year, the various CFD Funds balances increased by \$104,179. The ad valorem tax rate is different for most CFDs. Please see the table below for detail:

Tax rate table for Community Facility Districts (CFD) FY 2014

District Name	Operation & Maintenance	Debt Service	Total
Anthem Sun Valley CFD	0.30		0.30
Elianto CFD	0.30		0.30
Festival Ranch CFD	0.30	2.30	2.60
Mirielle CFD	0.30		0.30
Sundance CFD	0.30		0.30
Tartesso CFD	0.30	5.00	5.30
Trillium CFD	0.30		0.30
Verrado Distric 1 CFD	0.30	3.00	3.30
Verrado Western Overlay CFD	0.30	3.00	3.30
Watson Road CFD	0.30		0.30
Westpark CFD	0.30	4.35	4.65

CFD Debt Fund. The balance in the debt service fund decreased during this fiscal year by \$71,422.

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 \$180,944 during the fiscal year. With the increase in the number of streets and sidewalks the City is responsible for, the cost of the maintenance for them has increased as well. We are expecting a continued increase in this area as the repair and maintenance costs increase. The City receives distributions of state HURF monies which must be used solely for allowable costs related to streets and street lighting. Expenditures exceeded revenues by \$97,281.

Nonmajor Governmental Funds. Nonmajor governmental fund balances increased by \$6,702,928 during the fiscal year. This increase was due to the increase in contributions and donations. All non-major governmental funds of the City are combined into one column on the governmental fund financial statements.

Proprietary Funds. The City 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.

Unrestricted net position at the end of the year is as follows for the indicated funds:

City of Buckeye, Arizona
 Unrestricted Net Position- Proprietary Funds
 For the Fiscal Years Ended June 30, 2014 and 2013

	Business-Type Activities		Increase <Decrease> from FY 2013
	2014	2013	
Sewer Fund	\$ 4,601,261	\$ 1,315,794	\$ 3,285,467
Solid Waste	1,634,258	1,181,851	452,407
Water Fund	14,594,383	13,086,153	1,508,230
Airport Fund	427,628	351,222	76,406
Internal Service Fund	525,599	1,214,611	(689,012)

Developers transferred and the City accepted infrastructure totaling \$43,187 during the fiscal year that will be used in sewer and water operations.

Budgetary Highlights

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found beginning on page 22. These statements compare the original adopted budget and revised budget, and the actual expenditures prepared on a budgetary basis. Revenues collected in the general fund exceeded budgeted amounts by \$3,025,140. Expenditures were less than budgeted by \$12,218,612 as the general fund department activities continue to be closely monitored. Differences between actual and budget revenue amounts relates to an increase in licenses and permits and charges for services.

Capital Asset and Debt Administration

The City of Buckeye, Arizona's capital assets for its governmental and business-type activities as of June 30, 2014 amount to \$648,443,372 (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 City contracts for solid waste services.

Below is a listing of the major capital asset events which occurred during this fiscal year. Some of these capital projects were started during fiscal year 2013, some are still ongoing, and some of the projects have been completed and recorded during fiscal year 2014.

- The waterline restoration north and south of Monroe was completed during 2014. The total cost of the project was \$976,436 mostly funded with monies received from the Community Development Block Grant.
- Phase II and III Valencia sidewalk 2nd, 3rd and 4th Avenue project was completed during 2014. The total cost of the project was \$573,391, mostly funded with monies received from the Community Development Block Grant.
- A heater was installed in the swimming pool to allow for more open swim as well as extend the practice for the Buckeye swim team. The cost of the heater including installation was a total of \$147,195.
- The Kino-Alarcon Pedestrian project should be completed during 2015.
- Improvements are being made to Watson and 228th Ave. as well as further improvements along Lower Buckeye Road and 247th Ave.
- The vehicle maintenance building is being expanded and improved. The building has not been upgraded for more than fifteen years.
- The design for the Skyline Regional Park is near completion and construction for the access road is scheduled to begin during at the end of 2014 or the beginning of 2015.

- Construction on the Sundance Crossing Library started, and completion for the library is anticipated to be during the beginning of 2015. This additional library is approx. 1,700 square feet and will provide 24 computer stations for public access, all furniture is technology friendly and will have teen and children specific areas. It will also include an innovation center which is operated in partnership with Arizona State University and will offer entrepreneur sessions as well as other informational activities. This construction also includes new administrative offices for police and fire at the same location of Yuma and Dean in the Sundance district.
- A new fire engine was purchased for the Sienna Hills development with contribution from the developer per the agreement.

The following table provides details of the City's capital assets as of June 30, 2014 and 2013:

City of Buckeye, Arizona
Capital Assets at June 30, 2014 and 2013
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 171,852,454	\$ 170,179,824	\$ 5,500,907	\$ 5,457,720	\$ 177,353,361	\$ 175,637,544
Construction in progress	2,289,319	1,795,805	5,048,256	1,910,137	7,337,575	3,705,942
Land improvements	11,271,720	11,699,399	4,172,568	3,798,214	15,444,288	15,497,613
Buildings and improvements	26,626,544	27,512,330	68,264,508	70,498,349	94,891,052	98,010,679
Infrastructure	164,410,408	171,759,873	-	-	164,410,408	171,759,873
Furniture, machinery and equipment	13,338,497	11,261,691	1,021,241	1,008,526	14,359,738	12,270,217
Wastewater system	-	-	109,967,141	113,158,434	109,967,141	113,158,434
Water system	-	-	64,679,809	65,248,908	64,679,809	65,248,908
Machinery, equipment and vehicles	-	-	-	-	-	-
	<u>\$ 389,788,942</u>	<u>\$ 394,208,922</u>	<u>\$ 258,654,430</u>	<u>\$ 261,080,288</u>	<u>\$ 648,443,372</u>	<u>\$ 655,289,210</u>

Long-Term Debt

At the end of the fiscal year, the City of Buckeye, Arizona had total long-term obligations outstanding of \$181,444,996. Of this amount, \$147,079,000 (81.1%) is Community Facilities District bonds backed solely by the property owners within the various CFDs. Improvement district bonds of \$2,071,000 (1.1%) are backed principally by the property owners within the improvement district. An additional 24,620,000 (13.6%) (governmental activities) and \$4,640,083 (2.6%) (business-type activities) of outstanding debt is secured by pledges of specific revenue sources of the City. The remaining \$3,034,913 (1.6%) is for capital leases, compensated absences and deferred amounts on bond premiums and discounts.

The City has no secondary property tax authority and no outstanding general obligation debt outstanding as of June 30, 2014.

The following table shows the long-term obligations of the City (including both the current and long-term portions of those obligations) as of June 30, 2014 and 2013. Further details on the City's outstanding debt may be found in Note 8 beginning on page 45.

City of Buckeye, Arizona
Long-term Obligations at June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Improvement district bonds	\$ 2,071,000	\$ 2,485,000	\$ -	\$ -	\$ 2,071,000	\$ 2,485,000
Revenue bonds	24,620,000	25,700,000	4,640,083	4,555,177	29,260,083	30,255,177
Community facility district bonds	147,079,000	126,544,000	-	-	147,079,000	126,544,000
Deferred amount on premium	1,585,694	859,428	-	-	1,585,694	859,428
Deferred amount on discount	(548,051)	(596,783)	-	-	(548,051)	(596,783)
Capital leases	454,914	669,840	-	-	454,914	669,840
Compensated absences	1,390,281	968,914	152,075	83,360	1,542,356	1,052,274
	<u>\$ 176,652,838</u>	<u>\$ 156,630,399</u>	<u>\$ 4,792,158</u>	<u>\$ 4,638,537</u>	<u>\$ 181,444,996</u>	<u>\$ 161,268,936</u>

Fiscal Year 2015 Budget Proposal Highlights

The fiscal year 2015 proposal of \$185,050,021 is 4.4% or \$8,499,611 less than the fiscal year 2014 budget of \$193,549,632. Total revenues are estimated to be 1.6% greater than the fiscal year 2014 revenue estimates. The reserves/contingency funds are estimated to decrease 1.3% from \$62.4 million dollars to \$61.6 million dollars in fiscal year 2015.

The primary property tax levy increases from \$5,079,332 in fiscal year 2014 to \$5,332,600 in fiscal year 2015, a 5.1% increase. The primary property tax rate is estimated to remain the same as fiscal year 2014, or \$1.80 per \$100 of taxable assessed value. The primary property tax levy is dedicated to Public Safety.

Financial Contact Information

This report is designed to provide a general overview of the City'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:

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

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

Basic Financial Statements

City of Buckeye, Arizona
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,881,035	\$ 23,948,857	\$ 35,829,892
Investments	44,886,050	5,942,205	50,828,255
Receivables, net			
Accounts receivable	2,609,979	4,268,456	6,878,435
Taxes receivable	106,752	-	106,752
Intergovernmental receivable	329,728	-	329,728
Special assessments receivable	48,869,000	-	48,869,000
Accrued interest	57,357	-	57,357
Prepaid items	30,127	913	31,040
Other assets	-	190,377	190,377
Restricted assets			
Cash with paying agent	1,793,913	-	1,793,913
Restricted cash	18,802,016	-	18,802,016
Capital assets			
Non-depreciable	174,141,773	10,549,165	184,690,938
Depreciable, net	215,647,169	248,105,265	463,752,434
Total assets	519,154,899	293,005,238	812,160,137
Deferred Outflows of Resources			
Loss on refunding and defeasance	852,915	-	852,915
Total deferred outflows of resources	852,915	-	852,915
Liabilities			
Accounts payable and other current liabilities	2,672,987	1,112,656	3,785,643
Accrued wages and benefits	865,965	96,477	962,442
Interest payable	580,763	55,435	636,198
Intergovernmental payable	-	79,686	79,686
Advance revenue	1,423,431	-	1,423,431
Customer deposits payable	72,510	1,447,633	1,520,143
Performance bonds payable	208,324	-	208,324
Noncurrent liabilities			
Due within one year			
Matured debt interest payable	3,549,195	-	3,549,195
Matured debt principal payable	5,508,000	-	5,508,000
Bonds and leases payable, net	8,583,634	591,458	9,175,092
Due in more than one year			
Bonds and leases payable, net	168,069,204	4,391,172	172,460,376
Total liabilities	191,534,013	7,774,517	199,308,530
Net Position			
Net investment in capital assets	213,136,104	254,014,252	467,150,356
Restricted for			
Impact fees	13,518,697	9,958,939	23,477,636
SLID operations	82,198	-	82,198
Highways and streets	236,523	-	236,523
Debt service	10,188,264	-	10,188,264
Capital projects	11,593,038	-	11,593,038
Other	10,131,429	-	10,131,429
Unrestricted	69,587,548	21,257,530	90,845,078
Total net position	\$ 328,473,801	\$ 285,230,721	\$ 613,704,522

City of Buckeye, Arizona
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 44,353,079	\$ 13,305,630	\$ 3,396,386	\$ -	\$ (27,651,063)	\$ -	\$ (27,651,063)
Public safety	32,145,964	1,019,596	-	-	(31,126,368)	-	(31,126,368)
Highways and streets	3,376,108	237,019	2,918,583	4,582,925	4,362,419	-	4,362,419
Culture and recreation	3,556,699	622,986	-	-	(2,933,713)	-	(2,933,713)
Community development	4,589,090	-	-	-	(4,589,090)	-	(4,589,090)
Economic development	857,980	-	-	-	(857,980)	-	(857,980)
Health and welfare	515,372	-	-	-	(515,372)	-	(515,372)
Miscellaneous	221,643	-	-	-	(221,643)	-	(221,643)
Interest on long-term debt	8,750,687	-	-	-	(8,750,687)	-	(8,750,687)
Total governmental activities	<u>98,366,621</u>	<u>15,185,231</u>	<u>6,314,969</u>	<u>4,582,925</u>	<u>(72,283,496)</u>	<u>-</u>	<u>(72,283,496)</u>
Business-type activities							
Airport	678,268	335,174	-	-	-	(343,094)	(343,094)
Solid Waste	3,702,671	4,171,269	-	-	-	468,598	468,598
Sewer	9,297,155	6,406,199	-	-	-	(2,890,956)	(2,890,956)
Water	9,026,581	11,947,765	-	43,187	-	2,964,371	2,964,371
Total business-type activities	<u>22,704,675</u>	<u>22,860,407</u>	<u>-</u>	<u>43,187</u>	<u>-</u>	<u>198,919</u>	<u>198,919</u>
Total Primary Government	<u>\$ 121,071,296</u>	<u>\$ 38,045,638</u>	<u>\$ 6,314,969</u>	<u>\$ 4,626,112</u>	<u>(72,283,496)</u>	<u>198,919</u>	<u>(72,084,577)</u>
General revenues							
Taxes							
Sales taxes					17,057,331	-	17,057,331
Property taxes					8,891,436	-	8,891,436
Franchise taxes					2,558,045	-	2,558,045
Unrestricted State revenue sharing					5,670,776	-	5,670,776
Unrestricted State sales tax revenue sharing					4,428,388	-	4,428,388
Unrestricted auto lieu tax revenue sharing					1,813,356	-	1,813,356
Investment earnings					365,368	4,199	369,567
Other					7,080,275	23,534	7,103,809
Transfers					663,324	(663,324)	-
Total general revenues and transfers					<u>48,528,299</u>	<u>(635,591)</u>	<u>47,892,708</u>
Change in net position					<u>(23,755,197)</u>	<u>(436,672)</u>	<u>(24,191,869)</u>
Net Position - beginning of year (as previously stated)					355,518,939	284,268,205	639,787,144
Change in accounting principle - Note 13					(5,458,825)	-	(5,458,825)
Correction of an error for capital assets not included - Note 14					2,168,884	1,399,188	3,568,072
Net Position - beginning of year (as restated)					<u>352,228,998</u>	<u>285,667,393</u>	<u>637,896,391</u>
Net Position - end of year					<u>\$ 328,473,801</u>	<u>\$ 285,230,721</u>	<u>\$ 613,704,522</u>

