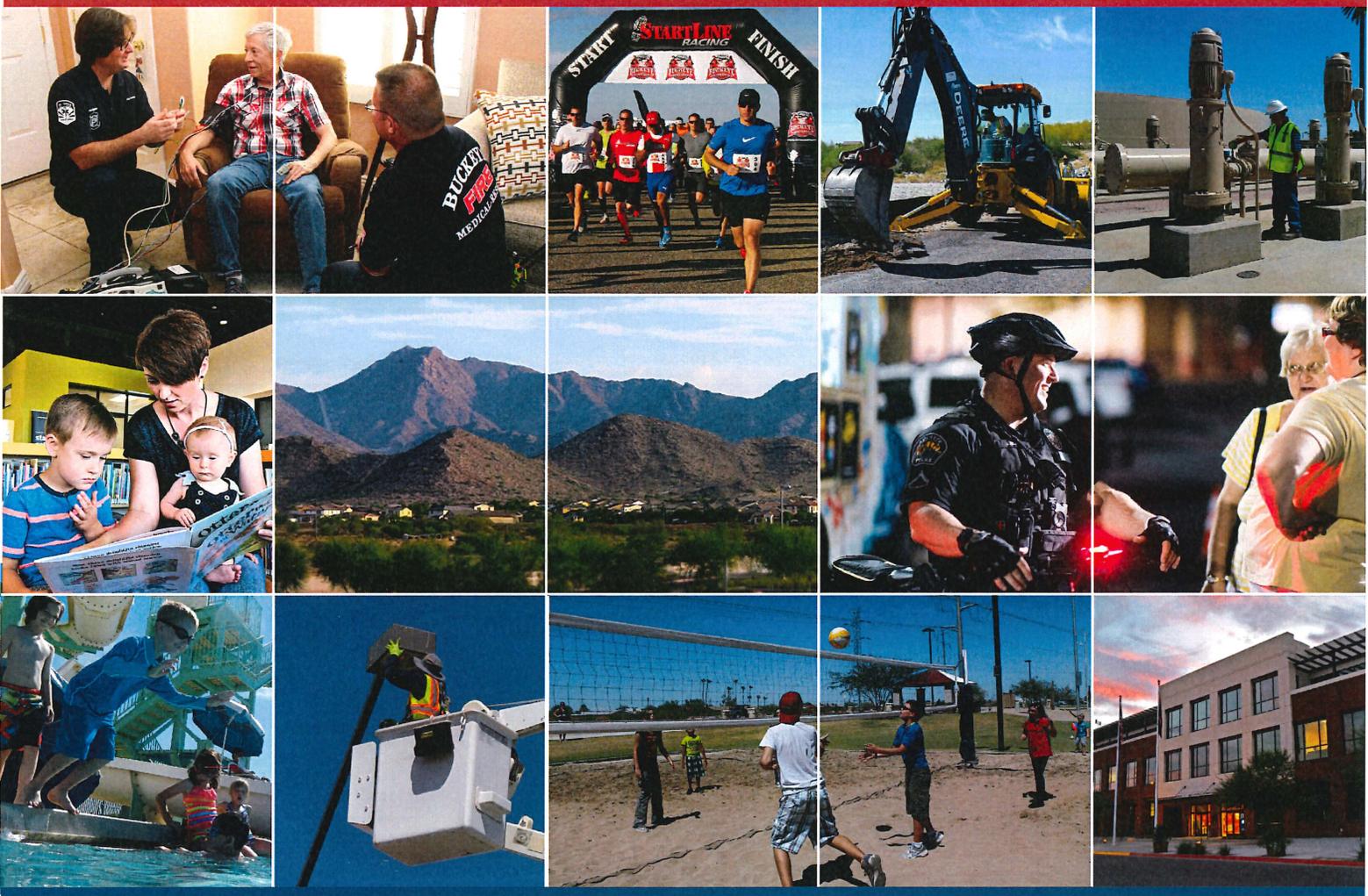


CITY OF BUCKEYE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2018



CITY OF BUCKEYE, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2018



Prepared by the
Finance Department

City of Buckeye, Arizona
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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**CITY OF BUCKEYE
FINANCE DEPARTMENT**

December 19, 2018

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, 2018. 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 the *Uniform Guidance*. 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, have issued an unmodified opinion on the City's CAFR for the year ended June 30, 2018. 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 auditors' report is located at the front of the financial statements in the Financial Section of the report.

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

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

The **Introductory Section** includes this transmittal letter and an organization chart that lists the major divisions, components, and mechanisms of the 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, 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 62,582 based on a report from the U. S. Census Bureau. 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 city 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 wastewater 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.

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. Buckeye’s retail is growing slowly but steadily, and a new manufacturing company completed construction during the fiscal year. A Fry’s Marketplace is planned close to Verrado community at the corner of Indian School Road and Jackrabbit Trail.

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 (FY 11/12 – FY 17/18). The Capital Improvement Program (CIP) 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 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 Finance Department 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,



William Kauppi
Chief Financial Officer



Iris Wallace
Financial Services Manager

Jackie Meck
Mayor

Eric Orsborn
Vice Mayor

Jeanine Guy
Councilmember

Patrick Hagestad
Councilmember

Michelle Hess
Councilmember

Craig Heustis
Councilmember

Tony Youngker
Councilmember



Roger Klingler
City Manager

James Shano
Assistant City Manager

Shiela Schmidt
City Attorney

Maria Brewer
Presiding Judge

Lucinda Aja
City Clerk

Rod Buchanan
Community Services

Bob Costello
Fire Chief

George Flores
Development Services

Larry Hall
Police Chief

William Kauppi
Chief Financial Officer

Nancy Love
Human Resources

Scott Lowe
Public Works

Greg Platacz
Information Technology

David Roderique
Economic Development

Michael Weber
Water Resources

Scott Zipprich
Engineering

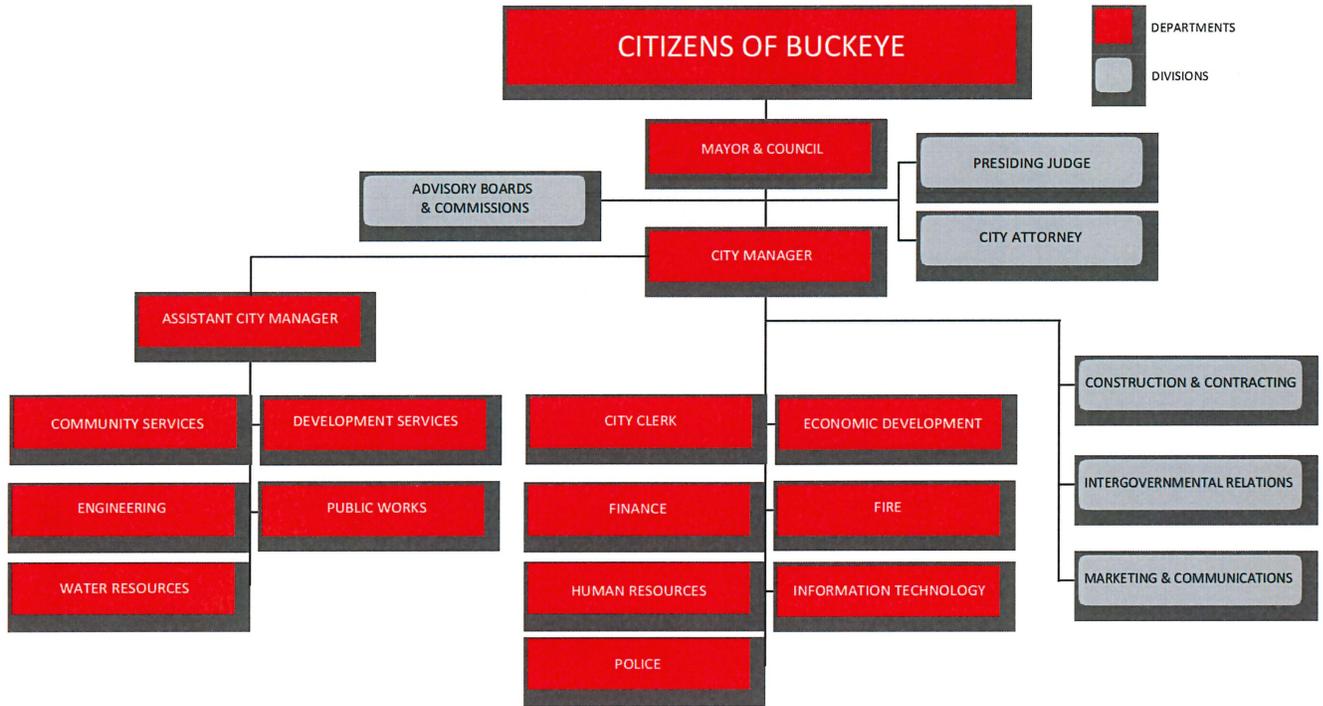
Additional Staff

Iris Wallace
Financial Services Manager

Sherri Meredith
Accounting Manager



ORGANIZATION CHART 2018



Financial Section



Independent Auditor's Report

To 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, as of and for the year ended June 30, 2018, 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 service revenue funds of the City, as of June 30, 2018, 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.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the City's proportionate share of net pension liability for the Arizona State Retirement System, schedule of changes in the City's net pension liability and related ratios for the Public Safety Personnel Retirement System, and schedule of City pension contributions for the Arizona State Retirement System and the Arizona Public Safety Personnel Retirement System on pages 5 through 18 and 84 through 88 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 and 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 December 19, 2018 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.