City of Buckeye, Arizona
Governmental Funds – Balance Sheet
June 30, 2014

	General	Impact Fees	CFD Debt Service	Debt Service	HURF	Nonmajor Governmental Funds	Totals
Assets							
Cash and cash equivalents	\$ 4,547,577	\$ 2,161	\$ -	\$ 533,865	\$ 4,790	\$ 6,792,642	\$ 11,881,035
Investments	11,958,895	13,679,102	-	-	287,935	17,960,118	43,886,050
Receivables, net							
Accounts	2,116,529	-	-	-	270,239	223,211	2,609,979
Taxes	61,214	-	38,408	-	-	7,130	106,752
Intergovernmental	329,728	-	-	-	-	-	329,728
Special assessments	-	-	46,798,000	2,071,000	-	-	48,869,000
Accrued interest	57,357	-	-	-	-	-	57,357
Due from other funds	1,352,386	-	-	-	-	-	1,352,386
Prepaid items	29,742	-	-	-	-	-	29,742
Restricted assets							
Cash with paying agent	1,710,749	-	-	83,164	-	-	1,793,913
Restricted cash	-	-	18,599,041	-	-	202,975	18,802,016
Total assets	\$ 22,164,177	\$ 13,681,263	\$ 65,435,449	\$ 2,688,029	\$ 562,964	\$ 25,186,076	\$ 129,717,958
Liabilities, Deferred Inflows of Resources and Fund Balance							
Liabilities							
Accounts payable	1,473,416	162,566	-	6,553	243,449	707,443	2,593,427
Due to other funds	-	-	-	-	-	957,160	957,160
Accrued wages and benefits	782,973	-	-	-	82,992	-	865,965
Advance revenue	788,776	-	-	-	-	634,655	1,423,431
Customer deposits payable	72,510	-	-	-	-	-	72,510
Performance bonds payable	208,324	-	-	-	-	-	208,324
Matured debt interest payable	-	-	3,486,031	63,164	-	-	3,549,195
Matured debt principal payable	-	-	5,488,000	20,000	-	-	5,508,000
Total liabilities	3,325,999	162,566	8,974,031	89,717	326,441	2,299,258	15,178,012
Deferred Inflows of Resources							
Special assessments not yet due	-	-	46,798,000	2,071,000	-	-	48,869,000
Total deferred inflows of resources	-	-	46,798,000	2,071,000	-	-	48,869,000
Fund Balance							
Non-spendable	29,742	-	-	-	-	-	29,742
Restricted							
Impact Fees	-	13,518,697	-	-	-	-	13,518,697
SLID Operations	-	-	-	-	-	82,198	82,198
Highways and streets	-	-	-	-	236,523	-	236,523
Debt Service	-	-	9,663,418	524,846	-	-	10,188,264
Capital projects	-	-	-	-	-	11,593,038	11,593,038
Other special revenue	-	-	-	-	-	10,131,429	10,131,429
Assigned	-	-	-	2,466	-	1,564,920	1,567,386
Unassigned	18,808,436	-	-	-	-	(484,767)	18,323,669
Total fund balances	18,838,178	13,518,697	9,663,418	527,312	236,523	22,886,818	65,670,946
Total liabilities, deferred inflows of resources and fund balances	\$ 22,164,177	\$ 13,681,263	\$ 65,435,449	\$ 2,688,029	\$ 562,964	\$ 25,186,076	\$ 129,717,958

City of Buckeye, Arizona
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014

Fund balances - total governmental funds	<u>\$ 65,670,946</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Special assessment revenue not available for current financial resources	<u>48,869,000</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	519,657,572
Less accumulated depreciation	<u>(129,868,630)</u>
Capital assets used in governmental activities	<u>389,788,942</u>
Internal service funds used by the management to charge cost of insurance to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.	
	<u>525,599</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	(2,071,000)
Revenue bonds	(24,620,000)
Community facilities district bonds	(147,079,000)
Loss on refunding and defeasance of bonds amortized over the life of the debt	852,915
Add premium	(1,585,694)
Less discount	548,051
Capital leases	(454,914)
Compensated absences	(1,390,281)
Accrued interest on long-term debt	<u>(580,763)</u>
	<u>(176,380,686)</u>
Net position of governmental activities	<u><u>\$ 328,473,801</u></u>

City of Buckeye, Arizona
 Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2014

	General	Impact Fees	CFD Debt Service	Debt Service	HURF	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Sales taxes	\$ 17,057,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,057,331
Property taxes	5,048,303	-	3,843,133	-	-	-	8,891,436
Franchise taxes	2,558,045	-	-	-	-	-	2,558,045
Improvement proceeds	-	-	-	-	-	574,015	574,015
Intergovernmental	11,912,520	-	-	-	2,918,583	3,396,386	18,227,489
Fines and forfeitures	400,029	-	-	-	-	-	400,029
Permits	5,510,089	-	-	-	-	-	5,510,089
Charges for services	1,922,891	-	-	-	-	846,102	2,768,993
Developer agreements	-	-	-	-	-	339,287	339,287
Contributions and donations	14,742	114,587	-	-	-	2,026,522	2,155,851
Impact fees	-	1,879,601	-	-	-	-	1,879,601
Special assessments	-	-	7,297,274	595,095	-	-	7,892,369
Investment earnings	349,404	3,052	706	10,000	55	2,151	365,368
Other	2,321,442	-	2,620,653	46,685	9,571	1,507,941	6,506,292
Total revenues	47,094,796	1,997,240	13,761,766	651,780	2,928,209	8,692,404	75,126,195
Expenditures							
Current							
General government	9,919,832	169,229	-	78,030	-	25,414,595	35,581,686
Public safety	25,417,238	-	-	-	-	1,017,584	26,434,822
Highway and streets	-	-	-	29,325	2,746,974	-	2,776,299
Culture and recreation	2,924,806	-	-	-	-	-	2,924,806
Community development	2,374,153	-	-	-	-	-	2,374,153
Economic development	450,020	-	-	-	-	407,960	857,980
Health and welfare	-	-	-	-	-	515,372	515,372
Acquisition and construction	-	-	1,702,010	-	-	-	1,702,010
Miscellaneous	-	-	180,723	-	-	40,920	221,643
Debt service							
Principal retirement	1,080,000	214,926	6,196,000	414,000	-	-	7,904,926
Interest on long-term debt	1,066,464	183	7,081,929	137,801	120,405	-	8,406,782
Capital outlay	1,153,779	767,750	-	64,045	158,119	4,322,713	6,466,406
Total expenditures	44,386,292	1,152,088	15,160,662	723,201	3,025,498	31,719,144	96,166,885
Revenues over (Under)							
Expenditures	2,708,504	845,152	(1,398,896)	(71,421)	(97,289)	(23,026,740)	(21,040,690)
Other Financing Sources (Uses)							
Defeasance of debt	-	-	(20,400,000)	-	-	-	(20,400,000)
Bonds issued	-	-	-	-	-	46,331,000	46,331,000
Premiums issued	-	-	-	-	-	828,741	828,741
Transfers in	1,074,505	(320,000)	23,749,457	14,386	-	5,597,740	30,116,088
Transfers out	(2,328,677)	(1,408,878)	(2,646,381)	(14,386)	(83,655)	(23,027,808)	(29,509,785)
Total other financing sources (uses)	(1,254,172)	(1,728,878)	703,076	-	(83,655)	29,729,673	27,366,044
Net Change in Fund Balances	1,454,332	(883,726)	(695,820)	(71,421)	(180,944)	6,702,933	6,325,354
Fund Balances, Beginning of Year	17,383,846	14,402,423	9,559,238	598,733	417,467	16,183,885	58,545,592
Correction of an error for debt recognized- See Note 14	-	-	800,000	-	-	-	800,000
Fund Balances, Beginning of Year as Restated	17,383,846	14,402,423	10,359,238	598,733	417,467	16,183,885	59,345,592
Fund Balances, End of Year	\$ 18,838,178	\$ 13,518,697	\$ 9,663,418	\$ 527,312	\$ 236,523	\$ 22,886,818	\$ 65,670,946

City of Buckeye, Arizona
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Funds to the Statement of Activities
 Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 6,325,354

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	6,466,406
Capital contributions	2,087,787
Less current year depreciation	<u>(15,143,057)</u>
Excess depreciation over capital expenditures	<u>(6,588,864)</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>(3,541,000)</u>
---------------------	--------------------

Internal service funds used by the management to charge cost of insurance to individual funds	<u>(689,012)</u>
---	------------------

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 position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Likewise, refunding and defeasance of existing debt reduces the balance of long-term debt without adding additional debt. 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	(46,331,000)
Premiums on debts issued	(828,741)
Principal payments on long-term debt	7,690,000
Principal payments on capital leases	214,926
Defeasance of debt	20,400,000
Amortization of loss on refunding and defeasance	(62,923)
Amortization of premium	102,475
Amortization of discount	(48,732)
Interest on long-term debt	23,687
	<u>(18,840,308)</u>

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 increase in compensated absences	<u>(421,367)</u>
--------------------------------------	------------------

Change in net position of governmental activities	<u>\$ (23,755,197)</u>
---	------------------------

City of Buckeye, Arizona

General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
Revenues				
Taxes				
Sales taxes	\$ 16,725,500	\$ 16,725,500	\$ 17,057,331	\$ 331,831
Property taxes	5,100,960	5,100,960	5,048,303	(52,657)
Franchise taxes	2,207,940	2,207,940	2,558,045	350,105
Intergovernmental	11,767,901	11,767,901	11,912,520	144,619
Fines and forfeitures	447,500	447,500	400,029	(47,471)
Licenses and permits	4,194,983	4,194,983	5,510,089	1,315,106
Charges for services	1,123,750	1,123,750	1,922,891	799,141
Contributions and donations	11,132	11,132	14,742	3,610
Investment earnings	356,100	356,100	349,404	(6,696)
Other	2,133,890	2,133,890	2,321,442	187,552
Total revenues	<u>44,069,656</u>	<u>44,069,656</u>	<u>47,094,796</u>	<u>3,025,140</u>
Expenditures				
Current				
General government				
Mayor and council	494,090	494,090	443,242	(50,848)
Town Clerk	336,808	336,808	337,969	1,161
Town Manager	736,538	736,538	455,124	(281,414)
Human resources	835,757	835,757	731,781	(103,976)
Finance department	896,268	896,268	894,516	(1,752)
Magistrate	650,376	650,376	719,446	69,070
Vehicle maintenance	733,101	733,101	764,017	30,916
Non-departmental	3,368,998	3,493,771	3,615,514	121,743
Contracting and purchasing	231,469	231,469	265,953	34,484
Public works - administration	600,792	750,792	642,468	(108,324)
Administrative services	288,514	288,514	22,364	(266,150)
Information technology	983,731	983,731	1,027,438	43,707
Debt Service	1,064,057	1,064,057	2,146,464	1,082,407
Total general government	<u>11,220,499</u>	<u>11,495,272</u>	<u>12,066,296</u>	<u>571,024</u>
Public safety				
Police	13,012,623	13,012,623	13,608,015	595,392
Fire	9,939,363	9,939,363	10,774,405	835,042
Fire and building safety	1,087,178	1,019,678	1,034,818	15,140
Total public safety	<u>24,039,164</u>	<u>23,971,664</u>	<u>25,417,238</u>	<u>1,445,574</u>
Culture and recreation				
Community services	2,923,033	2,937,173	2,924,806	(12,367)
Total culture and recreation	<u>2,923,033</u>	<u>2,937,173</u>	<u>2,924,806</u>	<u>(12,367)</u>

City of Buckeye, Arizona

General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Revised Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Revised</u>		
Community development				
Community development	3,954,606	3,954,606	2,374,153	(1,580,453)
Total community development	<u>3,954,606</u>	<u>3,954,606</u>	<u>2,374,153</u>	<u>(1,580,453)</u>
Economic development				
Economic development	511,107	511,107	450,020	(61,087)
Total economic development	<u>511,107</u>	<u>511,107</u>	<u>450,020</u>	<u>(61,087)</u>
Contingencies	12,415,492	12,480,396	-	(12,480,396)
Capital outlay	1,185,800	1,254,686	1,153,779	(100,907)
Total expenditures	<u>56,249,701</u>	<u>56,604,904</u>	<u>44,386,292</u>	<u>(12,218,612)</u>
Revenues over (Under)				
Expenditures	<u>(12,180,045)</u>	<u>(12,535,248)</u>	2,708,504	15,243,752
Other Financing Sources (Uses)				
Transfers in	19,534	19,534	1,074,505	1,054,971
Transfers (out)	<u>(8,461,585)</u>	<u>(8,813,366)</u>	<u>(2,328,677)</u>	<u>6,484,689</u>
Net Change in Fund Balance	(20,622,096)	(21,329,080)	1,454,332	22,783,412
Fund Balance, Beginning of the Year	<u>20,622,096</u>	<u>21,329,080</u>	<u>17,383,846</u>	<u>(3,945,234)</u>
Fund Balance, End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,838,178</u>	<u>\$ 18,838,178</u>

City of Buckeye, Arizona
Impact Fees Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Total Impact Fees Fund	Variance with Revised Budget Positive (Negative)
	<u>Adopted</u>	<u>Revised</u>		
Revenues				
Impact fees	\$ 778,000	\$ 778,000	\$ 1,879,601	\$ 1,101,601
Contributions and donations	-	-	114,587	114,587
Investment earnings	5,121	5,121	3,052	(2,069)
Total revenues	<u>783,121</u>	<u>783,121</u>	<u>1,997,240</u>	<u>1,214,119</u>
Expenditures				
Current				
General government	-	310,522	169,229	(141,293)
Debt Service				
Principal retirement	215,019	215,019	214,926	(93)
Interest on long-term debt	-	-	183	183
Contingencies	11,272,821	11,020,609	-	(11,020,609)
Capital outlay	4,187,592	4,129,282	767,750	(3,361,532)
Total expenditures	<u>15,675,432</u>	<u>15,675,432</u>	<u>1,152,088</u>	<u>(14,523,344)</u>
Revenues over (Under)				
Expenditures	<u>(14,892,311)</u>	<u>(14,892,311)</u>	<u>845,152</u>	<u>15,737,463</u>
Other Financing Sources (Uses)				
Transfers in	-	-	(320,000)	320,000
Transfers out	-	-	(1,408,878)	1,408,878
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,728,878)</u>	<u>1,728,878</u>
Net Change in Fund Balances	(14,892,311)	(14,892,311)	(883,726)	17,466,341
Fund Balances, Beginning of Year	<u>14,892,311</u>	<u>14,892,311</u>	<u>14,402,423</u>	<u>(489,888)</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,518,697</u>	<u>\$ 16,976,453</u>

City of Buckeye, Arizona

HURF Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Adopted</u>	<u>Revised</u>		Revised Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 2,881,286	\$ 2,881,286	\$ 2,918,583	\$ 37,297
Interest income	200	200	55	(145)
Other	8,332	8,332	9,571	1,239
Total revenues	<u>2,889,818</u>	<u>2,889,818</u>	<u>2,928,209</u>	<u>38,391</u>
Expenditures				
Current				
Highways and streets	3,098,929	3,098,929	2,746,974	(351,955)
Debt Service				
Principal Due	59,400	59,400	-	(59,400)
Interest on long-term debt	120,405	120,405	120,405	-
Contingencies	220,776	19,507	-	(19,507)
Capital outlay	-	201,269	158,119	(43,150)
Total expenditures	<u>3,499,510</u>	<u>3,499,510</u>	<u>3,025,498</u>	<u>(474,012)</u>
Excess (Deficiency) of Revenues over Expenditures	(609,692)	(609,692)	(97,289)	512,403
Other Financing Sources (Uses) Transfers (out)	<u>(102,000)</u>	<u>(102,000)</u>	<u>(83,655)</u>	<u>18,345</u>
Net Change in Fund Balance	(711,692)	(711,692)	(180,944)	530,748
Fund Balances, Beginning of Year	<u>711,692</u>	<u>711,692</u>	<u>417,467</u>	<u>(294,225)</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,523</u>	<u>\$ 236,523</u>

City of Buckeye, Arizona
Proprietary Funds – Statement of Net Position
June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Solid Waste	Sewer	Water	Totals	Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 466,786	\$ 1,597,895	\$ 8,753,411	\$ 13,130,765	\$ 23,948,857	\$ -
Investments	-	-	-	5,942,205	5,942,205	1,000,000
Accounts receivable, net	12,759	429,049	1,155,697	2,670,951	4,268,456	-
Prepaid Expenses	-	757	78	78	913	385
Other assets	-	-	190,377	-	190,377	-
Total current assets	<u>479,545</u>	<u>2,027,701</u>	<u>10,099,563</u>	<u>21,743,999</u>	<u>34,350,808</u>	<u>1,000,385</u>
Noncurrent assets:						
Capital assets:						
Non-depreciable	4,672,490	-	776,658	5,100,017	10,549,165	-
Depreciable, net	4,482,789	16,191	168,344,365	75,261,920	248,105,265	-
Total noncurrent assets	<u>9,155,279</u>	<u>16,191</u>	<u>169,121,023</u>	<u>80,361,937</u>	<u>258,654,430</u>	<u>-</u>
Total assets	<u>9,634,824</u>	<u>2,043,892</u>	<u>179,220,586</u>	<u>102,105,936</u>	<u>293,005,238</u>	<u>1,000,385</u>
Liabilities						
Current liabilities:						
Accounts payable	46,867	298,803	285,288	481,698	1,112,656	79,560
Accrued wages and benefits	2,674	6,925	35,311	51,567	96,477	-
Intergovernmental payable	-	-	12,616	67,070	79,686	-
Interfund payable	-	-	-	-	-	395,226
Customer deposits payable	-	85,927	28,462	1,333,244	1,447,633	-
Compensated absences	2,376	1,788	30,193	88,136	122,493	-
Accrued interest payable	-	-	54,211	1,224	55,435	-
Capital leases payable	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	223,777	245,188	468,965	-
Total current liabilities	<u>51,917</u>	<u>393,443</u>	<u>669,858</u>	<u>2,268,127</u>	<u>3,383,345</u>	<u>474,786</u>
Noncurrent liabilities:						
Compensated absences	-	-	7,548	22,034	29,582	-
Bonds, notes and loans payable	-	-	4,113,080	248,510	4,361,590	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>4,120,628</u>	<u>270,544</u>	<u>4,391,172</u>	<u>-</u>
Total liabilities	<u>51,917</u>	<u>393,443</u>	<u>4,790,486</u>	<u>2,538,671</u>	<u>7,774,517</u>	<u>474,786</u>
Net Position						
Net investment in capital assets	9,155,279	16,191	164,974,543	79,868,239	254,014,252	-
Restricted	-	-	4,854,296	5,104,643	9,958,939	-
Unrestricted	427,628	1,634,258	4,601,261	14,594,383	21,257,530	525,599
Total net position	<u>\$ 9,582,907</u>	<u>\$ 1,650,449</u>	<u>\$ 174,430,100</u>	<u>\$ 99,567,265</u>	<u>\$ 285,230,721</u>	<u>\$ 525,599</u>

City of Buckeye, Arizona
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Solid Waste	Sewer	Water	Total	Internal Service Fund
Operating Revenues						
Charges for services	\$ 335,174	\$ 4,171,269	\$ 6,015,024	11,876,269	\$ 22,397,736	\$ 275,150
Operating Expenses						
Cost of sales and services	301,388	3,699,036	4,119,199	5,615,218	13,734,841	1,021,183
Depreciation	419,500	3,635	5,069,536	3,410,138	8,902,809	-
Total operating expenses	720,888	3,702,671	9,188,735	9,025,356	22,637,650	1,021,183
Operating Income (Loss)	(385,714)	468,598	(3,173,711)	2,850,913	(239,914)	(746,033)
Nonoperating Revenues (Expenses)						
Impact fees	-	-	391,175	71,496	462,671	-
Investment earnings	-	-	229	3,970	4,199	-
Interest and fee expense	-	-	(108,420)	(1,225)	(109,645)	-
Intergovernmental	42,620	-	-	-	42,620	-
Gain/(loss) on disposal of assets	-	-	-	8,867	8,867	-
Developer reimbursements	-	-	-	14,667	14,667	-
Total nonoperating revenues (expense)	42,620	-	282,984	97,775	423,379	-
Income (Loss) before contributions and transfers	(343,094)	468,598	(2,890,727)	2,948,688	183,465	(746,033)
Capital Contributions	-	-	-	43,187	43,187	-
Transfers In	746	-	351,781	-	352,527	57,021
Transfers Out	(746)	-	(140,738)	(874,367)	(1,015,851)	-
Total capital contributions and net transfers	-	-	211,043	(831,180)	(620,137)	57,021
Change in Net Position	(343,094)	468,598	(2,679,684)	2,117,508	(436,672)	(689,012)
Net Position, Beginning of Year	9,926,001	1,181,851	176,854,411	96,305,942	284,268,205	1,214,611
Prior Period Adjustment - See Note 14	-	-	255,373	1,143,815	1,399,188	-
Net Position, Beginning of Year (as restated)	9,926,001	1,181,851	177,109,784	97,449,757	285,667,393	1,214,611
Net Position, End of Year	\$ 9,582,907	\$ 1,650,449	\$ 174,430,100	\$ 99,567,265	\$ 285,230,721	\$ 525,599

City of Buckeye, Arizona
Proprietary Funds – Statement of Cash Flows
Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental
	Airport	Solid Waste	Sewer	Water	Totals	Internal Service Fund
Cash Flows from Operating Activities						
Receipts from customers	\$ 329,594	\$ 4,158,342	\$ 5,572,573	\$ 10,777,360	\$ 20,837,869	\$ 275,150
Payments to suppliers	(278,752)	(3,411,100)	(2,331,016)	(3,320,776)	(9,341,644)	(552,346)
Payments to employees	(106,235)	(261,870)	(1,670,904)	(2,203,217)	(4,242,226)	-
Customer deposits received	-	24,875	6,971	165,900	197,746	-
Net cash provided by (used in) operating activities	(55,393)	510,247	1,577,624	5,419,267	7,451,745	(277,196)
Cash Flows from Capital and Related Financing Activities						
Impact fees	-	-	391,175	71,496	462,671	-
Developer reimbursements	-	-	(2,255,189)	14,667	(2,240,522)	-
Intergovernmental	42,620	-	-	-	42,620	-
Purchases of capital assets	-	(19,826)	(590,937)	(4,423,813)	(5,034,576)	-
Proceeds on sale of assets	-	-	-	8,867	8,867	-
Interest paid on capital debt	-	-	(105,691)	(175)	(105,866)	-
Proceeds on capital debt	-	-	-	817,818	817,818	-
Principal paid on capital debt	-	-	(408,966)	(323,946)	(732,912)	-
Net cash provided by (used in) capital and related financing activities	42,620	(19,826)	(2,969,608)	(3,835,086)	(6,781,900)	-
Cash Flows from Noncapital Financing Activities						
Transfers from (to) other funds	-	-	211,043	(874,367)	(663,324)	57,021
Net cash provided by (used in) noncapital financing activities	-	-	211,043	(874,367)	(663,324)	57,021
Cash Flows from Investing Activities						
Purchase (sales) of investments from governmental funds	-	-	6,321,536	(742,027)	5,579,509	220,175
Investment earnings	-	-	229	3,970	4,199	-
Net cash provided by investing activities	-	-	6,321,765	(738,057)	5,583,708	220,175
Net Change in Cash and Cash Equivalents	(12,773)	490,421	5,140,824	(28,243)	5,590,229	-
Cash and Cash Equivalents, Beginning of year	479,559	1,107,474	3,612,587	13,159,008	18,358,628	-
Cash and Cash Equivalents, End of year	\$ 466,786	\$ 1,597,895	\$ 8,753,411	\$ 13,130,765	\$ 23,948,857	\$ -

City of Buckeye, Arizona
Proprietary Funds – Statement of Cash Flows
Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Airport	Solid Waste	Sewer	Water	Totals	Internal Service Fund
Reconciliation of Operating Loss to Net Cash provided by operating activities						
Operating income (loss)	\$ (385,714)	\$ 468,598	\$ (3,173,711)	\$ 2,850,913	\$ (239,914)	\$ (746,033)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:						
Depreciation expense	419,500	3,635	5,069,536	3,410,138	8,902,809	-
(Increase) decrease in						
Accounts receivable	(5,580)	(12,927)	(442,451)	(1,098,909)	(1,559,867)	-
Prepaid expenses	-	(757)	(78)	(78)	(913)	(386)
Other assets	-	-	-	-	-	-
Increase (decrease) in						
Accounts payable	(85,392)	21,372	90,529	18,611	45,120	73,997
Accrued wages and benefits	1,793	3,663	14,069	15,319	34,844	-
Interfund payable	-	-	-	-	-	395,226
Intergovernmental payable	-	-	-	5,581	5,581	-
Compensated absences payable	-	1,788	12,759	51,792	66,339	-
Customer deposits	-	24,875	6,971	165,900	197,746	-
Total adjustments	<u>330,321</u>	<u>41,649</u>	<u>4,751,335</u>	<u>2,568,354</u>	<u>7,691,659</u>	<u>468,837</u>
Net cash provided by/(used) in operating activities	<u>\$ (55,393)</u>	<u>\$ 510,247</u>	<u>\$ 1,577,624</u>	<u>\$ 5,419,267</u>	<u>\$ 7,451,745</u>	<u>\$ (277,196)</u>
Noncash Investing, Capital, and Financing Activities						
Contributions of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,187</u>	<u>\$ 43,187</u>	<u>\$ -</u>

City of Buckeye, Arizona
Fiduciary Funds – Statement of Fiduciary Net Position
June 30, 2014

	<u>Pension Trust</u>
Assets	
Cash and cash equivalents	<u>\$ 286,044</u>
Total assets	<u>\$ 286,044</u>
Net Position	
Held in trust for pension benefits	<u>\$ 286,044</u>
Total net position	<u>\$ 286,044</u>

City of Buckeye, Arizona
 Fiduciary Funds – Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2014

	Pension Trust
Additions	
Investment earnings	
Net increase/(decrease) in fair value of investments	\$ 28,954
Total additions	28,954
Deductions	
Administration	1,727
Total deductions	1,727
Changes in Net Position	27,227
Net Position, Beginning of Year	258,817
Net Position, End of Year	\$ 286,044

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the City of Buckeye, Arizona (the City) 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 City's more significant accounting policies follows.

A. Reporting Entity

The City 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 City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Included within the reporting entity:

The Verrado Community Facilities District No. 1 (formerly Whitestone District No. 1), Sundance Community Facilities District, 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, Watson Road Community Facilities District, Anthem Communities and Mirelle Community Facilities District (collectively, the Districts) 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 City 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 City Council serves as the Board of Directors; however, the City 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 City's operations.

Separate financial statements of the Districts are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

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 City 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 City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. The Payroll Fund, Court Enhancement 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 City.

The CFD Debt Service 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, which is comprised of the City's improvement district bonds.

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

The City reports the following major proprietary funds:

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

Solid Waste Fund accounts for the activities of the City's solid waste operations.

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

The Water Fund accounts for the activities of the City'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 City's workers compensation claims and other risk issues.

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 firefighters.

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 City's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

D. Cash and Investments

The City'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 City 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 based on quoted market prices.

E. Receivables and Payables

Receivables are shown net of a \$469,915 allowance for uncollectibles.

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.

During the course of operations, individual funds within the City'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 City had no interfund receivable/payables at June 30, 2014.

F. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position 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 City 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. Deferred Outflows of Resources

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. As of June 30, 2014, deferred outflows of resources consisted of deferred amounts on refunding of debt, net of accumulated amortization, in the amount of \$852,915.

I. 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.

J. 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 position. Bond premiums and discounts 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. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (see Note 1N), bond issuance costs are expensed as incurred.

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.

K. Deferred Inflows of Resources

Revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available. As a result, the City has recorded deferred inflows of resources related to special assessment revenues that are not yet available to the City as of June 30, 2014 in the amount of \$48,869,000.