Phoenix, Arizona
December 19, 2018



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Introductory Section

City of Buckeye, Arizona

Management's Discussion and Analysis

As financial management of the City of Buckeye (City), Arizona, we are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2018. 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; 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). The City, however, has no financial liability for the CFDs. A description of these component units is available in Note 1. Separate financial statements are not prepared for the CFDs.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$602.3 million (net position). Of this amount, \$115.2 million is unrestricted balance and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$22.7 million; an increase of \$19.1 million in governmental activities and an increase of \$3.6 million in business-type activities.
- As of the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$68.2 million, an increase of \$19.4 million over the prior year. The majority of this increase can be attributed to an increase in sales tax collections and permitting activity. The increase in assessed value due to new housing, continued increase in population resulting in an increase in State Shared revenues. The City received more than \$1 million in various state and federal grants, this is an approximate increase of \$700,000 from the prior fiscal year.
- As of June 30, 2018, the total fund balance in the General Fund was \$27,465,167 (unassigned fund balance of \$27.4 million). The fund balance in the governmental Impact Fees Funds totaled \$18,267,433.
- For fiscal year 2018, total General Fund revenues of \$71.3 million were greater than budgeted revenues of \$67.1 million; an increase of \$4,172,464 or 6.2%. Total General Fund expenditures of \$61,306,018 were less than the budgeted expenditures of \$82,302,681, a decrease of \$20,996,663 or 25.51%.
- For fiscal year 2018, total governmental Impact Fee revenues of \$4,404,572 were greater than budgeted revenues of \$1,571,027; an increase of \$2,833,545 or 180.36%. Total governmental Impact Fee expenditures of \$143,916 were less than budgeted expenditures of \$13,785,334; a difference of \$13,641,418 or 98.96% when compared to budget.

Overview of the Financial Statements

The financial section of the Comprehensive Annual Financial Report (CAFR) for the City consists of the introductory section, discussion and analysis, the basic financial statements, the required supplementary schedules, the combining and individual fund statements and statistical section presented after the basic financial statements.

City of Buckeye, Arizona

Management's Discussion and Analysis

The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the General Fund, major special revenue funds and notes to the basic financial statements. Other required supplementary information includes the schedules and notes related to pension requirements. The additional non-required information includes combining schedules and other supplementary schedules presented after 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's finances, in a manner similar to private-sector businesses.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position defined as assets plus deferred outflows of resources less liabilities less deferred inflows of resources. 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 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 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, wastewater, solid waste, and airport operations.

The government-wide financial statements can be found on pages 19 - 21 of this report.

Fund Financial Statements.

Also presented are the traditional fund financial statements for governmental, proprietary and fiduciary 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, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

The basic governmental fund financial statements can be found beginning on page 22 of this report.

City of Buckeye, Arizona

Management's Discussion and Analysis

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City 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 uses enterprise funds to account for its water, wastewater, solid waste, and airport operations.

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.

The basic proprietary fund financial statements can be found beginning on page 34 - 41 of this report.

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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 42 - 43 of this report.

Notes to the Basic Financial Statements. The notes to the basic financial statements 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 15 to the basic financial statements and in required supplementary information on pages 84 - 88.

Government-Wide Financial Statements Analysis

While this document contains information about the funds used by the City to provide services to its citizens, the statement of net position and statement of activities serve to provide an answer to the question of how the City, as a whole, performed financially throughout the year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the City as of June 30, 2018 and 2017, showing that assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for both governmental and business-type activities by a total of \$602.3 million for the fiscal year ended June 30, 2018.

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial condition. For the City, assets exceeded liabilities by \$602.3 million at the close of the current fiscal year. Net position consists of three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. The net investment in capital assets in the amount of \$438.8 million is 72.9% of the City's total net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's

City of Buckeye, Arizona
Management's Discussion and Analysis

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.

City of Buckeye, Arizona
Condensed Statement of Net Position
June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 125,157,805	\$ 102,472,879	\$ 68,323,260	\$ 57,337,806	\$ 193,481,065	\$ 159,810,685
Capital assets:						
Non-depreciable	178,619,447	179,197,897	20,223,105	25,292,610	198,842,552	204,490,507
Depreciable (net)	219,876,749	223,842,899	264,433,113	263,604,349	484,309,862	487,447,248
Total Assets	\$ 523,654,001	\$ 505,513,675	\$ 352,979,478	\$ 346,234,765	\$ 876,633,479	\$ 851,748,440
DEFERRED OUTFLOWS OF RESOURCES						
Excess consideration for acquisition	\$ -	\$ -	\$ 26,679,536	\$ 30,202,296	\$ 26,679,536	\$ 30,202,296
Loss on refunding and defeasance	601,223	664,146	-	-	601,223	664,146
Pension related deferred outflows ASRS	3,974,491	6,891,348	1,225,071	2,138,566	5,199,562	9,029,914
Pension related deferred outflows PSPRS	11,172,108	12,297,267	-	-	11,172,108	12,297,267
Total deferred outflow of resources	\$ 15,747,822	\$ 19,852,761	\$ 27,904,607	\$ 32,340,862	\$ 43,652,429	\$ 52,193,623
Total assets and deferred outflows of resources	\$ 539,401,823	\$ 525,366,436	\$ 380,884,085	\$ 378,575,627	\$ 920,285,908	\$ 903,942,063
LIABILITIES						
Other liabilities	\$ 8,254,574	\$ 7,390,445	\$ 6,434,998	\$ 7,383,176	\$ 14,689,572	\$ 14,773,621
Non-current liabilities:						
Due within one year	20,601,373	18,604,444	1,273,917	1,125,950	21,875,290	19,730,394
Net Pension Liability - ASRS	22,473,044	23,092,342	6,930,478	7,081,652	29,403,522	30,173,994
Net Pension Liability - PSPRS	17,518,943	20,318,967	-	-	17,518,943	20,318,967
Due in more than one year	144,544,696	150,635,234	69,030,432	69,788,954	213,575,128	220,424,188
Compensated absences	375,271	-	48,259	-	423,530	-
Other long term obligations	-	-	14,916,165	14,163,425	14,916,165	14,163,425
Total Liabilities	\$ 213,767,901	\$ 220,041,432	\$ 98,634,249	\$ 99,543,157	\$ 312,402,150	\$ 319,584,589
DEFERRED INFLOWS OF RESOURCES						
Gain on refunding and defeasance	\$ 654,092	\$ 715,730	\$ -	\$ -	\$ 654,092	\$ 715,730
Pension related deferred inflows ASRS	1,345,851	2,810,353	415,049	861,843	1,760,900	3,672,196
Pension related deferred inflows PSPRS	3,205,345	484,424	-	-	3,205,345	484,424
Total deferred inflows of resources	\$ 5,205,288	\$ 4,010,507	\$ 415,049	\$ 861,843	\$ 5,620,337	\$ 4,872,350
NET POSITION						
Net investment in capital assets	\$ 238,001,069	\$ 243,071,408	\$ 200,856,616	\$ 204,025,522	\$ 438,857,685	\$ 447,096,930
Restricted for						
Impact fees	18,267,433	14,006,777	7,219,410	5,654,724	25,486,843	19,661,501
Street Light Improvement District						
Operations	27,909	65,093	-	-	27,909	65,093
Highway and streets	434,700	1,398,969	-	-	434,700	1,398,969
Debt service	7,475,370	6,086,013	-	-	7,475,370	6,086,013
Capital projects	13,401,091	5,991,283	-	-	13,401,091	5,991,283
Other	1,364,897	1,316,177	-	-	1,364,897	1,316,177
Unrestricted	41,456,165	29,378,777	73,758,761	68,490,381	115,214,926	97,869,158
Total net position	\$ 320,428,634	\$ 301,314,497	\$ 281,834,787	\$ 278,170,627	\$ 602,263,421	\$ 579,485,124
Total liabilities, deferred inflows of resources and net position	\$ 539,401,823	\$ 525,366,436	\$ 380,884,085	\$ 378,575,627	\$ 920,285,908	\$ 903,942,063

An additional portion of the City's net position \$48.2 million (8.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$115.2 million (19.1%), may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Buckeye, Arizona
Management's Discussion and Analysis

Analysis of Changes in Net Position

The following table reflects the condensed Statement of Changes in Net Position for the fiscal years ended June 30, 2018 and 2017. 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, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program revenues						
Fees, fines and charges for services	\$ 27,976,633	\$ 21,998,705	\$ 47,108,812	\$ 42,177,547	\$ 75,085,445	\$ 64,176,252
Operating grants and contributions	5,959,925	4,552,239	-	-	5,959,925	4,552,239
Capital grants and contributions	10,085,160	8,407,364	2,114,022	1,904,260	12,199,182	10,311,624
General revenues						
Sales taxes	29,744,284	26,203,438	-	-	29,744,284	26,203,438
Property taxes	15,366,919	13,745,711	-	-	15,366,919	13,745,711
Franchise taxes	3,256,544	3,052,055	-	-	3,256,544	3,052,055
State-shared revenues	16,939,687	15,866,089	-	-	16,939,687	15,866,089
Investment earnings	138,171	763,289	383,606	4,079	521,777	767,368
Other	3,405,236	1,527,122	-	-	3,405,236	1,527,122
Total Revenues	\$ 112,872,559	\$ 96,116,012	\$ 49,606,440	\$ 44,085,886	\$ 162,478,999	\$ 140,201,898
EXPENSES						
General government	\$ 25,205,605	\$ 48,082,884	-	-	\$ 25,205,605	\$ 48,082,884
Public safety	41,353,943	37,385,252	-	-	41,353,943	37,385,252
Highways and streets	6,711,154	5,658,117	-	-	6,711,154	5,658,117
Culture and recreation	5,906,774	5,517,637	-	-	5,906,774	5,517,637
Development services	7,069,508	6,352,032	-	-	7,069,508	6,352,032
Economic development	452,640	313,087	-	-	452,640	313,087
Health and welfare	608,337	599,601	-	-	608,337	599,601
Miscellaneous	-	122,351	-	-	-	122,351
Interest on long-term debt	7,109,379	7,909,219	-	-	7,109,379	7,909,219
Airport	-	-	501,291	695,944	501,291	695,944
Nonmajor enterprise fund	-	-	5,901,803	5,537,308	5,901,803	5,537,308
Wastewater	-	-	11,628,372	11,136,875	11,628,372	11,136,875
Water	-	-	27,251,896	25,779,262	27,251,896	25,779,262
Total Expenses	\$ 94,417,340	\$ 111,940,180	\$ 45,283,362	\$ 43,149,389	\$ 139,700,702	\$ 155,089,569
Excess or deficiency (before extraordinary items and transfers)	18,455,219	(15,824,168)	4,323,078	936,497	22,778,297	(14,887,671)
Transfers	658,918	676,750	(658,918)	(676,750)	-	-
Change in net position	19,114,137	(15,147,418)	3,664,160	259,747	22,778,297	(14,887,671)
Net position at beginning of year	301,314,497	316,461,915	278,170,627	277,910,880	579,485,124	594,372,795
Total net position	\$ 320,428,634	\$ 301,314,497	\$ 281,834,787	\$ 278,170,627	\$ 602,263,421	\$ 579,485,124

Governmental Activities. Governmental activities increased the City's net position by \$19.1 million from the prior fiscal year.