L. Net Position

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

M. Fund Balance

The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council and the Director of Finance have authority to assign fund balances intended to be used for specific purposes.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Governmental fund balances as of June 30, 2014 are as follows:

	General	Impact Fees	CFD	Debt Service	HURF	Nonmajor Governmental Funds	Total
Fund Balance							
Non-spendable - Inventory	\$ 29,742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,742
Restricted							
Impact Fees	-	13,518,697	-	-	-	-	13,518,697
SLID Operations	-	-	-	-	-	82,198	82,198
Highways and streets	-	-	-	-	236,523	-	236,523
Debt Service	-	-	9,663,418	524,846	-	-	10,188,264
Capital projects	-	-	-	-	-	11,593,038	11,593,038
Other special revenue	-	-	-	-	-	10,131,429	10,131,429
Assigned	-	-	-	2,466	-	1,564,920	1,567,386
Unassigned	18,808,436	-	-	-	-	(484,767)	18,323,669
	<u>\$ 18,838,178</u>	<u>\$ 13,518,697</u>	<u>\$ 9,663,418</u>	<u>\$ 527,312</u>	<u>\$ 236,523</u>	<u>\$ 22,886,818</u>	<u>\$ 65,670,946</u>

The following funds had deficit fund balance as of June 30, 2014:

	Amount of Deficit Fund Balance
Other funds:	
Downtown Revitalization Fund	\$ (527,404)

In January 2011, the Council approved a 30 year lease agreement with the Maricopa County Community College District. The District agreed to lease the A-Wing building for a 30 year term after the necessary improvements were completed by the City. Estrella Mountain Community College is using the space as a satellite campus.

Currently the only activity in this fund is the prepaid rent showing in a liability account. At the beginning of every fiscal year, the rent is transferred from the liability account to the revenue account showing as earned until the lease expires.

N. New Accounting Standards

As of June 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Upon implementation, the standard decreased total net position of the City by approximately \$5,500,000 related to the adjustment of unamortized deferred charges that existed as of June 30, 2014. See more information in Note 13.

Note 2 - Compliance and Accountability

Budgetary Information

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City 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 July, the expenditure limitation for the City is legally enacted through passage of a resolution. 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 City 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 City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager, subject to City 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 City 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 City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City 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 City complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

There were no fund expenditures in excess of appropriations in fiscal year 2014.

Note 3 - Deposits and Investments

Cash and investments at June 30, 2014 consisted of the following:

Deposits	
Cash on hand	\$ 2,600
Cash in bank	16,870,033
Cash on deposit with paying agent	1,793,913
Investments	
Cash on deposit with trustee	17,483,578
Pension Trust Money Market	283,490
State Treasurer's Investment Pool	20,278,251
U.S. agency securities	50,828,255
Total deposits and investments	107,540,120
Restricted Cash	(18,802,016)
Fiduciary Funds	(286,044)
Cash with Paying Agent	(1,793,913)
Investments	(50,828,255)
Total cash and cash equivalent	\$ 35,829,892

Cash on Hand – This includes a petty cash fund and beginning cash for the registers at City Hall. Cash on hand at June 30, 2014 was \$2,600.

Deposits – At June 30, 2014, the carrying amount of the City’s deposits was \$10,991,963 and the bank balance was \$12,588,608. 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 City 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 City's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national agency.

The City records its investment in U.S. agency securities at their fair market values based on quoted market prices. The unrealized gains and losses on these investments are included in net increase (decrease) in fair value of investments in the fund statements and statement of activities.

Interest Rate Risk – It is the City’s policy, to the extent possible and consistent with statutory requirements, to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five years from the date of purchase. The City's investments are invested in U.S. agency step-up securities which are considered to be highly sensitive to interest rate changes. These securities can be called by the issuer on certain specified dates. If the security is not called, the interest rate is increased by a specified amount. Prevailing interest rates may go up faster than the increase in the coupon interest rate.

As of June 30, 2014, the City had the following investments and related maturities:

<u>Investment Type</u>	<u>Investment Maturities</u>		
	<u>Total</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
US Agency Securities	<u>\$ 50,828,255</u>	<u>\$ -</u>	<u>\$ 50,828,255</u>

Credit Risk – 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. The City’s policy is to diversify its investments by security type and institution.

As of June 30, 2014, the City’s investments were rated in the following manner:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Federal Home Loan Bank (FHLB)	AAA	Moody's	\$ 9,218,569
Federal Home Loan Mortgage Company (FHLMC)	AAA	Moody's	10,311,506
Federal National Mortgage Association (FNMA)	AAA	Moody's	26,097,764
United States Treasury Note (USTN)	AAA	Moody's	5,200,416
			<u>\$ 50,828,255</u>

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 City does not have a formal investment policy in regards to custodial credit risk. However, the City'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 City's deposits may not be returned to it. The City'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 City's name for the remainder of the deposits. The City's deposits at June 30, 2014, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Concentration of Credit Risk – The City'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, 2014, the City's investments were concentrated in the following manner:

Federal Home Loan Bank (FHLB)	\$ 9,218,569	18.1%
Federal Home Loan Mortgage Company (FHLMC)	10,311,506	20.3%
Federal National Mortgage Association (FNMA)	26,097,764	51.3%
United States Treasury Note (USTN)	<u>5,200,416</u>	10.2%
	<u>\$ 50,828,255</u>	

Note 4 - Receivables

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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 unavailable revenue and advanced revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Advanced</u>
CFD Debt Service Fund - Special assessments not yet due	\$ 46,798,000	\$ -
Debt Service Fund - Special assessments not yet due	2,071,000	-
General Fund - Prepaid building permits	-	788,776
Nonmajor Governmental Funds - Other advanced revenue	<u>-</u>	<u>634,655</u>
	<u>\$ 48,869,000</u>	<u>\$ 1,423,431</u>

Intergovernmental receivables totaled the following:

	<u>Receivable</u>
Intergovernmental	<u>\$ 329,728</u>

Note 5 - Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

	Beginning Balance	Prior Period Adjustments	Increases	Decreases	Transfers	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 170,179,824	\$ -	\$ 1,672,630	\$ -	\$ -	\$ 171,852,454
Construction in progress	1,795,805	-	3,426,060	-	(2,932,546)	2,289,319
Total capital assets, not being depreciated	<u>171,975,629</u>	<u>-</u>	<u>5,098,690</u>	<u>-</u>	<u>(2,932,546)</u>	<u>174,141,773</u>
Capital assets, being depreciated:						
Land improvements	14,859,031	-	235,357	-	-	15,094,388
Building and improvements	32,752,712	-	15,526	-	-	32,768,238
Infrastructure	268,640,844	3,328,825	709,921	-	1,452,786	274,132,376
Furniture, machinery and equipment	20,530,809	-	2,494,699	(984,471)	1,479,760	23,520,797
Total capital assets being depreciated	<u>336,783,396</u>	<u>3,328,825</u>	<u>3,455,503</u>	<u>(984,471)</u>	<u>2,932,546</u>	<u>345,515,799</u>
Less accumulated depreciation for:						
Land improvements	(3,159,632)	-	(663,036)	-	-	(3,822,668)
Building and improvements	(5,240,382)	-	(901,312)	-	-	(6,141,694)
Infrastructure	(96,878,577)	(1,159,941)	(11,683,450)	-	-	(109,721,968)
Furniture, machinery and equipment	(9,271,512)	-	(1,895,259)	984,471	-	(10,182,300)
Total accumulated depreciation	<u>(114,550,103)</u>	<u>(1,159,941)</u>	<u>(15,143,057)</u>	<u>984,471</u>	<u>-</u>	<u>(129,868,630)</u>
Total capital assets, being depreciated, net	<u>222,233,293</u>	<u>2,168,884</u>	<u>(11,687,554)</u>	<u>-</u>	<u>2,932,546</u>	<u>215,647,169</u>
Governmental activities capital assets, net	<u>\$ 394,208,922</u>	<u>\$ 2,168,884</u>	<u>\$ (6,588,864)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,788,942</u>
Depreciation was charged by function as follows:						
General government						\$ 7,687,287
Public safety						5,711,142
Highways and streets						599,809
Culture and recreation						631,893
Community development						512,927
Total depreciation expense - governmental activities						<u>\$ 15,143,057</u>

Capital asset activity for business-type activities for the year ended June 30, 2014 was as follows:

	Beginning Balance	Prior Period Adjustments	Increases	Decreases	Transfers	Ending Balance
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 5,457,720	\$ -	\$ 43,187	\$ -	\$ -	\$ 5,500,907
Construction in progress	1,910,137	-	4,114,557	-	(976,436)	5,048,258
Total capital assets, not being depreciated	<u>7,367,857</u>	<u>-</u>	<u>4,157,744</u>	<u>-</u>	<u>(976,436)</u>	<u>10,549,165</u>
Capital assets, being depreciated:						
Wastewater system	139,666,033	309,980	-	-	-	139,976,013
Water system	101,420,198	1,388,680	-	(871,200)	976,436	102,914,114
Land improvements	12,198,168	-	728,411	-	-	12,926,579
Building and improvements	86,734,816	-	-	-	-	86,734,816
Machinery, equipment and vehicles	1,819,003	-	191,608	(5,000)	-	2,005,611
Total capital assets being depreciated	<u>341,838,218</u>	<u>1,698,660</u>	<u>920,019</u>	<u>(876,200)</u>	<u>976,436</u>	<u>344,557,133</u>
Less accumulated depreciation for:						
Wastewater system	(26,507,599)	(54,607)	(3,446,666)	-	-	(30,008,872)
Water system	(36,171,290)	(244,865)	(2,689,350)	871,200	-	(38,234,305)
Land improvements	(8,399,954)	-	(354,059)	-	-	(8,754,013)
Building and improvements	(16,218,927)	-	(2,251,381)	-	-	(18,470,308)
Machinery, equipment and vehicles	(828,017)	-	(161,353)	5,000	-	(984,370)
Total accumulated depreciation	<u>(88,125,787)</u>	<u>(299,472)</u>	<u>(8,902,809)</u>	<u>876,200</u>	<u>-</u>	<u>(96,451,868)</u>
Total capital assets, being depreciated, net	<u>253,712,431</u>	<u>1,399,188</u>	<u>(7,982,790)</u>	<u>-</u>	<u>976,436</u>	<u>248,105,265</u>
Business-type activities capital assets, net	<u>\$ 261,080,288</u>	<u>\$ 1,399,188</u>	<u>\$ (3,825,046)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,654,430</u>
Depreciation was charged by function as follows:						
Airport						\$ 419,500
Solid Waste						3,635
Sewer						5,069,536
Water						<u>3,410,138</u>
Total depreciation expense - business-type activities						<u>\$ 8,902,809</u>

Note 6 - Construction Commitments

The City has various active construction projects at June 30, 2014. At fiscal year end, the City's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-date	Remaining Commitment
Alarcon-Kino Pedestrian	\$ 259,101	\$ 300,000
247th Ave Improvements	117,045	440,114
	\$ 376,146	\$ 740,114
Business-type Activities		
Project	Spent-to-date	Remaining Commitment
Sundance Water Sys to Historic Buckeye	\$ 1,689,755	\$ 4,722,151
MC 85 Waterline Extension	127,252	2,075,400
Airport Well #2	560,657	2,949,869
Reclaimed Water Project	73,894	310,000
Miller Rd Sewer Line	83,115	205,000
	\$ 2,534,673	\$ 10,262,420

Note 7 - Obligations Under Lease

Capital Leases

The City has entered into lease agreements as a lessee for financing the acquisition of various furniture, machinery and equipment items for its governmental 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:

Assets:	Governmental Activities
Furniture, equipment and vehicles	\$ 1,721,119
Less: accumulated depreciation	(749,182)
	\$ 971,937

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, 2014, were as follows:

Year ending June 30:	Governmental Activities
2015	\$ 215,113
2016	94,740
2017	94,741
2018	94,741
Less: amount representing interest	(44,421)
Present value of minimum lease payments	\$ 454,914

Note 8 - Long-Term Debt

The City has various loan agreements with the Water and Wastewater Infrastructure Finance Authority of Arizona Revolving Fund Loan Program for the acquisition and construction of water and wastewater facilities and obtaining water rights.

The Miller Road Improvement District was created so the City could fund improvements. Specifically, the District financed the construction of main water lines to provide access to the City of Buckeye's water system for property from Beloat Road to the Buckeye Canal and main sewer lines to provide access to the City of Buckeye's sewer system for certain properties from Beloat Road to Lower Buckeye Road. Each of the 24 property owners within the District were assessed a special assessment lien by the City for repayment of the improvement bond. In case of default, the City has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received.

The Jackrabbit Trail Sanitary Sewer Improvement District was created so the City could fund improvements. Specifically, the District financed the construction of sewage treatment plant capacity, design engineering, and inspection and construction of certain sewer collection related improvements. Each of the 49 property owners within the District were assessed a special assessment lien by the City for repayment of the improvement bond. In case of default, the City has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received.

The City has long-term bonds issued to provide funds for the acquisition and construction of major capital facilities. The City 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 City Council by property owners within the district areas.

Community facilities districts (CFDs) are created only by petition to the City Council by property owners within the District areas. As the board of directors for the District, the City 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 City. In addition, cumulative debt of all CFDs cannot exceed five percent of the City's net secondary assessed valuation.

Water Infrastructure Finance Authority Debt

On November 20, 2009, the City entered into an agreement with the Arizona Water Infrastructure Finance Authority (WIFA) for \$12,000,000 in general obligation debt as part of the water infrastructure improvements related to expansion of the water and wastewater plant. As part of this agreement, the City has covenanted that the water and wastewater plant will produce sufficient revenues to cover operating and maintenance expenses of the plant plus 120 percent of the aggregate payments on the loan including any outstanding parity obligations. Interest accrues at a rate of 2.5 percent. Annual payments of varying amounts are due through July 2029. On January 1, 2013, the City made a debt service payment of \$6,000,000 to WIFA, which resulted in an early extinguishment of debt. As of June 30, 2014, total principal and interest remaining is \$5,260,684 and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with the Arizona Water Infrastructure Finance Authority (WIFA) for \$7,370,000 in general obligation debt as part of the water infrastructure improvements related to constructing, acquiring, and improving water reclamation and recharge systems. As part of this agreement, the City has covenanted that the water and wastewater plant will produce sufficient revenues to cover operating and maintenance expenses of the plant plus 120 percent of the aggregate payments on the loan including any outstanding parity obligations. Interest accrues at a rate of 2.5 percent. Annual payments of varying amounts are due through July 2032. As of June 30, 2014, total principal and interest remaining is \$9,016,921 and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with the Arizona Water Infrastructure Finance Authority (WIFA) for \$5,065,000 in general obligation debt as part of the water infrastructure improvements related to constructing and acquiring waterline to extend and connect existing services. As part of this agreement, the City has covenanted that the water and wastewater plant will produce sufficient revenues to cover operating and maintenance expenses of the plant plus 120 percent of the aggregate payments on the loan including any outstanding parity obligations. Interest accrues at a rate of 2.975 percent. Annual payments of varying amounts are due through July 2032. As of June 30, 2014, total principal and interest remaining is \$6,381,031 and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with the Arizona Water Infrastructure Finance Authority (WIFA) for \$3,617,450 in general obligation debt as part of the water infrastructure improvements related to repairing and improving an existing well site and integrating it with the current system. As part of this agreement, the City has covenanted that the water and wastewater plant will produce sufficient revenues to cover operating and maintenance expenses of the plant plus 120 percent of the aggregate payments on the loan including any outstanding parity obligations. Interest accrues at a rate of 2.975 percent. Annual payments are \$242,588 through July 2032. As of June 30, 2014, total principal and interest remaining is \$4,557,369 and the City was in compliance with all covenants.