Total revenues for governmental funds increased by \$16.8 million over the previous fiscal year. The greatest increase in revenue can be found in the fees, fines and charges for services, sales tax and state-shared revenues.

- Fines, Fees and Charges increase over the prior year was \$6.0 million. The reason for the increase was due to an increase in building permits issued for the fiscal year of 456 more than the prior fiscal year resulting in an increase of permit revenue of \$938,391.
- Operating and Capital Grants and other Contributions increased by \$3.3 million over the previous fiscal year. The City accepted numerous streets and sidewalks from developers as a result of the positive economy, the total highways and streets conveyed to the City increased by \$1.7 million from the prior fiscal

City of Buckeye, Arizona

Management's Discussion and Analysis

year. Developers have agreements with the City which transfers the infrastructure constructed in those developments to the City upon completion. These conveyances include streets, sidewalks, water and wastewater lines. All developments are further required to include parks and green spaces in their plans prior to approval.

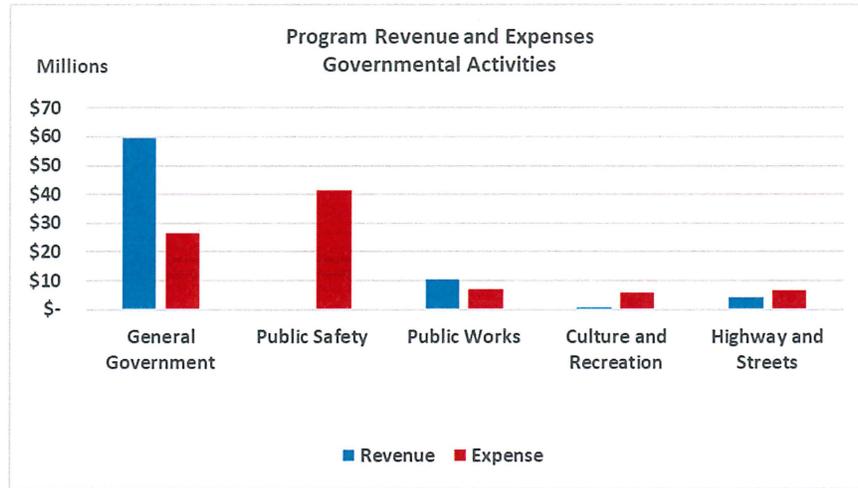
- As the population in the City continues to grow, the number of businesses and assessed values within the City is also increasing. This growth is directly related to the increase in property taxes and sales tax. Sales tax increased by \$3.5 million when compared to the prior fiscal year primarily in the area of contracting activity and retail. Due to the increase in assessed values within the City, property taxes increased by \$1.6 million with no increase in the tax levy and tax rate.
- Fines and forfeitures have increased by \$116,407 from the prior fiscal year.
- Franchise Fees increased by \$204,489 from the prior year.
- State Shared Revenues increased by \$1.1 million due to increase in population and State sales tax revenue increase.
- Investment earnings decreased during the fiscal year by \$245,591 due to an unrealized loss in the change in market value in the City's investments.

Total expenses decreased in the Governmental funds by \$17.5 million over the previous year. This decrease is accounted for by:

- General government decreased by \$22.7 million over the prior year. The decrease was attributed to development agreements. The City has agreements with some of the business developers who have provided the upfront capital outlay expense for infrastructure improvements. The businesses are reimbursed based on a percentage from the sales tax received in their specific area. Reimbursements were less than expected during the fiscal year. The expected reimbursements were below the budgeted amount.
- Public Safety expenditures increased by \$3.9 million due to salaries and benefits. Capital outlay increased by more than \$500,000 from the prior fiscal year. During 2018, the police department upgraded the Spillman software as well as purchasing numerous new police vehicles for new staff members. The fire department purchased new vehicles during fiscal 2018.
- Highway and Streets increased by \$1.0 million and the increase was from a contract for street repair and maintenance. This pavement maintenance project covered various areas in the City including historic Buckeye as well as newer developments.

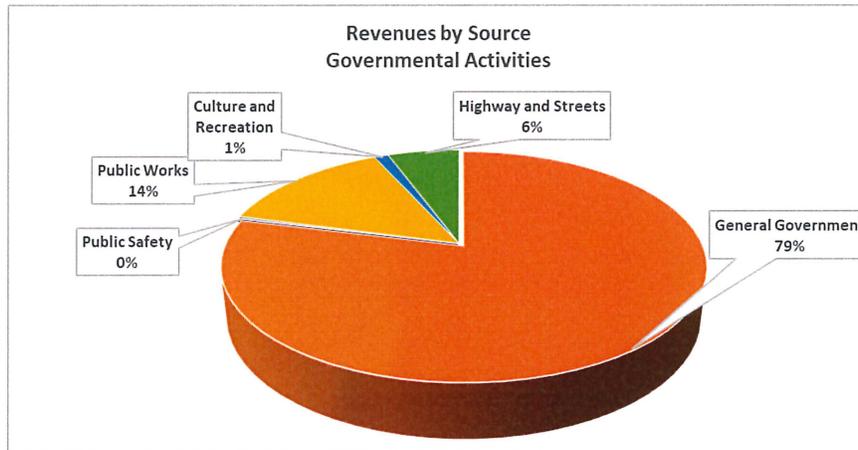
City of Buckeye, Arizona Management's Discussion and Analysis

The following chart illustrates the City's governmental revenues and expenditures by function.



As shown, Public Safety (Police and Fire) and General Government (City Council, City Manager, City Clerk, Finance, City Court, IT, and Facilities and Fleet Maintenance) are the largest functions in expenses at 47.4% and 30.1% respectively, followed by Development Services at 8.1%, Culture and Recreation at 6.8% and Highways and Streets at 7.7%.

General revenues such as sales and use taxes (e.g. transaction privilege taxes), property taxes, franchise taxes and intergovernmental are not shown by program, but are effectively used to support program activities of the City. Taxes and franchise fees account for 73.9% of the total. Intergovernmental revenues (e.g. state-shared sales tax, state revenue sharing and auto lieu) account for 25.9% of the total.



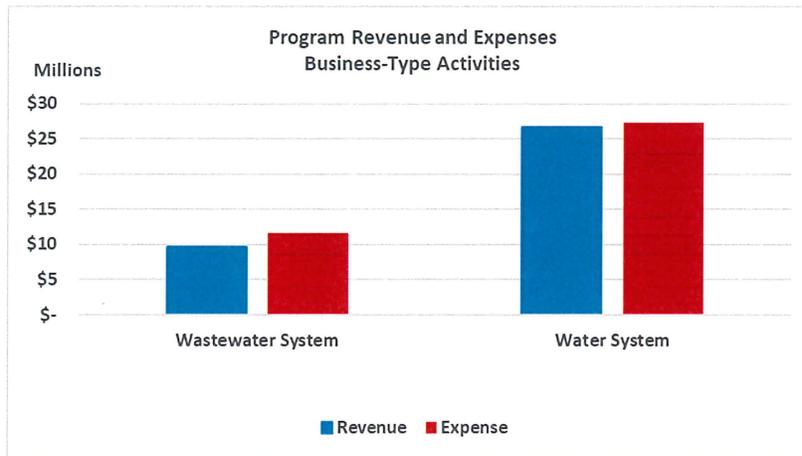
Business-Type Activities. Business-type activities increased the City's net position by \$3.6 million (page 20 - 21) during the fiscal year ended June 30, 2018.

Total revenues for business-type activities increased by \$5.5 million over the previous fiscal year. Charges for services showed an increase of \$4.9 million related to the additional customers from the Global Water Company acquisition and the increase in the number of permits issued for single family homes.

City of Buckeye, Arizona Management's Discussion and Analysis

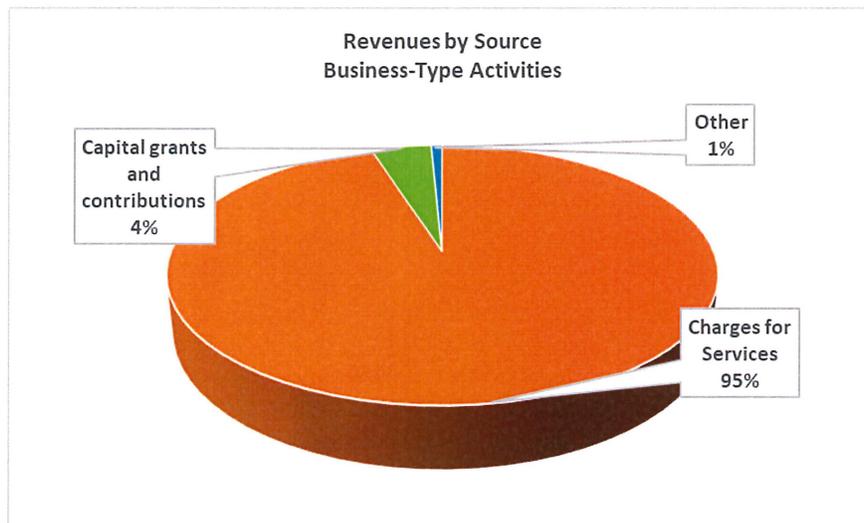
Total expenses increased by \$2.1 million as a result of an upgrade in the SCADA (Supervisory Control And Data Acquisition), a system for remote monitoring and control. This new system provides better and faster customer service and allows the water resources staff to respond to customer issues in a more timely manner. The water resource administrative function was also relocated to an upgraded building. The cost for this upgrade during the fiscal year was over \$1 million. Phase one for the Apache Road WTP was just started, and this project is expected to last for at least two years.

As shown in the chart below, the Water System had expenses of \$27.3 million and Wastewater expenses totaling \$11.6 million. For the fiscal year, the Water System revenues exceeded expenses by \$2.6 million, and Wastewater revenues exceeded expenses by \$1.0 million.



For presentation purposes only Wastewater and Water business-type activities are being shown.

Fees, fines and charges for services (i.e. usage fees, utility impact fees, etc.) are the largest source of funds representing 95.0% of the total. The increase in revenue for the water fund is directly related to the additional customers acquired during the Global water company acquisition. The total customers increased by approximately 7,500 households, and additionally during fiscal 2018, an estimated 2,000 new homes were added.



City of Buckeye, Arizona
Management's Discussion and Analysis

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 Fund, Impact Fee Funds, CFD Funds for both capital improvements and debt service, and Nonmajor Governmental Funds, which includes Special Revenue Funds and Capital Project Funds among others.

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$68.3 million (page 22 - 23), an increase of \$19.5 million from June 30, 2017. Approximately 40% 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. Approximately \$27.0 million of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is: 1) non-spendable (\$61,081) for inventory and prepaid items, 2) restricted (\$41.0 million) for special revenue funds, capital improvement funds, community facilities districts and debt service, and 3) committed (\$614,982) for CFD Operations and Maintenance funds.

City of Buckeye, Arizona
Fund Balances - Governmental Funds
For the Fiscal Years Ended June 30, 2018 and 2017

	Governmental Activities		Increase (Decrease)
	2018	2017	from FY 2017
General Funds	\$ 27,465,167	\$ 19,704,199	\$ 7,760,968
Impact Fee Funds	18,267,433	14,006,777	4,260,656
CFD Funds	6,549,076	6,078,771	470,305
Debt Service Funds	926,920	8,896	918,024
HURF Fund	434,700	1,398,969	(964,269)
Nonmajor Governmental Funds	14,645,988	7,635,332	7,010,656
	<u>\$ 68,289,284</u>	<u>\$ 48,832,944</u>	<u>\$ 19,456,340</u>

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$27.5 million. As a measure of the general fund's liquidity, it may be useful to compare total unassigned and total fund balance to total fund expenditures. The unassigned fund balance represents 45% of total general fund expenditures of \$61.3 million.

According to the City's financial policy, the City's general fund will maintain an "unassigned" fund balance with a target of a minimum of 25% of general fund revenues. The intention of the "unassigned" fund balance is to provide additional stability to the general fund recognizing the cyclical nature of the economy and the volatility of the major revenue sources of the City. Funds in excess of the minimum targets will be retained in the unassigned general fund balance. As of June 30, 2018, the City had set aside 38% of general fund revenues.

The fund balance of the City's general fund increased by \$7.8 million. Key factors in this change were:

- The increase in state-shared revenue has been a contributing factor in the fund balance increase. Construction sales tax continues to increase as the number of single family building permits increase. The sales tax increase due to construction is considered a one-time revenue and used only for one-time expenditures.

City of Buckeye, Arizona
Management's Discussion and Analysis

- The reduced capital contributions and grants reduced the total revenues received but is off-set by the increase in sales tax revenue.

Impact Fee Funds. Balances increased during the fiscal year by \$4.3 million, due to the construction increase for single family homes from the prior fiscal year 2017. Total impact fees ending fund balance was \$18.3 million (page 22).

Community Facility District (CFD) Funds. During the fiscal year, the various CFD Funds balances increased by \$470,305. 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 2018

<u>District Name</u>	<u>Operation & Maintenance</u>	<u>Debt Service</u>	<u>Total</u>
Anthem Sun Valley CFD	\$ 0.30	\$ -	\$ 0.30
Elianto CFD	\$ 0.30	\$ -	\$ 0.30
Festival Ranch CFD	\$ 0.30	\$ 2.93	\$ 3.23
Mirielle CFD	\$ 0.30	\$ -	\$ 0.30
Sundance CFD	\$ 0.30	\$ 2.95	\$ 3.25
Tartesso West CFD	\$ 0.30	\$ 4.69	\$ 4.99
Trillium CFD	\$ 0.30	\$ -	\$ 0.30
Verrado District 1 CFD	\$ 0.30	\$ 3.98	\$ 4.28
Verrado Western Overlay CFD	\$ 0.30	\$ 4.16	\$ 4.46
Watson Rd CFD	\$ 0.30	\$ -	\$ 0.30
Westpark CFD	\$ 0.30	\$ 6.39	\$ 6.69

Improvement District Debt Funds. The fund balance in the debt service fund increased during this fiscal year by \$918,024.

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 \$964,269 during the fiscal year.

Proprietary Funds. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position for business-type activities (enterprise funds) was \$281.8 million, an increase of \$3.6 million. At the end of the fiscal year, unrestricted net position for the proprietary funds were \$73.8 million, an increase of \$5.3 million.

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, 2018 and 2017

	<u>Business-Type Activities</u>		<u>Increase (Decrease) from FY 2017</u>
	<u>2018</u>	<u>2017</u>	
Water Fund	\$ 62,052,412	\$ 59,987,491	\$ 2,064,921
Wastewater Fund	10,958,611	7,930,060	3,028,551
Nonmajor Fund	410,501	299,946	110,555
Airport Fund	337,237	272,884	64,353
	<u>\$ 73,758,761</u>	<u>\$ 68,490,381</u>	<u>\$ 5,268,380</u>

City of Buckeye, Arizona

Management's Discussion and Analysis

Utility rates will be set at a minimum to ensure the ratio of revenue to debt meets bond indenture requirements of 1.25:1 ratio. The City's goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6:1 to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go capital improvement plan. Currently, both of the utility funds have incurred debt. As of June 30, 2018, both utility systems have met the minimum net revenues to debt ratio. Additional information is available on Table 10, Pledge-Revenue Coverage. The City is currently in the process of reviewing the utility rates during fiscal year 2018-19 with any potential rate increases taking effect sometime in fiscal year 2019-20.

Developers transferred and the City accepted infrastructure totaling \$2.1 million during the fiscal year that will be used in wastewater 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 30. 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 \$4,172,464. Expenditures were less than budgeted by (\$20,996,663) 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 sales tax. The difference was primarily attributable to the following reasons:

- Revenue results were over budget by \$4.2 million. Sales tax (i.e. transaction privilege tax) revenues were above estimates by \$2.3 million; licenses and permit revenues for building and related permits were \$2.3 million over budget; Intergovernmental revenues combined were over budget by \$181,038.
- Capital outlay had a positive variance to budget of \$4.8 million due to less than budgeted expenditures for uncompleted or not yet started projects. These projects include in part the remodel of the Earl Edgar Park restroom facility not completed (\$200,000); a new Police Evidence Building which was not completed (\$200,000); Miller Road sidewalk construction (\$600,000); Monroe Avenue sidewalk construction (\$349,000); Gila River removal of salt cedar trees (\$100,000); and a new traffic signal with additional street improvements at Verrado Way and Van Buren Avenue (\$1.6 million).
- Net budgeted transfers in/out to other funds varied from estimates by \$2.8 million.

Capital Asset

The City's capital assets for its governmental and business-type activities as of June 30, 2018 amount to \$683.1 million (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 7 beginning on page 57 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 2017, continued during 2018, still ongoing, and some of the projects have been completed and recorded during fiscal year 2018.

City of Buckeye, Arizona
Management's Discussion and Analysis

- Spillman Technologies upgrade for the Police Department's communication was completed.
- A new traffic signal at Indian School Road and Jackrabbit Trail was completed including intersection improvements.
- The City started construction for a fueling site. This fueling site will be accessible to all city vehicles and allow to keep the fuel costs to a minimum.
- The Earl Edgar Park restrooms are currently remodeled and expect to be completed prior to the sport leagues starting in early fall 2018.
- A new property and evidence building for the police department is currently in the planning stages. This project is scheduled to be completed during FY 2019.
- Two major sidewalk projects are currently in the design phase. Monroe Avenue and Miller Road are two high traffic roads that have no sidewalks on some sections. This project will increase the safety of the residences within the area.

The following table provides details of the City's capital assets as of June 30, 2018:

City of Buckeye, Arizona
Capital Assets at June 30, 2018
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 176,389,956	\$ 11,775,272	\$ 188,165,228
Water Rights	-	3,883,259	3,883,259
Construction in progress	2,229,491	4,564,574	6,794,065
Land improvements	14,158,603	2,855,177	17,013,780
Buildings and improvements	34,255,630	60,062,794	94,318,424
Infrastructure	155,523,901	-	155,523,901
Machinery and equipment	15,938,615	3,931,755	19,870,370
Wastewater system	-	116,436,871	116,436,871
Water system	-	81,146,516	81,146,516
	<u>\$ 398,496,196</u>	<u>\$ 284,656,218</u>	<u>\$ 683,152,414</u>

Wastewater completed a project during the fiscal year for over \$6.8 million consisting of a new wastewater line on Beloat Avenue. This project allowed recharge effluent water from the Central wastewater treatment plant to be transferred to Sundance wastewater treatment plant.