Improvement Bonds

The City 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 City 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 \$568,191. Principal and interest paid for the current year was \$260,603 and total assessments billed were \$254,033. Principal and interest paid for the current year approximate amounts received from improvement district property owners, which, at times, exceed assessments billed for the year.

The City 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 City 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 2029. The total principal and interest remaining to be paid on the bonds is \$2,732,312. Principal and interest paid for the current year was \$292,125 and total assessments billed were \$161,978. Principal and interest paid for the current year approximate amounts received from improvement district property owners, which, at times, exceed assessments billed for the year.

Revenue Bonds

The City has pledged future excise tax revenues, which include the City'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. As part of the bond agreement, the City has covenanted that it will maintain a bond covenant coverage ratio of no less than 2.0. Annual principal and interest payments on the bonds are expected to require five percent of net revenues. As of June 30, 2014, the total principal and interest to be paid on the bonds is \$9,638,269 and the City was in compliance with all covenants. Principal and interest paid for the current year was \$879,613.

The City has pledged future excise tax revenues, which include the City'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. As part of the bond agreement, the City has covenanted that it will maintain a bond covenant coverage ratio of no less than 2.0. Proceeds from these bonds were used to construct a municipal complex. Annual principal and interest payments on the bonds are expected to require five percent of net revenues. As of June 30, 2014, the total principal and interest to be paid on the bonds is \$22,759,503, and the City was in compliance with all covenants. Principal and interest paid for the current year was \$998,919.

The City has pledged future excise tax revenues, which include the City'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. As part of the bond agreement, the City has covenanted that it will maintain a bond covenant coverage ratio of no less than 2.0. 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 one percent of net revenues. As of June 30, 2014, the total principal and interest to be paid on the bonds is \$2,796,172, and the City was in compliance with all covenants. Principal and interest paid for the current year was \$550,463.

The City has pledged future excise tax revenues, which include the City's sales and transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures, as well as Water Utility Revenues to repay \$1,795,000 in Series 2010 Excise Tax Revenue Refunding Obligation Bonds issued in November 2010 to refund the outstanding Series 2000 Excise Tax Revenue Bonds. As part of the bond agreement, the City has covenanted that it will maintain a bond covenant coverage ratio of no less than 2.0. Proceeds from the Series 2000 bonds were used to connect an unused water well to the existing water system of the City. As of June 30, 2014, the total principal and interest to be paid on the bonds is \$1,626,525 and the City was in compliance with all covenants. Principal and interest paid for the current year was \$232,250.

As of June 30, 2014, the City's total revenue bond debt service requirement was approximately \$2,265,000 and sales and transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures produced a total bond coverage ratio of approximately 7.5. Water Utility Revenue is pledged for repayment of Excise Tax Revenue Bonds debt service in addition to the bond coverage ratio previously stated.

Community Facilities District Bonds

The CFD Board of Directors 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 City 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 \$2,524,012. Principal and interest paid for the current year was \$796,022 and total assessments billed were \$489,696. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$4,616,314. Principal and interest paid for the current year was \$537,679 and total assessments billed were \$384,675. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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. Proceeds were used for infrastructure improvements within the special assessment district. The total principal and interest remaining to be paid on the bonds is \$1,157,290. Principal and interest paid for the current year was \$123,163 and total assessments billed were \$90,911. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$2,985,326. Principal and interest paid for the current year was \$328,494 and total assessments billed were \$205,253. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$56,541,343. Principal and interest paid for the current year was \$3,949,312 and total assessments billed were \$3,702,161. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$383,185. Principal and interest paid for the current year was \$63,503 and total assessments billed were \$33,093. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$1,888,364. Principal and interest paid for the current year was \$144,497 and total assessments billed were \$109,948. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$2,085,156. Principal and interest paid for the current year was \$135,497 and total assessments billed were \$119,742. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors 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 City 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 \$508,238. Principal and interest paid for the current year was \$60,276 and total assessments billed were \$26,216. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 7) to repay \$404,000 in special assessment lien bonds issued April 2011. Special assessment districts are created only by petition to the City 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 \$644,160. Principal and interest paid for the current year was \$71,730 and total assessments billed were \$36,926. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from an annual assessment on the real property of the Festival Ranch Community Facilities District (Assessment District 8) to repay \$186,000 in special assessment lien bonds issued July 2013. Special assessment districts are created only by petition to the City 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 \$343,680. Principal and interest paid for the current year was \$0, as payments are scheduled to begin as of July 1, 2014, and total assessments billed were \$12,398. Principal and interest paid for the current year approximate amounts received from special assessment property owners, which, at times, exceed special assessments billed for the year.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch Community Facilities District to repay \$800,000 in general obligation bonds issued October 2006. Proceeds were used for the acquisition and construction of wastewater infrastructure sewer lines. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$967,575. Principal and interest paid for the current year was \$54,570.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch Community Facilities District to repay \$1,535,000 in general obligation bonds issued October 2007. Proceeds were used for the acquisition and construction of wastewater infrastructure sewer lines. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$2,114,480. Principal and interest paid for the current year was \$116,010.

CFD Board of Directors City has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch Community Facilities District to repay \$7,600,000 in general obligation bonds issued December 2009. Proceeds were used for the acquisition and construction of community district facilities. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$12,175,689. Principal and interest paid for the current year was \$645,163.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch Community Facilities District to repay \$5,400,000 in general obligation bonds issued July 2012. Proceeds were used for the construction and acquisition of public infrastructure. The total principal and interest to be paid is \$5,212,300. Principal and interest paid during the current year totaled \$304,388.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Festival Ranch Community Facilities District to repay \$1,800,000 in general obligation bonds issued in November 2013. Proceeds were used for the construction and acquisition of public infrastructure. The total principal and interest to be paid is \$3,063,990. No principal and interest was paid during the current year.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Tartesso West Community Facilities District to repay \$110,000 in general obligation bonds issued September 2005. Proceeds were used for the acquisition and construction of infrastructure improvements. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$136,280. Principal and interest paid for the current year was \$8,430.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Tartesso West Community Facilities District to repay \$8,750,000 in general obligation bonds issued October 2007. Proceeds were used for the acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$11,835,054. Principal and interest paid for the current year was \$649,709.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Community Facilities District No. 1 to repay \$24,000,000 in general obligation bonds issued April 2003. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. By way of current refunding, these bonds were defeased in full as of July 2013 through issuance of \$20,400,000 Verrado District 1 Community Facilities District General Obligation Refunding Bonds, Series 2013A. The in-substance defeasance resulted in cash flow savings of \$2,107,130 and an economic gain (net present value of savings) of \$2,091,395. The difference between the reacquisition price of the debt and the net carrying amount of the debt resulted in a deferred loss on refunding of approximately \$206,000.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Community Facilities District No. 1 to repay \$18,600,000 in general obligation bonds issued October 2006. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$23,561,633. Principal and interest paid for the current year was \$1,372,771.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Community Facilities District No. 1 to repay \$20,400,000 in general obligation refunding bonds, Series 2013A, issued July 2013. Proceeds were used to advance refund the full outstanding amount of Verrado Community Facilities District No. 1 general obligations bonds, Series 2003. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$27,693,850. Principal and interest paid for the current year was \$512,069.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Community Facilities District No. 1 to repay \$6,000,000 in general obligation bonds, Series 2013B, issued July 2013. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$10,804,055. Principal and interest paid for the current year was \$174,073.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Verrado Western Overlay Community Facilities District to repay \$13,000,000 in general obligation bonds issued November 2004. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$13,064,735. Principal and interest paid for the current year was \$873,920.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Sundance Community Facilities District to repay \$6,000,000 in general obligation bonds issued October 2005. Proceeds were used for the construction and acquisition of public infrastructure. Principal and interest paid for the current year was \$371,481. The total principal and interest remaining to be paid on the bonds is \$5,527,156. On February 24, 2011, the City extinguished a portion of the remaining outstanding debt on the Sundance Series 2005 General Obligation Bonds in the amount of \$910,000. Cash was paid to a trust agent for the purpose of holding amounts in escrow for future debt service payments on the defeased bonds outstanding. As of June 30, 2014, the defeased amount outstanding on the bonds was \$955,209.

On February 24, 2011, the CFD Board of Directors extinguished the remaining outstanding debt on the Sundance Community Facilities District Series 2004 General Obligation Bonds. Cash was paid to a trust agent for the purpose of holding amounts in escrow for future debt service payments on the defeased bonds outstanding. As of June 30, 2014, the defeased amount outstanding on the bonds was \$4,064,722.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the Sundance Community Facilities District to repay \$17,945,000 in general obligation bonds issued March 2014. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$28,063,945. No principal and interest was paid for the current year.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the West Park Community Facilities District to repay \$690,000 in general obligation bonds issued December 2005. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$820,950. Principal and interest paid for the current year was \$50,830.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the West Park Community Facilities District to repay \$4,420,000 in general obligation bonds issued October 2006. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$5,510,798. Principal and interest paid for the current year was \$321,064.

The CFD Board of Directors has pledged revenue derived from the property taxes levied on the real property of the West Park Community Facilities District to repay \$2,480,000 in general obligation bonds issued July 2007. Proceeds were used for the construction and acquisition of public infrastructure. The bonds are payable from property taxes levied on property owners within the District. The total principal and interest remaining to be paid on the bonds is \$3,529,648. Principal and interest paid for the current year was \$168,743.

City of Buckeye, Arizona
Notes to Financial Statements
June 30, 2014

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	\$ 525,000
Jackrabbit Trail Sewer Improvements Bonds	6.25%	January 2029	2,545,000	1,546,000
Total Improvement District Bonds			<u>\$ 6,980,000</u>	<u>\$ 2,071,000</u>
<i>Revenue Bonds:</i>				
Greater Arizona Development Authority Excise Tax Revenue Bonds -				
Series 2005A	3.0 - 5.0%	July 2030	\$ 9,400,000	\$ 7,510,000
Series 2006A	4.0 - 5.0%	August 2036	14,730,000	13,780,000
Series 2007A	4.0 - 5.0%	August 2031	2,200,000	1,895,000
Excise Tax Revenue Refunding Bonds, Series 2010	2.5% - 4%	July 2020	1,795,000	1,435,000
Total Revenue Bonds			<u>\$ 28,125,000</u>	<u>\$ 24,620,000</u>
<i>Community Facilities District Bonds:</i>				
Sundance Special Assessment Revenue Bonds				
Series 2002	2.25 - 7.75%	July 2022	\$ 11,300,000	\$ 1,834,000
Series 2003	5.0 - 7.125%	July 2027	7,175,000	2,946,000
Series 2004	6.50%	July 2029	2,050,000	724,000
West Park Special Assessment Revenue Bonds,				
Series 2005	4.55 - 5.9%	July 2029	3,800,000	1,953,000
Festival Ranch Special Assessment Revenue Bonds,				
Series 2005	4.0 - 5.55%	July 2030	1,448,000	250,000
Series 2009	8.88%	July 2034	356,000	234,000
Series 2011	8.50%	July 2035	404,000	296,000
Series 2013	7.25%	July 2033	186,000	184,000
Watson Road Special Assessment Revenue Bonds, Series 2005				
	4.5 - 6.0%	July 2030	49,000,000	35,862,000
Festival Ranch Special Assessment Lien Bonds,				
Series 2007	4.2 - 5.0%	July 2032	1,868,000	1,229,000
Series 2007	4.3 - 5.75%	July 2032	1,784,000	1,286,000
Verrado District No. 1, General Obligation Bonds				
Series 2006	4.85 - 5.35%	July 2031	18,600,000	15,240,000
Series 2013A	2.0 - 6.0%	July 2027	20,400,000	19,680,000
Series 2013B	5.0 - 6.0%	July 2033	6,000,000	6,000,000
Sundance General Obligation Bonds,				
Series 2005	4.0 - 5.125%	July 2030	6,000,000	3,850,000
Series 2014	2.0 - 4.625%	July 2034	17,945,000	17,945,000
Verrado Western Overlay General Obligation Bonds, Series 2004				
	Variable	July 2029	13,000,000	10,400,000
Tartesso West General Obligation Bonds,				
Series 2005	6.00%	July 2030	110,000	86,000
Series 2007	4.35 - 5.90%	July 2032	8,750,000	7,180,000
West Park General Obligation Bonds,				
Series 2005	5.15 - 5.60%	July 2030	690,000	535,000
Series 2006	4.20 - 5.25%	July 2031	4,420,000	3,575,000
Series 2007	4.7 - 5.45%	July 2032	2,480,000	2,130,000
Festival Ranch General Obligation Bonds,				
Series 2006	4.9 - 5.3%	July 2031	800,000	630,000
Series 2007	4.65 - 5.8%	July 2032	1,535,000	1,280,000
Series 2009A	5.0 - 6.5%	July 2031	5,435,000	4,230,000
Series 2009B	8.0 - 8.625%	July 2034	2,165,000	2,165,000
Series 2012	1.0 - 5%	July 2031	5,400,000	3,555,000
Series 2013	2.0 - 5.25%	July 2033	1,800,000	1,800,000
Total Community Facilities Districts Bonds			<u>\$ 194,901,000</u>	<u>\$ 147,079,000</u>