Long-Term Debt

At the end of the fiscal year, the City had total long-term obligations outstanding of \$288 million. Of this amount, \$126 million (43.5%) is Community Facilities District bonds backed solely by the property owners within the various CFDs. Improvement district bonds of \$6.5 million (2.2%) are backed principally by the property owners within the improvement district which the City is liable in the event of default by the owners subject to the assessment. An additional \$18.8 million (6.5%) (governmental activities) and \$66.2 million (22.6%) (business-type activities) of outstanding debt is secured by pledges of specific revenue sources of the City. The remaining \$70.7 million (22.5%) is for capital leases, compensated absences, other long-term obligations, deferred amounts on bond premiums and discounts and pension liability related to ASRS and PSPRS per GASB 68.

City of Buckeye, Arizona
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During this fiscal year the City reimbursed Stardust Company a portion of the wastewater treatment plant in Tartesso with wastewater development fees. The current remaining long-term obligation is \$13.7 million. A well was added in Tartesso by Stardust Company which will be reimbursed through development fees and has increased the long-term obligation in the water fund by \$1.2 million. No other revenue sources are used to pay for the acquisition.

The City has no secondary property tax authority and no outstanding general obligation debt outstanding as of June 30, 2018.

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, 2018. Further details on the City's outstanding debt may be found in Note 11 beginning on page 60.

City of Buckeye, Arizona
Long-term Obligations at June 30, 2018 and 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Improvement district bonds	\$ 6,467,000	\$ -	\$ 6,467,000
Revenue bonds	18,795,000	66,158,305	84,953,305
Community facility district bonds	125,915,634	-	125,915,634
Deferred amount on premium	2,943,743	3,953,005	6,896,748
Deferred amount on discount	(352,855)	-	(352,855)
Capital leases	-	-	-
Compensated absences	1,876,356	241,298	2,117,654
Other long term obligations	-	14,916,165	14,916,165
Net Pension Liability - ASRS	22,473,044	6,930,478	29,403,522
Net Pension Liability - PSPRS	17,518,943	-	17,518,943
	<u>\$ 195,636,865</u>	<u>\$ 92,199,251</u>	<u>\$ 287,836,116</u>

Fiscal Year 2019 Budget Proposal Highlights

The total for this balanced budget is \$257.2 million, and includes significant investments in services for our citizens, our employees and the City's infrastructure. It complies with Council adopted policy, including a fully funded contingency reserve.

The City's population continues to increase averaging 6 percent the last three years, and we are predicting an additional 6 percent increase this year to more than 74,000. These increases, among other factors, translate to a projected double digit increase in operating revenues but also contribute to additional service demands and expenditure needs.

General Fund major revenue sources include:

- \$30.9 million projected city sales taxes
- \$27.1 million beginning fund balance
- \$21.4 million in state-shared revenue
- \$11.2 million predicted development-related fees
- \$7.9 million property tax revenues

The City's primary property tax rate is expected to remain at \$1.80 per \$100.00 of taxable value as it has for the past six year. The City's assessed value increased by 10.48% over the prior year which will result in an increase in property tax revenues.

City of Buckeye, Arizona
Management's Discussion and Analysis

While there are more needs than available funds, the focus of this year's proposed expenditure plan is on creating a balance between investing in citizen services, investing in our employees and investing in our infrastructure. Examples of increased services include additional street paving projects, new park trails and equipment. Other investments include:

- \$6 million for a secure Police Evidence Facility
- \$1.2 million for intersection improvements and traffic signal at Verrado Way and Van Buren
- \$710,000 to upgrade the irrigation, lighting and restrooms at Earl Edgar Park
- \$645,000 for sidewalks on both Miller Road and Monroe Avenue

The budget includes the addition of 23 positions. Out of these 23 positions, 6 positions were approved for the police department and 2 additional positions for the fire department. These new positions will allow the City to respond to the needs of the community and still result in a slight decrease in the number of employees per 1,000 residents. Additionally, in order to attract and retain a quality team of employees, the budget includes a 3 percent merit increase for eligible employees, and a 2 percent cost of living adjustment.

There are 44 capital improvement projects totaling approximately \$80 million in this year's CIP budget. In addition to the projects mentioned above, the following projects are also part of the City's five-year capital improvement plan:

- \$37 million for the Apache Water Campus. This is one of the largest projects to date in the City's CIP plan, and includes master planning, design and construction. This project is scheduled to continue through FY 2020/2021.
- \$863,000 to improve water service and fire protection in areas of historic downtown as part of the CDBG funding cycles. Construction funding from CDBG is approximately \$689,000. The City's portion from Water Resources is approximately \$174,000.
- \$800,000 for the North Miller Road Trunk Line to improve wastewater service to the major commercial areas on Miller Road from Interstate 10 to the Roosevelt Irrigation District canal.
- \$580,000 for the design of Fire Station 705 in Tartesso. Construction for this project is part of a future CIP.
- \$400,000 to complete the Master Plan of Sundance Park Phase II. This project is funded through Park Development Fees.

As one of the fastest growing cities in the country, with a planning area of over 642 square miles, the budget for FY 2018/2019 focuses on meeting the demands of growth and smart planning for future needs.

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.

City of Buckeye, Arizona
Statement of Net Position
June 30, 2018

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 44,250,654	\$ 5,242,272	\$ 49,492,926
Investments	20,546,774	56,861,376	77,408,150
Receivables, net			
Accounts receivable	594,211	6,219,473	6,813,684
Taxes receivable	2,494,727	-	2,494,727
Special assessments receivable	39,111,634	-	39,111,634
Accrued interest	308,275	-	308,275
Prepaid expenses	61,081	139	61,220
Restricted assets			
Cash with paying agent	1,361,938	-	1,361,938
Restricted cash	16,428,511	-	16,428,511
Capital assets			
Land and construction in progress	178,619,447	20,223,105	198,842,552
Facilities, infrastructure and equipment (net of depreciation)	219,876,749	264,433,113	484,309,862
Total assets	523,654,001	352,979,478	876,633,479
DEFERRED OUTFLOWS OF RESOURCES			
Excess consideration provided for acquisition	-	26,679,536	26,679,536
Loss on refunding and defeasance	601,223	-	601,223
Pension related deferred outflows - ASRS	3,974,491	1,225,071	5,199,562
Pension related deferred outflows - PSPRS	11,172,108	-	11,172,108
Total deferred outflows of resources	15,747,822	27,904,607	43,652,429
LIABILITIES			
Accounts payable and other current liabilities	4,070,248	2,536,716	6,606,964
Accrued wages and benefits	1,878,791	230,994	2,109,785
Interest payable	374,148	191,835	565,983
Intergovernmental payable	-	390,018	390,018
Advance revenue	887,212	-	887,212
Customer deposits payable	573,413	3,085,435	3,658,848
Other current liabilities	470,762	-	470,762
Noncurrent liabilities			
Due within one year			
Matured debt interest payable	3,202,726	-	3,202,726
Matured debt principal payable	6,673,736	-	6,673,736
Bonds and leases payable	9,223,826	1,080,878	10,304,704
Compensated absences	1,501,085	193,039	1,694,124
Due in more than one year			
Bonds and leases payable	144,544,696	69,030,432	213,575,128
Net pension liability - ASRS	22,473,044	6,930,478	29,403,522
Net pension liability - PSPRS	17,518,943	-	17,518,943
Compensated absences	375,271	48,259	423,530
Other long-term obligations	-	14,916,165	14,916,165
Total liabilities	213,767,901	98,634,249	312,402,150
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding and defeasance	654,092	-	654,092
Pension related deferred inflows - ASRS	1,345,851	415,049	1,760,900
Pension related deferred inflows - PSPRS	3,205,345	-	3,205,345
Total deferred inflows of resources	5,205,288	415,049	5,620,337
NET POSITION			
Net investment in capital assets	238,001,069	200,856,616	438,857,685
Restricted for			
Impact fees	18,267,433	7,219,410	25,486,843
Street light improvement district operations	27,909	-	27,909
Highways and streets	434,700	-	434,700
Debt service	7,475,370	-	7,475,370
Capital projects	13,401,091	-	13,401,091
Nonmajor special revenue	1,364,897	-	1,364,897
Unrestricted	41,456,165	73,758,761	115,214,926
Total net position	\$ 320,428,634	\$ 281,834,787	\$ 602,263,421

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

City of Buckeye, Arizona

Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues	
		Fees, Fines, and Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities			
General government	\$ 25,205,605	\$ 23,653,687	\$ 1,732,500
Public safety	41,353,943	2,357,914	-
Highways and streets	6,711,154	301,510	4,227,425
Culture and recreation	5,906,774	1,663,522	-
Development services	7,069,508	-	-
Economic development	452,640	-	-
Health and welfare	608,337	-	-
Miscellaneous	-	-	-
Interest on long-term debt	7,109,379	-	-
Total governmental activities	<u>94,417,340</u>	<u>27,976,633</u>	<u>5,959,925</u>
Business-type activities			
Water	27,251,896	28,363,063	-
Wastewater	11,628,372	12,330,507	-
Nonmajor enterprise fund	5,901,803	6,142,786	-
Airport	501,291	272,456	-
Total business-type activities	<u>45,283,362</u>	<u>47,108,812</u>	<u>-</u>
Total primary government	<u>\$ 139,700,702</u>	<u>\$ 75,085,445</u>	<u>\$ 5,959,925</u>

General revenues:

Taxes:

Sales taxes

Property taxes

Franchise taxes

Unrestricted revenues:

State revenue sharing

State sales tax revenue sharing

Auto lieu tax revenue sharing

Investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

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

Capital Grants and Contributions	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ 180,582	\$ -	\$ 180,582
-	(38,996,029)	-	(38,996,029)
10,085,160	7,902,941	-	7,902,941
-	(4,243,252)	-	(4,243,252)
-	(7,069,508)	-	(7,069,508)
-	(452,640)	-	(452,640)
-	(608,337)	-	(608,337)
-	-	-	-
-	(7,109,379)	-	(7,109,379)
<u>10,085,160</u>	<u>(50,395,622)</u>	<u>-</u>	<u>(50,395,622)</u>
836,677	-	1,947,844	1,947,844
1,246,355	-	1,948,490	1,948,490
30,990	-	271,973	271,973
-	-	(228,835)	(228,835)
<u>2,114,022</u>	<u>-</u>	<u>3,939,472</u>	<u>3,939,472</u>
<u>\$ 12,199,182</u>	<u>\$ (50,395,622)</u>	<u>\$ 3,939,472</u>	<u>\$ (46,456,150)</u>
	29,744,284	-	29,744,284
	15,366,919	-	15,366,919
	3,256,544	-	3,256,544
	8,014,629	-	8,014,629
	6,239,614	-	6,239,614
	2,685,444	-	2,685,444
	138,171	383,606	521,777
	3,405,236	-	3,405,236
	658,918	(658,918)	-
	<u>69,509,759</u>	<u>(275,312)</u>	<u>69,234,447</u>
	<u>19,114,137</u>	<u>3,664,160</u>	<u>22,778,297</u>
	<u>301,314,497</u>	<u>278,170,627</u>	<u>579,485,124</u>
	<u>\$ 320,428,634</u>	<u>\$ 281,834,787</u>	<u>\$ 602,263,421</u>

City of Buckeye, Arizona

Balance Sheet

Governmental Funds

June 30, 2018

	General	Impact Fees	HURF	CFD Debt Service
ASSETS				
Cash and cash equivalents	\$ 9,370,912	\$ 17,686,113	\$ 340,337	\$ -
Investments	19,949,733	592,198	4,843	-
Receivables, net				
Accounts	73,989	-	396,930	-
Taxes	2,439,257	-	-	48,945
Special assessments	-	-	-	32,644,634
Accrued interest	308,275	-	-	-
Prepaid items	58,871	-	-	-
Restricted assets				
Cash with paying agent	1,325,000	-	-	-
Restricted cash	-	-	-	16,428,511
Total assets	<u>\$ 33,526,037</u>	<u>\$ 18,278,311</u>	<u>\$ 742,110</u>	<u>\$ 49,122,090</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,276,221	\$ 10,878	\$ 169,092	\$ 88,859
Accrued wages and benefits	1,740,473	-	138,318	-
Advance revenue	-	-	-	-
Customer deposits payable	573,413	-	-	-
Other current liabilities	470,763	-	-	-
Matured debt interest payable	-	-	-	3,165,785
Matured debt principal payable	-	-	-	6,673,736
Total liabilities	<u>6,060,870</u>	<u>10,878</u>	<u>307,410</u>	<u>9,928,380</u>
Deferred Inflows of Resources:				
Special assessments not yet due	-	-	-	32,644,634
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,644,634</u>
Fund Balances:				
Non-spendable	58,871	-	-	-
Restricted				
Impact Fees	-	18,267,433	-	-
Street Light Improvement District (SLID) Operations	-	-	-	-
Highways and streets	-	-	434,700	-
Debt Service	-	-	-	6,549,076
Capital projects	-	-	-	-
Other special revenue	-	-	-	-
Assigned - Debt Service	-	-	-	-
Unassigned	27,406,296	-	-	-
Total fund balances	<u>27,465,167</u>	<u>18,267,433</u>	<u>434,700</u>	<u>6,549,076</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,526,037</u>	<u>\$ 18,278,311</u>	<u>\$ 742,110</u>	<u>\$ 49,122,090</u>

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

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 926,935	\$ 15,913,707	\$ 44,238,004
-	-	20,546,774
-	123,292	594,211
-	6,525	2,494,727
6,467,000	-	39,111,634
-	-	308,275
-	2,210	61,081
36,938	-	1,361,938
-	-	16,428,511
<u>\$ 7,430,873</u>	<u>\$ 16,045,734</u>	<u>\$ 125,145,155</u>
\$ 14	\$ 512,534	\$ 4,057,598
-	-	1,878,791
-	887,212	887,212
-	-	573,413
-	-	470,763
36,939	-	3,202,724
-	-	6,673,736
<u>36,953</u>	<u>1,399,746</u>	<u>17,744,237</u>
6,467,000	-	39,111,634
<u>6,467,000</u>	<u>-</u>	<u>39,111,634</u>
-	2,210	61,081
-	-	18,267,433
-	27,909	27,909
-	-	434,700
926,294	-	7,475,370
-	13,401,091	13,401,091
-	1,364,897	1,364,897
626	614,356	614,982
-	(764,475)	26,641,821
<u>926,920</u>	<u>14,645,988</u>	<u>68,289,284</u>
<u>\$ 7,430,873</u>	<u>\$ 16,045,734</u>	<u>\$ 125,145,155</u>



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City of Buckeye, Arizona

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Activities

June 30, 2018

Fund balances - total governmental funds		\$ 68,289,284
Amounts reported for governmental activities in the statement of net position are different because:		
Special assessment revenue not available for current financial resources		39,111,634
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	595,796,101	
Less accumulated depreciation	<u>(197,299,905)</u>	398,496,196
Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the governmental funds.		
Improvement bonds	(6,467,000)	
Revenue bonds	(18,795,000)	
Community facilities district bonds	(125,915,634)	
Loss on refunding and defeasance of bonds	601,223	
Gain on refunding and defeasance of bonds	(654,092)	
Premium on long-term debt issued	(2,943,743)	
Discount on long-term debt issued	352,855	
Compensated absences	(1,876,357)	
Accrued interest on long-term debt	(374,148)	
Net Pension Liability - ASRS	(22,473,044)	
Net Pension Liability - PSPRS	(17,518,943)	
Deferred inflow of resources - ASRS	(1,345,851)	
Deferred inflow of resources - PSPRS	(3,205,345)	
Deferred outflow of resources - ASRS	3,974,491	
Deferred outflow of resources - PSPRS	<u>11,172,108</u>	<u>(185,468,480)</u>
Net position of governmental activities		<u>\$ 320,428,634</u>

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

City of Buckeye, Arizona

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2018

	General	Impact Fees	Highway Users Revenue Fund	CFD Debt Service
REVENUES				
Taxes:				
Sales taxes	\$ 29,744,284	\$ -	\$ -	\$ -
Property taxes	6,733,532	-	-	8,633,387
Franchise fees	3,256,544	-	-	-
Improvement proceeds	-	-	-	-
Intergovernmental	16,939,687	-	4,227,425	-
Fines and forfeitures	804,005	-	-	-
Licenses and permits	10,737,513	-	-	-
Charges for services	2,776,942	-	-	-
Developer agreements	-	-	-	169,252
Contributions and donations	42,388	-	-	-
Impact fees	-	4,322,946	-	-
Special assessments	-	-	-	6,296,906
Investment earnings	(61,805)	81,626	10,245	68,326
Other	329,354	-	56,483	50,844
Total revenues	<u>71,302,444</u>	<u>4,404,572</u>	<u>4,294,153</u>	<u>15,218,715</u>
EXPENDITURES				
Current:				
General government	15,013,269	1,810	-	-
Public safety	31,065,653	-	-	-
Highway and streets	-	-	3,707,363	-
Culture and recreation	4,414,852	-	-	-
Development services	5,484,447	-	-	-
Economic development	452,640	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal retirement	1,295,000	76,054	-	8,101,736
Interest on long-term debt	464,118	3,879	80,499	6,733,887
Issuance costs of long term debt	-	-	-	-
Capital outlay	3,116,039	62,173	661,960	-
Total expenditures	<u>61,306,018</u>	<u>143,916</u>	<u>4,449,822</u>	<u>14,835,623</u>
Excess (deficiency) of revenues over expenditures	<u>9,996,426</u>	<u>4,260,656</u>	<u>(155,669)</u>	<u>383,092</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	19,087
Transfers in	805,854	-	-	4,332,861
Transfers out	(3,041,312)	-	(808,600)	(4,264,735)
Total other financing sources (uses)	<u>(2,235,458)</u>	<u>-</u>	<u>(808,600)</u>	<u>87,213</u>
Net Change in Fund Balances	7,760,968	4,260,656	(964,269)	470,305
Fund Balances, Beginning of Year	19,704,199	14,006,777	1,398,969	6,078,771
Fund Balances, End of Year	<u>\$ 27,465,167</u>	<u>\$ 18,267,433</u>	<u>\$ 434,700</u>	<u>\$ 6,549,076</u>

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

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 29,744,284
-	-	15,366,919
-	-	3,256,544
-	771,702	771,702
-	1,732,500	22,899,612
-	-	804,005
-	-	10,737,513
-	523,387	3,300,329
-	1,249,910	1,419,162
-	105,890	148,278
-	-	4,322,946
644,091	-	6,940,997
-	39,779	138,171
533	2,134,680	2,571,894
<u>644,624</u>	<u>6,557,848</u>	<u>102,422,356</u>
2,561	2,267,697	17,285,337
-	1,016,285	32,081,938
-	1,499,077	5,206,440
-	167,559	4,582,411
-	-	5,484,447
-	-	452,640
-	608,337	608,337
114,000	-	9,586,790
77,438	-	7,359,821
-	53,000	53,000
-	1,779,289	5,619,461
<u>193,999</u>	<u>7,391,244</u>	<u>88,320,622</u>
<u>450,625</u>	<u>(833,396)</u>	<u>14,101,734</u>
-	5,475,913	5,495,000
467,399	3,259,509	8,865,623
-	(891,370)	(9,006,017)
<u>467,399</u>	<u>7,844,052</u>	<u>5,354,606</u>
918,024	7,010,656	19,456,340
8,896	7,635,332	48,832,944
<u>\$ 926,920</u>	<u>\$ 14,645,988</u>	<u>\$ 68,289,284</u>



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City of Buckeye, Arizona

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 19,456,340

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.