City of Buckeye, Arizona
Notes to Financial Statements
June 30, 2014

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Business-type Activities:				
WIFA Bond - 91A140 - 10	2.85%	July 2029	\$ 12,000,000	\$ 4,336,858
WIFA Bond - 910158 - 13	2.50%	July 2032	4,870,000	(190,647)
WIFA Bond - 920239 - 13	2.975%	July 2032	5,065,000	106,378
WIFA Bond - 92041 - 13	2.975%	July 2032	3,617,450	387,494
Total Business-type Bonds			<u>\$ 25,552,450</u>	<u>\$ 4,640,083</u>

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	July 1, 2013	Prior Period Adjustment	Increases	Decreases	June 30, 2014	Due Within One Year
Governmental Activities:						
Bonds payable:						
Improvement	\$ 2,485,000	\$ -	\$ -	\$ (414,000)	\$ 2,071,000	\$ 241,000
Revenue	25,700,000	-	-	(1,080,000)	24,620,000	1,130,000
Community facilities district	126,544,000	800,000	46,331,000	(26,596,000)	147,079,000	5,872,850
Deferred amount on premium	859,428	-	828,741	(102,475)	1,585,694	61,178
Deferred amount on discount	(596,783)	-	-	48,732	(548,051)	(48,732)
Total bonds payable	<u>154,991,645</u>	<u>800,000</u>	<u>47,159,741</u>	<u>(28,143,743)</u>	<u>174,807,643</u>	<u>7,256,296</u>
Other liabilities:						
Capital leases	669,840	-	-	(214,926)	454,914	215,113
Compensated absences	968,914	-	1,441,446	(1,020,079)	1,390,281	1,112,225
Total other liabilities	<u>1,638,754</u>	<u>-</u>	<u>1,441,446</u>	<u>(1,235,005)</u>	<u>1,845,195</u>	<u>1,327,338</u>
Total long-term liabilities	<u>\$ 156,630,399</u>	<u>\$ 800,000</u>	<u>\$ 48,601,187</u>	<u>\$ (29,378,748)</u>	<u>\$ 176,652,838</u>	<u>\$ 8,583,634</u>
Business-type Activities:						
Bonds payable:						
Revenue	\$ 4,555,177	\$ -	\$ 817,818	\$ (732,912)	\$ 4,640,083	\$ 557,361
Total bonds payable	<u>4,555,177</u>	<u>-</u>	<u>817,818</u>	<u>(732,912)</u>	<u>4,640,083</u>	<u>557,361</u>
Other liabilities:						
Compensated absences	83,360	-	185,533	(116,818)	152,075	122,493
Total other liabilities	<u>83,360</u>	<u>-</u>	<u>185,533</u>	<u>(116,818)</u>	<u>152,075</u>	<u>122,493</u>
Total long-term liabilities	<u>\$ 4,638,537</u>	<u>\$ -</u>	<u>\$ 1,003,351</u>	<u>\$ (849,730)</u>	<u>\$ 4,792,158</u>	<u>\$ 679,854</u>

The personnel policy allows up to 80 hours of each employee's accrued vacation hours to be liquefied at the employee's request. These amounts are included in the changes in long-term obligations schedule above.

Debt service requirements on long-term debt at June 30, 2014 are as follows:

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 7,243,850	\$ 9,233,965	\$ 857,175	\$ 525,064
2016	7,769,201	8,656,143	880,189	501,739
2017	8,096,579	8,272,623	903,825	477,783
2018	8,262,983	7,915,288	928,101	453,181
2019	8,635,417	7,535,820	953,033	427,908
2020-2024	48,949,774	30,594,624	5,163,434	1,735,616
2025-2029	53,368,441	16,869,661	5,896,183	993,208
2030-2034	28,680,755	4,467,046	4,292,775	226,791
2035-2039	2,763,000	211,755	-	-
	<u>\$ 173,770,000</u>	<u>\$ 93,756,925</u>	<u>\$ 19,874,715</u>	<u>\$ 5,341,290</u>
			Less: Amounts not drawn down at year-end	<u>(15,234,632)</u>
				<u>\$ 4,640,083</u>

Note 9 - Interfund Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Transfers To	Transfers From									Total
	General Fund	CFD Fund	HURF Fund	Impact Fee Fund	Airport Fund	Sewer Fund	Water Fund	Debt Service Fund	Nonmajor Governmental Fund	
General Fund	\$ -	\$ -	\$ 59,400	\$ -	\$ -	\$ 140,738	\$ 874,367	\$ -	\$ -	\$ 1,074,505
CFD Fund	-	2,642,806	-	-	-	-	-	-	21,106,651	23,749,457
Debt Service Fund	-	-	-	-	-	-	-	14,386	-	14,386
Impact Fees	(320,000)	-	-	-	-	-	-	-	-	(320,000)
HURF Fund	-	-	-	-	-	-	-	-	-	-
Airport Fund	-	-	-	-	746	-	-	-	-	746
Sewer Fund	351,781	-	-	-	-	-	-	-	-	351,781
Water Fund	-	-	-	-	-	-	-	-	-	-
Internal Service Fund	57,021	-	-	-	-	-	-	-	-	57,021
Nonmajor Governmental Funds	2,239,875	3,575	24,255	1,408,878	-	-	-	-	1,921,157	5,597,740
Total	<u>\$ 2,328,677</u>	<u>\$ 2,646,381</u>	<u>\$ 83,655</u>	<u>\$ 1,408,878</u>	<u>\$ 746</u>	<u>\$ 140,738</u>	<u>\$ 874,367</u>	<u>\$ 14,386</u>	<u>\$ 23,027,808</u>	<u>\$ 30,525,636</u>

Transfers were made for operations in the applicable fund.

Note 10 - Risk Management

The City 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 City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City 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.

The City 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 City 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.

The funding policy and funded status information presented in the following disclosures pertains to information obtained through June 30, 2013 as information for the current year was not available upon issuance of these financial statements.

B. Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the years ended June 30, 2014, 2013 and 2012, the City and active plan members were each required by statute to contribute at the actuarially determined rate of 11.54 percent (10.30 percent for retirement and 0.24 percent for long-term disability), 11.14 percent and 10.74 percent, respectively, of the members' annual covered payroll. Amounts of the City's contributions for the years ended June 30:

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2014	\$ 1,514,570	\$ 33,348	\$ 32,876
2013	1,117,193	25,536	25,161
2012	819,933	106,948	21,186

Public Safety Personnel Retirement System (PSPRS)

A. Plan Description

The City 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.

B. Funding Policy

As of June 30, 2013, covered employees were required to contribute 9.55 percent of their annual salary to the PSPRS. The City is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. Required employer contributions are a percent of payroll normal cost plus 30 year (23 years remaining as of June 30, 2013) amortization of unfunded actuarial accrued liability (20 year amortization for credit). The statutory minimum is 8% of payroll (5% of payroll if the actual employer contribution rate is less than 5% for the 2006-2007 fiscal year).

C. Annual Pension Cost

During the year ended June 30, 2013, 2012 and 2011, the City of Buckeye's annual pension cost of \$703, 905, \$554,267 and \$591,278 for police, respectively, and \$543,803, \$452,744 and \$512,008 for fire, respectively, was equal to the City of Buckeye's required and actual contributions.

The required contribution was determined as part of the 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 8.00% 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 0.02% to 9.0% per year attributable to seniority/merit.

D. Funded Status and Funding Progress

As of June 30, 2013, the plan was 76.6 percent funded for police and 109.8 percent funded for fire. For police, the actuarial accrued liability for benefits was approximately \$16.6 million, and the actuarial value of assets was approximately \$12.7 million, resulting in an underfunded actuarial accrued liability (UAAL) of approximately \$3.9 million. For fire, the actuarial accrued liability for benefits was approximately \$11.3 million, and the actuarial value of assets was approximately \$12.4 million, an overfunded actuarial accrued liability (UAAL) of approximately \$1.1 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5.1 million for police and \$5.4 million for fire, and the ratio of the UAAL to the covered payroll was 76.4% 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 City of Buckeye'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 City of Buckeye'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, 2013 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
2011	591,278	100.0%	-
2012	554,267	100.0%	-
2013	703,905	100.0%	-

Three-Year Trend Information

Fire			
Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2011	512,008	100.0%	-
2012	452,744	100.0%	-
2013	543,803	100.0%	-

Additional historical trend information for the City's PSPRS is disclosed on page 62.

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 City of Buckeye Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the City and a board of trustees for the City'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, 2014, there were no contributions made.

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

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

Postemployment Health Plan

The City's post-employment health benefit plan is a defined contribution health benefit plan established by the City in May of 2013 to provide health benefits at retirement to qualified general and public safety employees of the City. The plan is administered by the Nationwide Retirement Solutions. At June 30, 2014, there were 88 plan members. Plan membership is required at a cost of \$10 plus 0.50 percent of covered salary per pay period to the employee. The City does not contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the City Council.

Note 12 - Contingent Liabilities

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

In 2013, the City settled a legal action brought by a group of developers alleging that the City has breached the terms of a Letter of Understanding and Memorandum of Understanding between the City and the developers. Under the settlement, the City has agreed to provide monetary relief up to \$7,250,000, to be paid in an initial payment of \$2,250,000, with the remaining \$5,250,000 contingent upon occurrence of connections.

The contingent amount payable by the City for each connection shall be the following amounts:

- For each single family home or unit connection, an amount equal to \$1,250; and
- For each commercial, industrial or other non-residential connection, an amount equal to the lesser of (A) \$5,000, or (B) 25% of the amount normally charged as a sewer connection fee for such type of building.

The \$2,250,000 initial payment has been included in the Propriety Funds Statement of Revenues, Expenses, and Changes in Fund Net Position for the year ended June 30, 2013. As of June 30, 2014, the City has not recorded a provision for the remaining \$5,250,000 as the liability is contingent upon occurrence of connections and management does not believe payment of the entire amount is probable. The City believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations. As of June 30, 2014, the City has paid out three single family home or unit connections during the current fiscal year which totaled approximately \$3,750.

Note 13 - Change in Accounting Principle

Effective for the year ended June 30, 2014, the City of Buckeye was required to implement GASB 65, *Items Previously Reported as Assets and Liabilities*. The implementation of this statement had a material effect on the financial statements which resulted in a restatement of the governmental activities in the government-wide financial statements for the write-off of bond issuance costs as of June 30, 2013, with the exception of any portions related to prepaid insurance costs, which were previously capitalized and amortized over the life of the related bonds. See adjustment to beginning net position in Note 14.

Also, as a result of the implementation of this statement, gains and losses on current refunding and advance refunding transactions, defined as the difference between the reacquisition price and the net carrying amount of the old debt, should be reported as a deferred outflow of resources or a deferred inflow of resources within the statement of net position and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

In addition, revenues and other governmental fund financial resources should be recognized in the accounting period in which they become both measurable and available. When an asset is recorded in governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Note 14 - Correction of an Error

As a result of current year audit procedures, the City’s finance department recorded governmental and business-type infrastructure assets related to the disbursement of bond proceeds to developers as reimbursement for assets built and conveyed in prior years. Assets were added in the current year at the value of the bond proceeds disbursed to developers.

In certain instances, and in accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City recorded the related assets in the year conveyed by the developer and accepted by the City Council at the fair market value of the assets on the date of acceptance. As a result, the assets had been recorded twice, in separate years and at separate values. In other instances, the City should have though did not record the related assets in the year conveyed by the developer and accepted by the City Council at the fair market value of the assets on the date of acceptance. As a result, the assets had been recorded in the incorrect period and in the incorrect amount.

Therefore, the auditors proposed prior period adjustments to the financial statements as of the beginning of the fiscal year to adjust the City’s capital assets for the amount of \$2,168,884 and \$1,399,188 for the governmental activities and business-type activities, respectively.

The total effect on beginning balances of net position is as follows:

	Governmental Activities	Business-Type Activities
Net position - beginning balance (as previously stated)	\$ 355,518,939	\$ 284,268,205
Bond issuance costs - See Note 13	(5,458,825)	-
Capital assets not included, net - See Note 14	2,168,884	1,399,188
Net position, beginning balance, as restated	\$ 352,228,998	\$ 285,667,393

Additionally, and as a result of current year audit procedures, an error was noted in the amount of long-term debt reported and related issuance costs in the City's CFD Debt Service fund. As a result, the City's CFD governmental long-term obligations were understated \$800,000 as of June 30, 2013. There was no impact on beginning governmental activities net position.