Outlay for capital assets	5,619,461	
Capital contributions	8,517,720	
Less current year depreciation	<u>(18,681,782)</u>	(4,544,601)

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		1,718,264
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Internal service funds used by the management to charge cost of insurance to individual funds		22,297
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	(5,495,000)	
Principal payments on long-term debt	9,510,736	
Principal payments on capital leases	76,054	
Amortization of loss on refunding and defeasance	(62,923)	
Amortization of gain on refunding and defeasance	61,638	
Amortization of premium	325,586	
Amortization of discount	(48,732)	
Interest on long-term debt	17,729	
Pension Expense - ASRS	(833,057)	
Pension Expense - PSPRS	<u>(1,046,056)</u>	2,505,975

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

Net increase in compensated absences		<u>(44,138)</u>
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Change in net position of governmental activities		<u>\$ 19,114,137</u>
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The notes to the financial statements are an integral part of this statement.

City of Buckeye, Arizona

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
Revenues				
Taxes:				
Sales taxes	\$ 27,450,000	\$ 27,450,000	\$ 29,744,284	\$ 2,294,284
Property taxes	6,751,375	6,751,375	6,733,532	(17,843)
Franchise taxes	3,236,710	3,236,710	3,256,544	19,834
Intergovernmental	16,758,649	16,758,649	16,939,687	181,038
Fines and forfeitures	821,200	821,200	804,005	(17,195)
Licenses and permits	8,416,000	8,416,000	10,737,513	2,321,513
Charges for services	2,577,545	2,577,545	2,776,942	199,397
Contributions and donations	10,000	10,000	42,388	32,388
Investment earnings	505,200	505,200	(61,805)	(567,005)
Other	603,301	603,301	329,354	(273,947)
Total revenues	67,129,980	67,129,980	71,302,444	4,172,464
Expenditures				
Current:				
General government:				
Mayor and Council				
Personnel services	345,169	345,169	375,179	(30,010)
Operating expenditures	306,936	306,936	147,347	159,589
Total Mayor and Council	652,105	652,105	522,526	129,579
City Clerk				
Personnel services	429,979	429,979	421,075	8,904
Operating expenditures	199,070	259,070	186,929	72,141
Total City Clerk	629,049	689,049	608,004	81,045
City Manager				
Personnel services	1,929,046	1,837,665	1,788,254	49,411
Operating expenditures	389,231	611,311	375,925	235,386
Total City Manager	2,318,277	2,448,976	2,164,179	284,797
Human Resources				
Personnel services	778,243	778,243	851,946	(73,703)
Operating expenditures	206,619	230,619	210,134	20,485
Total Human Resources	984,862	1,008,862	1,062,080	(53,218)
Finance Department				
Personnel services	1,068,562	1,068,562	1,031,041	37,521
Operating expenditures	3,466,218	3,438,218	2,986,196	452,022
Total Finance Department	4,534,780	4,506,780	4,017,237	489,543
City Court				
Personnel services	785,754	785,754	867,422	(81,668)
Operating expenditures	111,309	115,309	113,125	2,184
Total City Court	897,063	901,063	980,547	(79,484)
Facilities and Fleet Management				
Personnel services	1,221,165	1,221,165	1,411,710	(190,545)
Operating expenditures	1,773,012	1,790,445	1,124,250	666,195
Total Facilities and Fleet Management	2,994,177	3,011,610	2,535,960	475,650

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

City of Buckeye, Arizona

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
Information Technology				
Personnel services	1,442,986	1,442,986	1,347,801	95,185
Operating expenditures	2,140,882	2,141,282	1,774,935	366,347
Total Information Technology	3,583,868	3,584,268	3,122,736	461,532
Contingencies	14,837,887	14,501,564	-	14,501,564
Total General Government	31,432,068	31,304,277	15,013,269	16,291,008
Public safety:				
Police				
Personnel services	14,822,375	14,822,375	14,783,238	39,137
Operating expenditures	2,710,769	2,827,269	2,683,542	143,727
Total Police	17,533,144	17,649,644	17,466,780	182,864
Fire				
Personnel services	11,836,317	11,836,317	12,368,025	(531,708)
Operating expenditures	1,474,781	1,598,391	1,230,848	367,543
Total Fire	13,311,098	13,434,708	13,598,873	(164,165)
Total Public Safety	30,844,242	31,084,352	31,065,653	18,699
Culture and Recreation:				
Community services				
Personnel services	3,670,322	3,616,822	3,495,165	121,657
Operating expenditures	901,167	950,667	919,687	30,980
Total Culture and Recreation	4,571,489	4,567,489	4,414,852	152,637
Public Works:				
Development services				
Personnel services	4,189,578	4,081,578	4,066,962	14,616
Operating expenditures	1,570,489	1,757,905	1,417,485	340,420
Total Public Works	5,760,067	5,839,483	5,484,447	355,036
Economic Development:				
Economic development				
Personnel services	386,808	386,808	294,098	92,710
Operating expenditures	204,677	204,677	158,542	46,135
Total Economic Development	591,485	591,485	452,640	138,845
Debt Service				
Principal	524,000	524,000	1,295,000	(771,000)
Interest	507,300	507,300	464,118	43,182
Total Debt Service	1,031,300	1,031,300	1,759,118	(727,818)
Capital outlay	8,068,880	7,884,295	3,116,039	4,768,256
Total expenditures	82,299,531	82,302,681	61,306,018	20,996,663
Excess (deficiency) of revenues over expenditures	(15,169,551)	(15,172,701)	9,996,426	25,169,127
Other Financing Sources (Uses)				
Transfers in	-	-	805,854	805,854
Transfers out	(5,011,478)	(5,008,328)	(3,041,312)	1,967,016
Total other financing sources and uses	(5,011,478)	(5,008,328)	(2,235,458)	2,772,870
Net change in fund balances	(20,181,029)	(20,181,029)	7,760,968	27,941,997
Fund balances - beginning	20,181,029	20,181,029	19,704,199	(476,830)
Fund balances - ending	\$ -	\$ -	\$ 27,465,167	\$ 27,465,167

City of Buckeye, Arizona

Development Impact Fees Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Impact fees:				
Parks and Recreation	\$ 397,696	\$ 397,696	\$ 1,075,903	\$ 678,207
Library	212,383	212,383	587,619	375,236
Streets	118,268	118,268	301,510	183,242
Public Safety	842,225	842,225	2,357,914	1,515,689
Investment earnings	455	455	81,626	81,171
Total revenues	<u>1,571,027</u>	<u>1,571,027</u>	<u>4,404,572</u>	<u>2,833,545</u>
EXPENDITURES				
Current				
Public safety	-	6,878	1,810	5,068
Highway and streets	-	16,710	-	16,710
Culture and recreation	-	11,234	-	11,234
Debt Service				
Principal retirement	80,000	80,000	72,364	7,636
Interest on long term debt	-	-	7,569	(7,569)
Contingencies	12,715,539	12,680,717	-	12,680,717
Capital outlay	989,795	989,795	62,173	927,622
Total expenditures	<u>13,785,334</u>	<u>13,785,334</u>	<u>143,916</u>	<u>13,641,418</u>
Excess (deficiency) of revenues over expenditures	<u>(12,214,307)</u>	<u>(12,214,307)</u>	<u>4,260,656</u>	<u>16,474,963</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,214,307)	(12,214,307)	4,260,656	16,474,963
Fund balances - beginning	<u>12,214,307</u>	<u>12,214,307</u>	<u>14,006,777</u>	<u>1,792,470</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,267,433</u>	<u>\$ 18,267,433</u>

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

City of Buckeye, Arizona

Highway User Revenue Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Intergovernmental	\$ 4,292,615	\$ 4,292,615	\$ 4,227,425	\$ (65,190)
Interest income	-	-	10,245	10,245
Other	53,300	53,300	56,483	3,183
Total revenues	4,345,915	4,345,915	4,294,153	(51,762)
EXPENDITURES				
Current				
Highways and streets				
Personnel services	1,863,141	1,863,141	1,762,216	100,925
Operating expenditures	2,366,716	2,393,118	1,945,147	447,971
Debt Service				
Principal retirement	42,000	42,000	-	42,000
Interest on long-term debt	45,600	45,600	80,499	(34,899)
Contingencies	108,134	101,732	-	101,732
Capital outlay	729,550	709,550	661,960	47,590
Total expenditures	5,155,141	5,155,141	4,449,822	705,319
Excess (deficiency) of revenues over expenditures	(809,226)	(809,226)	(155,669)	653,557
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(733,000)	(733,000)	(808,600)	(75,600)
Total other financing sources and uses	(733,000)	(733,000)	(808,600)	(75,600)
Net change in fund balances	(1,542,226)	(1,542,226)	(964,269)	577,957
Fund balances - beginning	1,542,226	1,542,226	1,398,969	(143,257)
Fund balances - ending	\$ -	\$ -	\$ 434,700	\$ 434,700