The effect on the beginning balance of CFD Debt Service fund balance is as follows:

	<u>CFD Debt Service</u>
Fund balance, beginning balance, as previously stated	\$ 9,559,238
Debt recognized early - See Note 14	<u>800,000</u>
Fund balance, beginning balance, as restated	<u><u>\$ 10,359,238</u></u>

Required Supplementary Information

City of Buckeye, Arizona
Public Safety Personnel Retirement System – Schedule of Funding Progress
June 30, 2014

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
2011	10,153,281	12,276,556	82.7%	2,123,275	4,302,307	49.4%
2012	11,598,871	14,808,457	78.3%	3,209,586	4,620,117	69.5%
2013	12,720,118	16,609,427	76.6%	3,889,309	5,090,979	76.4%
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
2011	8,139,108	7,595,654	107.1%	(543,454)	4,546,044	0.0%
2012	10,529,478	9,279,836	113.5%	(1,249,642)	4,623,728	0.0%
2013	12,404,294	11,298,809	109.8%	(1,105,485)	5,417,529	0.0%

**Combining and Individual Fund
Statements and Schedules**

City of Buckeye, Arizona

CFD Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2014

	Budgeted Amounts			Variance with Revised Budget Positive (Negative)
	Adopted	Revised	Actual	
Revenues				
Taxes	\$ 2,232,230	\$ 3,797,448	\$ 3,843,133	\$ 45,685
Special assessments	5,630,587	5,630,587	7,297,274	1,666,687
Investment earnings	294	294	706	412
Other	2,250,129	684,911	2,620,653	1,935,742
Total revenues	<u>10,113,240</u>	<u>10,113,240</u>	<u>13,761,766</u>	<u>3,648,526</u>
Expenditures				
Current				
Acquisition and construction	-	-	1,702,010	1,702,010
Miscellaneous expense	180,000	180,000	180,723	723
Debt Service				
Principal retirement	4,695,000	25,695,000	6,196,000	(19,499,000)
Interest on long-term debt	7,040,077	7,040,077	7,081,929	41,852
Contingencies	7,933,679	7,933,679	-	(7,933,679)
Total expenditures	<u>19,848,756</u>	<u>40,848,756</u>	<u>15,160,662</u>	<u>(25,688,094)</u>
Revenues over (Under)				
Expenditures	<u>(9,735,516)</u>	<u>(30,735,516)</u>	<u>(1,398,896)</u>	<u>29,336,620</u>
Other Financing Sources (Uses)				
Bonds issued	-	-	(20,400,000)	(20,400,000)
Transfers in	2,610,042	2,610,042	23,749,457	21,139,415
Transfers out	(2,387,193)	(2,387,193)	(2,646,381)	(259,188)
Total other financing sources (uses)	<u>222,849</u>	<u>222,849</u>	<u>703,076</u>	<u>480,227</u>
Net Change in Fund Balances	(9,512,667)	(30,512,667)	(695,820)	29,816,847
Fund Balances, Beginning of Year	<u>9,512,667</u>	<u>9,512,667</u>	<u>10,359,238</u>	<u>846,571</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ (21,000,000)</u>	<u>\$ 9,663,418</u>	<u>\$ 30,663,418</u>

City of Buckeye, Arizona

Debt Service Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Revised Budget Positive (Negative)
	Adopted	Revised		
Revenues				
Special assessments	\$ 673,000	\$ 673,000	\$ 595,095	\$ (77,905)
Investment earnings	-	-	10,000	10,000
Other	30,800	30,800	46,685	15,885
Total revenues	<u>703,800</u>	<u>703,800</u>	<u>651,780</u>	<u>(52,020)</u>
Expenditures				
Current				
General government	69,105	69,105	78,030	8,925
Highway and street	57,708	57,708	29,325	(28,383)
Debt Service				
Principal retirement	507,000	507,000	414,000	(93,000)
Interest on long-term debt	253,000	253,000	137,801	(115,199)
Contingencies	357,054	357,054	-	(357,054)
Capital Outlay	-	-	64,045	64,045
Total expenditures	<u>1,243,867</u>	<u>1,243,867</u>	<u>723,201</u>	<u>(520,666)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(540,067)</u>	<u>(540,067)</u>	<u>(71,421)</u>	<u>468,646</u>
Other Financing Sources (Uses)				
Transfers in	-	-	14,386	14,386
Transfers out	-	-	(14,386)	(14,386)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(540,067)	(540,067)	(71,421)	468,646
Fund Balances, Beginning of Year	<u>540,067</u>	<u>540,067</u>	<u>598,733</u>	<u>58,666</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 527,312</u>	<u>\$ 527,312</u>

City of Buckeye, Arizona
 Nonmajor Governmental Funds – Combining Balance Sheet
 June 30, 2014

	Special Revenue Funds	CFD Special Revenue	Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 793,608	\$ 5,267,941	\$ 731,093	\$ 6,792,642
Investments	5,636,768	1,354,894	10,968,456	17,960,118
Receivables, net				
Accounts	172,340	7,039	43,832	223,211
Taxes	2,463	4,667	-	7,130
Restricted assets	-	-	202,975	202,975
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,605,179</u>	<u>\$ 6,634,541</u>	<u>\$ 11,946,356</u>	<u>\$ 25,186,076</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities				
Accounts payable	\$ 506,736	\$ 37,582	\$ 163,125	\$ 707,443
Advanced revenue	539,909	-	94,746	634,655
Interfund payable	904,350	-	52,810	957,160
Total liabilities	<u>1,950,995</u>	<u>37,582</u>	<u>310,681</u>	<u>2,299,258</u>
Fund Balance				
Restricted	5,181,588	5,032,039	11,593,038	21,806,665
Assigned	-	1,564,920	-	1,564,920
Unassigned	(527,404)	-	42,637	(484,767)
Total fund balance	<u>4,654,184</u>	<u>6,596,959</u>	<u>11,635,675</u>	<u>22,886,818</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,605,179</u>	<u>\$ 6,634,541</u>	<u>\$ 11,946,356</u>	<u>\$ 25,186,076</u>

City of Buckeye, Arizona

Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2014

	Special Revenue Funds	CFD Special Revenue	Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Improvement proceeds	\$ -	\$ 574,015	\$ -	\$ 574,015
Intergovernmental	3,277,542	-	118,844	3,396,386
Charges for services	427,364	418,738	-	846,102
Developer agreements	-	-	339,287	339,287
Contributions and donations	1,562,579	-	463,943	2,026,522
Investment earnings	371	828	952	2,151
Other	218,017	934,626	355,298	1,507,941
Total revenues	5,485,873	1,928,207	1,278,324	8,692,404
Expenditures				
Current				
General government	1,210,342	23,239,097	965,156	25,414,595
Public safety	1,017,584	-	-	1,017,584
Economic development	407,960	-	-	407,960
Health and welfare	515,372	-	-	515,372
Other	-	-	40,920	40,920
Capital outlay	1,583,653	2,700	2,736,360	4,322,713
Total expenditures	4,734,911	23,241,797	3,742,436	31,719,144
Revenues over (Under) Expenditures	750,962	(21,313,590)	(2,464,112)	(23,026,740)
Other Financing Sources (Uses)				
Bonds issued	-	46,331,000	-	46,331,000
Premiums issued	-	828,741	-	828,741
Transfers in	185,710	3,575	5,408,455	5,597,740
Transfers out	-	(21,106,651)	(1,921,157)	(23,027,808)
Total other financing sources (uses)	185,710	26,056,665	3,487,298	29,729,673
Net Change in Fund Balances	936,672	4,743,075	1,023,186	6,702,933
Fund Balances, Beginning of Year	3,717,512	1,853,884	10,612,489	16,183,885
Fund Balances, End of Year	\$ 4,654,184	\$ 6,596,959	11,635,675	\$ 22,886,818

City of Buckeye, Arizona
 Nonmajor Special Revenue Funds – Combining Statement Balance Sheet
 June 30, 2014

	Fill the Gap Fund	R.I.C.O. Fund	V.A.L.U.E. Kids Fund	Buckeye Explorer Fund	Youth Scholarship Fund	Impound Fund	Maricopa County CAP	Police Department Grants Fund	Social Services/Area Agency on Aging Fund	Fire Grants Fund	Grant Programs
Assets											
Cash and cash equivalents	\$ 27,778	\$ 144,352	\$ 3,479	\$ 10,069	\$ 1,565	\$ 1	\$ -	\$ -	\$ -	\$ 54,008	\$ 98,152
Investments	-	-	-	-	-	150,431	-	-	401,158	-	-
Receivables, net											
Accounts	1,252	-	-	-	-	-	-	89,383	34,450	8,304	-
Taxes	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 29,030	\$ 144,352	\$ 3,479	\$ 10,069	\$ 1,565	\$ 150,432	\$ -	\$ 89,383	\$ 435,608	\$ 62,312	\$ 98,152
Liabilities, Deferred Inflows of Resources and Fund Balance											
Liabilities											
Accounts payable	\$ -	\$ 33,272	\$ -	\$ -	\$ -	\$ 1,829	\$ -	\$ -	\$ 304,162	8,985	\$ -
Due to other funds	-	-	-	-	-	-	-	27,099	131,446	-	-
Interest payable	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	1,565	-	-	-	-	-	-
Matured debt principal payable	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	33,272	-	-	1,565	1,829	-	27,099	435,608	8,985	-
Deferred Inflows of Resources											
Advanced revenue	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-
Fund Balance											
Restricted	29,030	111,080	3,479	10,069	-	148,603	-	62,284	-	53,327	98,152
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	29,030	111,080	3,479	10,069	-	148,603	-	62,284	-	53,327	98,152
Total liabilities, deferred inflows of resources and fund balance	\$ 29,030	\$ 144,352	\$ 3,479	\$ 10,069	\$ 1,565	\$ 150,432	\$ -	\$ 89,383	\$ 435,608	\$ 62,312	\$ 98,152

City of Buckeye, Arizona
 Nonmajor Special Revenue Funds – Combining Statement Balance Sheet
 June 30, 2014

	Equipment Replacement Fund	JCEF	Downtown Revitalization	Better Your Buckeye	Special District	Court Enhancement	Economic Development Reinvestment	SLID Operations	Community Services Program	Sundance Crossings	Non- Construction Improvements	Total
Assets												
Cash and cash equivalents	\$ -	\$ 34,055	\$ -	\$ 3,053	\$ -	\$ 63,838	\$ 284,671	\$ 68,586	\$ -	\$ 1	\$ -	\$ 793,608
Investments	1,772,394	-	-	-	-	-	-	-	3,107,734	205,051	-	5,636,768
Receivables, net												
Accounts	-	-	-	-	-	-	-	11,898	-	27,053	-	172,340
Taxes	-	-	-	-	-	-	-	2,463	-	-	-	2,463
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,772,394	\$ 34,055	\$ -	\$ 3,053	\$ -	\$ 63,838	\$ 284,671	\$ 82,947	\$ 3,107,734	\$ 232,105	\$ -	\$ 6,605,179
Liabilities, Deferred Inflows of Resources and Fund Balance												
Liabilities												
Accounts payable	\$ 41,443	\$ -	\$ -	\$ 786	\$ -	\$ 4,162	\$ 84,670	\$ 749	\$ 22,097	\$ 4,581	-	\$ 506,736
Due to other funds	660,167	-	-	-	-	-	-	-	85,638	-	-	904,350
Interest payable	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	527,404	-	-	-	-	-	-	10,940	-	539,909
Matured debt principal payable	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	701,610	-	527,404	786	-	4,162	84,670	749	107,735	15,521	-	1,950,995
Deferred Inflows of Resources												
Advanced revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance												
Restricted	1,070,784	34,055	-	2,267	-	59,676	200,001	82,198	2,999,999	216,584	-	5,181,588
Unassigned	-	-	(527,404)	-	-	-	-	-	-	-	-	(527,404)
Total fund balance	1,070,784	34,055	(527,404)	2,267	-	59,676	200,001	82,198	2,999,999	216,584	-	4,654,184
Total liabilities, deferred inflows of resources and fund balance	\$ 1,772,394	\$ 34,055	\$ -	\$ 3,053	\$ -	\$ 63,838	\$ 284,671	\$ 82,947	\$ 3,107,734	\$ 232,105	\$ -	\$ 6,605,179

City of Buckeye, Arizona
 Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2014

	Fill the Gap Fund	R.I.C.O. Fund	V.A.L.U.E. Kids Fund	Buckeye Explorer Fund	Youth Scholarship Fund	Impound Fund	Maricopa County CAP	Police Department Grants Fund	Social Services/Area Agency on Aging Fund	Fire Grants Fund	Grant Programs
Revenues											
Intergovernmental revenue	\$ 4,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	111,912	-	-	-	-	-
Contributions and donations	-	548,374	-	-	-	-	-	361,463	178,970	415,160	38,101
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Other	-	79,925	-	-	-	-	-	-	71,983	-	-
Total revenues	<u>4,142</u>	<u>628,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,912</u>	<u>-</u>	<u>361,463</u>	<u>250,953</u>	<u>415,160</u>	<u>38,101</u>
Expenditures											
Current											
General government	-	-	-	242	-	-	-	-	-	-	1,557
Public safety	-	451,755	-	-	-	56,464	-	331,811	-	177,554	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	515,372	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	75,738	-	-	-	-	-	32,000	17,833	212,632	-
Total expenditures	<u>-</u>	<u>527,493</u>	<u>-</u>	<u>242</u>	<u>-</u>	<u>56,464</u>	<u>-</u>	<u>363,811</u>	<u>533,205</u>	<u>390,186</u>	<u>1,557</u>
Revenues over (Under)											
Expenditures	<u>4,142</u>	<u>100,806</u>	<u>-</u>	<u>(242)</u>	<u>-</u>	<u>55,448</u>	<u>-</u>	<u>(2,348)</u>	<u>(282,252)</u>	<u>24,974</u>	<u>36,544</u>
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	-	-	203,786	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,786</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,142	100,806	-	(242)	-	55,448	-	(2,348)	(78,466)	24,974	36,544
Fund Balances, Beginning of Year	<u>24,888</u>	<u>10,274</u>	<u>3,479</u>	<u>10,311</u>	<u>-</u>	<u>93,155</u>	<u>-</u>	<u>64,632</u>	<u>78,466</u>	<u>28,353</u>	<u>61,608</u>
Fund Balances, End of Year	<u>\$ 29,030</u>	<u>\$ 111,080</u>	<u>\$ 3,479</u>	<u>\$ 10,069</u>	<u>\$ -</u>	<u>\$ 148,603</u>	<u>\$ -</u>	<u>\$ 62,284</u>	<u>\$ -</u>	<u>\$ 53,327</u>	<u>\$ 98,152</u>

City of Buckeye, Arizona
 Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2014

	Equipment Replacement Fund	JCEF	Downtown Revitalization	Better Your Buckeye	Special District	Court Enhancement	Economic Development Reinvestment	SLID Operations	Community Services Program	Sundance Crossings	Non- Construction Improvements	Total
Revenues												
Intergovernmental revenue	\$ -	\$ 8,761	\$ 19,534	\$ -	\$ -	\$ 25,996	\$ -	\$ 219,109	\$ 3,000,000			\$ 3,277,542
Charges for services	-	-	-	-	538	-	-	-	-	314,914		427,364
Contributions and donations	-	-	-	-	-	-	-	-	20,511			1,562,579
Investment earnings	371	-	-	-	-	-	-	-	-			371
Other	34,231	-	-	-	-	-	-	-	31,878			218,017
Total revenues	<u>34,602</u>	<u>8,761</u>	<u>19,534</u>	<u>-</u>	<u>538</u>	<u>25,996</u>	<u>-</u>	<u>219,109</u>	<u>3,052,389</u>	<u>314,914</u>	<u>-</u>	<u>5,485,873</u>
Expenditures												
Current												
General government	109,069	-	-	1,784	598,376	6,843	-	222,434	127,613	98,330	44,094	1,210,342
Public safety	-	-	-	-	-	-	-	-	-	-	-	1,017,584
Economic development	-	-	-	-	-	-	407,960	-	-	-	-	407,960
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	515,372
Water and sewer	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	<u>1,177,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,583,653</u>
Total expenditures	<u>1,286,411</u>	<u>-</u>	<u>-</u>	<u>1,784</u>	<u>598,376</u>	<u>6,843</u>	<u>476,068</u>	<u>222,434</u>	<u>127,613</u>	<u>98,330</u>	<u>44,094</u>	<u>4,734,911</u>
Revenues over (Under)												
Expenditures	<u>(1,251,809)</u>	<u>8,761</u>	<u>19,534</u>	<u>(1,784)</u>	<u>(597,838)</u>	<u>19,153</u>	<u>(476,068)</u>	<u>(3,325)</u>	<u>2,924,776</u>	<u>216,584</u>	<u>(44,094)</u>	<u>750,962</u>
Other Financing Sources (Uses)												
Transfers in	270,013	-	-	3,400	-	-	(410,436)	-	74,853	-	44,094	185,710
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>270,013</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>(410,436)</u>	<u>-</u>	<u>74,853</u>	<u>-</u>	<u>44,094</u>	<u>185,710</u>
Net Change in Fund Balances	(981,796)	8,761	19,534	1,616	(597,838)	19,153	(886,504)	(3,325)	2,999,629	216,584	-	936,672
Fund Balances, Beginning of Year	<u>2,052,580</u>	<u>25,294</u>	<u>(546,938)</u>	<u>651</u>	<u>597,838</u>	<u>40,523</u>	<u>1,086,505</u>	<u>85,523</u>	<u>370</u>	<u>-</u>	<u>-</u>	<u>3,717,512</u>
Fund Balances, End of Year	<u>\$ 1,070,784</u>	<u>\$ 34,055</u>	<u>\$ (527,404)</u>	<u>\$ 2,267</u>	<u>\$ -</u>	<u>\$ 59,676</u>	<u>\$ 200,001</u>	<u>\$ 82,198</u>	<u>\$ 2,999,999</u>	<u>\$ 216,584</u>	<u>\$ -</u>	<u>\$ 4,654,184</u>

Statistical Section (Unaudited)

This part of the City 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 City's overall financial health.

Property Tax Levies and Rates

Direct and Overlapping Property Tax Rates (excluding Special Districts)

Property Tax Levies and Collections

City Sales Tax Revenues

Direct and Overlapping Sales Tax Rates

Selected Demographic and Economic Statistics

Principal Employers

Authorized Positions

Selected City of Buckeye Financial Indicators

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

City of Buckeye, Arizona
Property Tax Levies and Rates
Last Five Fiscal Years

Year	Secondary			Primary			Total	
	Assessed Value	Levy	Rate/\$100	Assessed Value	Levy	Rate/\$100	Levy	Rate/\$100
FY 09-10	\$595,778,177	\$0	\$0.0000	\$483,890,822	\$4,282,918	\$0.8851	\$4,282,918	\$0.8851
FY 10-11	\$425,009,460	\$0	\$0.0000	\$402,367,355	\$4,781,332	\$1.1883	\$4,781,332	\$1.1883
FY 11-12	\$322,876,453	\$0	\$0.0000	\$315,361,719	\$5,065,024	\$1.6061	\$5,065,024	\$1.6061
FY 12-13	\$300,289,266	\$0	\$0.0000	\$295,509,637	\$5,332,766	\$1.8046	\$5,332,766	\$1.8046
FY 13-14	\$287,873,371	\$0	\$0.0000	\$282,005,064	\$5,079,332	\$1.8011	\$5,079,332	\$1.8011

City of Buckeye, Arizona
 Direct and Overlapping Property Tax Rates
 Last Five Fiscal Years
 (rate per \$100 of assessed value)

Fiscal Year	Tax	City Of Buckeye	Maricopa County	Library District	Flood Control District	Fire District Assistance	Central AZ Water Conservation District	Maricopa Health Care District	West Maricopa Education Center	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	Agua Fria Union High School District #216	Litchfield Elementary School District #79	Saddle Mtn. District #90	Buckeye Elementary School District #33	Buckeye Union High School #201
FY 09-10	Primary	0.8851	0.9909	-	-	-	-	-	-	0.7246	-	3.6060	1.4854	0.6241	1.8630	-	1.6153	0.6430	4.2307	1.6158
	Secondary	-	-	0.0353	0.1367	0.0057	0.1000	0.0914	-	0.1598	2.5458	0.9439	1.1753	0.1532	0.5661	-	1.0062	0.4722	1.2406	0.9803
FY 10-11	Primary	1.1883	1.0508	-	-	-	-	-	-	0.7926	-	2.4014	1.9639	0.5520	1.5408	2.1600	1.6167	0.7529	3.3536	1.7454
	Secondary	-	-	0.0412	0.1489	0.0066	0.1000	0.1122	-	0.1802	2.5458	1.1585	1.3425	0.1578	0.8488	0.8300	1.2963	0.6119	1.6656	1.0551
FY 11-12	Primary	1.6061	1.2407	-	-	-	-	-	-	1.0123	-	3.0483	1.8682	0.5837	2.2721	1.6862	1.9408	0.7666	3.1982	2.1962
	Secondary	-	-	0.0492	0.1780	0.0084	0.1000	0.1494	-	0.1959	3.1000	1.4037	1.3302	0.1729	1.5239	0.9900	1.3182	0.4446	1.8674	0.8752
FY 12-13	Primary	1.8046	1.2407	-	-	-	-	-	-	1.1563	-	3.4020	2.0706	0.5836	2.4512	2.0437	2.3102	0.5988	4.0276	2.3755
	Secondary	-	-	0.0492	0.1780	0.0110	0.1000	0.1683	-	0.2215	3.1000	1.6500	1.4689	0.1874	1.6276	1.1255	1.5761	0.4770	2.0678	1.0457
FY 13-14	Primary	1.8011	1.2807	-	-	-	-	-	-	1.2896	-	3.7838	1.9056	0.9200	2.3096	2.2936	2.4367	1.1538	3.6619	2.5435
	Secondary	-	-	0.0438	0.1392	0.0121	0.1400	0.1939	0.0592	0.2444	3.1000	0.5540	1.5465	0.1853	1.7073	1.2787	1.5405	0.5178	2.1952	1.1136

Source: County Assessor's Records

City of Buckeye, Arizona
 Property Tax Levies and Collections
 Last Five Fiscal Years

Fiscal Year	Levy	Collections	Percentage Collected	Prior Year Collections	Total Collected
FY 09-10	4,282,676	4,019,577	93.86%	144,561	4,164,138
FY 10-11	4,781,331	4,522,965	94.60%	183,572	4,706,537
FY 11-12	5,065,024	4,867,847	96.11%	27,092	4,894,939
FY 12-13	5,332,766	5,078,892	95.24%	120,989	5,199,881
FY 13-14	5,079,332	4,972,701	97.90%	75,602	5,048,303

Source: Maricopa Assessors Office

City of Buckeye, Arizona
City Sales Tax Revenue
Last Five Fiscal Years

Industry Group	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Mining	13,858	27,910	23,116	28,254	29,558
Telecom	560,214	506,308	638,909	734,060	837,402
Utilities	231,377	656,102	969,451	1,090,388	1,171,923
Trans & Warehouse	13,232	10,604	9,843	7,927	6,663
Construction	3,658,662	2,977,754	2,931,187	3,704,513	3,900,771
Retail	4,167,525	5,848,314	7,084,862	7,569,138	7,734,984
Real Estate Rentals	779,193	1,067,076	1,412,951	1,583,838	1,655,073
Rest .& Bars	459,774	736,748	987,256	1,142,134	1,189,310
Hotels	39,588	47,669	53,227	59,707	52,166
Svcs, Fin, Ins	149,910	234,262	248,639	285,153	332,258
Arts & Entertain	109,461	159,331	180,693	143,920	132,041
Other	822	-	-	-	-
Brits Charges	(3,119)	-	-	-	-
Total	10,180,495	12,272,078	14,540,134	16,349,032	17,042,149

City of Buckeye, Arizona
 Direct and Overlapping Sales Tax Rates
 Last Five Fiscal Years

Fiscal Year	Maricopa County			Arizona State	TOTAL
	Buckeye*	Road	Jail		
FY 09-10	2.00%	0.50%	0.20%	6.60%	9.30%
FY 10-11	3.00%	0.50%	0.20%	6.60%	10.30%
FY 11-12	3.00%	0.50%	0.20%	6.60%	10.30%
FY 12-13	3.00%	0.50%	0.20%	5.60%	9.30%
FY 13-14	3.00%	0.50%	0.20%	5.60%	9.30%

Source: Arizona Department of Revenue

*Buckeye's 3.00% Tax Rate went into effect 10/1/2010

City of Buckeye, Arizona
 Selected Demographic and Economic Statistics
 Last Five Fiscal Years

Fiscal Year	Population 1 Estimates July 1	Personal Income 2	Per Capita Personal Income	Unemployment Rate 3
FY 09-10	51,560	2,532,460,944	49,117	8.5%
FY 10-11	51,019	1,999,638,686	39,194	11.2%
FY 11-12	52,334	2,363,246,438	45,157	10.1%
FY 12-13	54,102	1,968,663,576	36,388	9.8%
FY 13-14	56,459	1,417,099,593	25,100	6.7%

Sources: 1 Arizona Department of Economic Security
 2: Arizona Department of Economic Security
 3: Arizona Workforce Information

City of Buckeye, Arizona
Principal Employers
Current Year

FY 2013-2014

Employer	Employees	Rank	Percentage of Principal City Employment
Wal-Mart Disribution Center	650	1	19.61%
Buckeye Elementary School District No. 33	450	2	13.58%
City of Buckeye	420	3	12.67%
Buckeye Union High School District 201	350	4	10.56%
Litchfield Elementary School District #79	283	5	8.54%
Liberty Elementary School District	255	6	7.69%
Lewis Prison complex	230	7	6.94%
Smith Food Drug Stores Fry's Food Store	184	8	5.55%
Lowe's Home Improvement	150	9	4.53%
Agua Fria Union High School District 216	130	10	3.92%
DMB Verrado Golf, LLC	112	11	3.38%
Hickman's Egg Ranch Inc.	100	12	3.02%
Total	3,314		100.00%

Sources:

MAG Employer Database

Hoover's Inc., a D&B Company

**City Of Buckeye
 Budgeted Authorized Positions**

Program/Department	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Mayor & Council	1.00	1.00	1.00	1.00	2.00
Manager	9.00	2.00	2.00	2.00	5.00
Procurement	-	-	-	-	3.00
Marketing and Comm		-	-	-	-
Economic Development	-	1.00	3.00	3.00	5.00
Administrative Services	-	1.00	2.00	2.00	2.00
Clerk	4.00	3.00	3.00	3.00	4.00
Finance	18.00	11.00	11.00	11.00	8.00
Human Resources	7.50	5.50	6.00	6.00	8.00
Information Technology	6.00	6.00	6.00	8.00	8.00
Administration	45.50	30.50	34.00	36.00	45.00
Comm Services Admin	5.50	3.00	3.60	4.80	5.80
Library	7.00	8.00	8.00	8.88	9.00
Parks	11.00	4.50	6.50	6.50	6.00
Recreation	8.50	6.50	5.50	7.50	6.00
Senior Programs	6.00	7.00	6.65	7.20	7.20
CAP	1.00	3.00	3.75	-	-
Community Services	46.25	32.00	34.00	34.88	34.00
Fire	87.00	83.00	83.00	88.00	90.00
Magistrate Court	6.50	6.50	6.50	6.50	6.80
Police	94.50	95.00	97.00	112.00	117.50
Public Safety	188.00	184.50	186.50	206.50	214.30
Comm Development	12.00	6.50	8.00	22.00	12.00
Engineering	-	-	-	-	14.00
Building Safety	14.00	8.30	8.30	11.00	11.00
Development Services	26.00	14.80	16.30	33.00	37.00
Public Works Admin	2.00	1.50	1.25	2.25	2.25
Facility Maintenance	8.00	2.00	2.00	3.00	3.00
Vehicle Maintenance	8.00	5.00	5.00	6.00	6.00
Solid Waste Enterprise	2.40	3.31	3.31	3.31	3.98
Airport Enterprise	2.00	0.50	0.25	0.25	1.25
Streets	15.00	15.00	15.50	19.50	20.50
Public Works	37.40	27.31	27.31	34.31	36.98
Water & Wastewater	36.10	36.69	40.69	47.69	55.02
Total	379.25	325.80	338.80	392.38	422.30

City of Buckeye, Arizona
 Selected City of Buckeye Financial Indicators
 Last Five Fiscal Years

Indicators	Budget FY 09-10	Budget FY 10-11	Budget FY 11-12	Revised Budget FY 12-13	Budget FY 13-14
Population @ July 1	51,560	51,019	52,334	54,102	55,996
Annual Percent Change	4.94%	-1.05%	2.58%	3.38%	3.50%
Net Assessed Valuation (NAV)	\$ 595,778,177	\$ 425,009,460	\$ 322,876,453	\$ 300,289,266	\$ 287,873,371
Annual Percent Change	1.40%	-28.66%	-24.03%	-7.00%	-4.13%
Fulltime Positions/1000Capita	7.36	6.39	6.47	7.25	7.49
Annual Percent Change	-21.55%	-13.18%	1.38%	12.03%	3.30%
General Fund Beginning Fund Balance	\$ 8,551,245	\$ 6,276,479	\$ 8,251,981	\$ 15,541,083	\$ 20,622,096
Annual Percent Change	-43.90%	-26.60%	31.47%	88.33%	32.69%
Full Cash Value	\$ 5,499,282,767	\$ 4,197,534,786	\$ 3,148,151,090	\$ 2,926,795,965	\$ 2,805,783,343
Annual Percent Change	3.02%	-23.67%	-25.00%	-7.03%	-4.13%