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

City of Buckeye, Arizona

Statement of Net Position

Proprietary Funds

June 30, 2018

ASSETS	Airport	Wastewater	Water
Current assets:			
Cash and cash equivalents	\$ 382,085	\$ 1,475,045	\$ 2,562,765
Investments	12	16,115,041	40,746,296
Accounts receivable, net	69,419	1,387,494	3,901,485
Prepaid expenses	-	-	139
Total current assets	451,516	18,977,580	47,210,685
Noncurrent assets:			
Capital assets:			
Non-depreciable	4,840,741	5,897,393	9,484,971
Depreciable, net	2,852,584	169,631,414	91,805,564
Total noncurrent assets	7,693,325	175,528,807	101,290,535
Total assets	8,144,841	194,506,387	148,501,220
DEFERRED OUTFLOWS OF RESOURCES			
Excess consideration provided for acquisition	-	-	26,679,536
Pension related deferred outflows - ASRS	11,369	373,776	712,828
Total deferred outflows of resources	11,369	373,776	27,392,364
LIABILITIES			
Current liabilities:			
Accounts payable	41,330	573,113	1,490,951
Accrued wages and benefits	2,692	73,849	129,165
Intergovernmental payable	152	12,616	377,250
Customer deposits payable	6,202	102,328	2,808,148
Compensated absences	5,706	61,786	115,442
Accrued interest payable	-	101,305	90,530
Bonds, notes and loans payable	-	550,099	530,779
Total current liabilities	56,082	1,475,096	5,395,861
Noncurrent liabilities:			
Compensated absences	1,426	15,447	28,860
Bonds, notes and loans payable	-	7,884,926	61,145,506
Net Pension Liability - ASRS	64,290	2,114,540	4,032,630
Other long term obligations	-	13,688,292	1,227,873
Total noncurrent liabilities	65,716	23,703,205	66,581,273
Total liabilities	121,798	25,178,301	71,977,134
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows - ASRS	3,850	126,635	241,504
Total deferred inflows of resources	3,850	126,635	241,504
NET POSITION			
Net investment in capital assets	7,693,325	153,405,490	39,614,250
Restricted	-	5,211,126	2,008,284
Unrestricted	337,237	10,958,611	62,052,412
Total net position	\$ 8,030,562	\$ 169,575,227	\$ 103,674,946

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

Nonmajor Enterprise Fund	Totals	Internal Service Fund
\$ 822,377	\$ 5,242,272	\$ 12,650
27	56,861,376	-
861,075	6,219,473	-
-	139	-
<u>1,683,479</u>	<u>68,323,260</u>	<u>12,650</u>
-	20,223,105	-
143,551	264,433,113	-
143,551	284,656,218	-
<u>1,827,030</u>	<u>352,979,478</u>	<u>12,650</u>
-	26,679,536	-
127,098	1,225,071	-
<u>127,098</u>	<u>27,904,607</u>	<u>-</u>
431,322	2,536,716	12,650
25,288	230,994	-
-	390,018	-
168,757	3,085,435	-
10,105	193,039	-
-	191,835	-
-	1,080,878	-
<u>635,472</u>	<u>7,708,915</u>	<u>12,650</u>
2,526	48,259	-
-	69,030,432	-
719,018	6,930,478	-
-	14,916,165	-
<u>721,544</u>	<u>90,925,334</u>	<u>-</u>
<u>1,357,016</u>	<u>98,634,249</u>	<u>12,650</u>
43,060	415,049	-
<u>43,060</u>	<u>415,049</u>	<u>-</u>
143,551	200,856,616	-
-	7,219,410	-
410,501	73,758,761	-
<u>\$ 554,052</u>	<u>\$ 281,834,787</u>	<u>\$ -</u>

City of Buckeye, Arizona

Statement of Revenue, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	<u>Airport</u>	<u>Wastewater</u>	<u>Water</u>
OPERATING REVENUES			
Charges for services	\$ 272,456	\$ 9,753,204	\$ 26,675,929
OPERATING EXPENSES			
Cost of sales and services	232,510	5,848,016	11,352,926
Amortization	-	-	3,099,273
Depreciation	399,930	5,626,471	6,958,791
Total operating expenses	<u>632,440</u>	<u>11,474,487</u>	<u>21,410,990</u>
Operating income (loss)	<u>(359,984)</u>	<u>(1,721,283)</u>	<u>5,264,939</u>
NON-OPERATING REVENUES (EXPENSES)			
Impact fees	-	2,226,723	1,687,134
Investment earnings	2,525	84,242	291,226
Interest and administrative fees	-	(153,885)	(2,808,692)
Intergovernmental	131,149	350,580	-
Gain/(loss) on disposal of assets	-	-	33,773
Developer reimbursements	-	(1,038,039)	(2,027,948)
Total non-operating revenues (expense)	<u>133,674</u>	<u>1,469,621</u>	<u>(2,824,507)</u>
Income (loss) before contributions and transfers	<u>(226,310)</u>	<u>(251,662)</u>	<u>2,440,432</u>
Capital contributions	-	1,246,355	836,677
Transfers in	5,000	609,565	50,000
Transfers out	-	(571,710)	(635,700)
Total capital contributions and net transfers	<u>5,000</u>	<u>1,284,210</u>	<u>250,977</u>
Change in net position	(221,310)	1,032,548	2,691,409
Total net position - beginning	<u>8,251,872</u>	<u>168,542,679</u>	<u>100,983,537</u>
Total net position - ending	<u>\$ 8,030,562</u>	<u>\$ 169,575,227</u>	<u>\$ 103,674,946</u>

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

Nonmajor Enterprise Fund	Total	Internal Service Fund
\$ 6,142,786	\$ 42,844,375	\$ 152,579
5,875,846	23,309,298	929,593
-	3,099,273	-
25,957	13,011,149	-
5,901,803	39,419,720	929,593
240,983	3,424,655	(777,014)
-	3,913,857	-
5,613	383,606	-
-	(2,962,577)	-
-	481,729	-
-	33,773	-
-	(3,065,987)	-
5,613	(1,215,599)	-
246,596	2,209,056	(777,014)
30,990	2,114,022	-
-	664,565	799,311
(116,073)	(1,323,483)	-
(85,083)	1,455,104	799,311
161,513	3,664,160	22,297
392,539	278,170,627	(22,297)
\$ 554,052	\$ 281,834,787	\$ -

City of Buckeye, Arizona

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	<u>Airport</u>	<u>Wastewater</u>	<u>Water</u>
Cash flows from operating activities			
Receipts from customers	\$ 210,280	\$ 9,699,216	\$ 26,558,471
Payments to suppliers	(239,108)	(4,049,981)	(7,940,393)
Payments to employees	(60,246)	(2,114,430)	(3,921,436)
Customer deposits received	4,746	42,487	87,436
Net cash provided (used) by operating activities	<u>(84,328)</u>	<u>3,577,292</u>	<u>14,784,078</u>
Cash flows from capital and related financing activities			
Impact fees	-	2,226,723	1,687,134
Developer reimbursements	-	(1,038,039)	(2,027,948)
Intergovernmental	131,301	350,580	129,727
Purchases of capital assets	(114,267)	(1,026,906)	(3,964,332)
Proceeds on sale of assets	-	-	33,773
Interest paid on capital debt	-	(159,851)	(2,814,036)
Proceeds from capital debt	-	386,365	-
Principal paid on capital debt	-	(1,038,984)	(272,812)
Net cash provided (used) by capital and related financing activities	<u>17,034</u>	<u>(300,112)</u>	<u>(7,228,494)</u>
Cash flows from noncapital financing activities			
Transfers from (to) other funds	<u>5,000</u>	<u>37,855</u>	<u>(585,700)</u>
Net cash from (used in) noncapital financing activities	<u>5,000</u>	<u>37,855</u>	<u>(585,700)</u>
Cash flows from investing activities			
Investment earnings	<u>2,525</u>	<u>84,242</u>	<u>291,226</u>
Net cash from (used in) investing activities	<u>2,525</u>	<u>84,242</u>	<u>291,226</u>
Net increase (decrease) in cash, cash equivalents, and investments	(59,769)	3,399,277	7,261,110
Cash, cash equivalents and investments - July 1	<u>441,866</u>	<u>14,190,809</u>	<u>36,047,951</u>
Cash, cash equivalents and investments - June 30	<u>\$ 382,097</u>	<u>\$ 17,590,086</u>	<u>\$ 43,309,061</u>
Cash and cash equivalents	\$ 382,085	\$ 1,475,045	\$ 2,562,765
Investments	<u>12</u>	<u>16,115,041</u>	<u>40,746,296</u>
Cash, cash equivalent, and investments	<u>\$ 382,097</u>	<u>\$ 17,590,086</u>	<u>\$ 43,309,061</u>

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

<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 6,101,146	\$ 42,569,113	\$ 152,579
(5,154,810)	(17,384,292)	(959,782)
(686,016)	(6,782,128)	-
8,192	142,861	-
<u>268,512</u>	<u>18,545,554</u>	<u>(807,203)</u>
-	3,913,857	-
-	(3,065,987)	-
-	611,608	-
(45,925)	(5,151,430)	-
-	33,773	-
-	(2,973,887)	-
-	386,365	-
-	(1,311,796)	-
<u>(45,925)</u>	<u>(7,557,497)</u>	<u>-</u>
<u>(116,073)</u>	<u>(658,918)</u>	<u>799,311</u>
<u>(116,073)</u>	<u>(658,918)</u>	<u>799,311</u>
<u>5,613</u>	<u>383,606</u>	<u>-</u>
<u>5,613</u>	<u>383,606</u>	<u>-</u>
112,127	10,712,745	(7,892)
<u>710,277</u>	<u>51,390,903</u>	<u>20,542</u>
<u>\$ 822,404</u>	<u>\$ 62,103,648</u>	<u>\$ 12,650</u>
\$ 822,377	\$ 5,242,272	\$ 12,650
27	56,861,376	-
<u>\$ 822,404</u>	<u>\$ 62,103,648</u>	<u>\$ 12,650</u>

City of Buckeye, Arizona

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	<u>Airport</u>	<u>Wastewater</u>	<u>Water</u>
Reconciliation of operating income (loss) to net cash from (used in) operating activities:			
Operating income (loss)	\$ (359,984)	\$ (1,721,283)	\$ 5,264,939
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities:			
Depreciation expense	399,930	5,626,471	6,958,791
Amortization	-	-	3,099,273
Add: Pension Expense	(34,748)	116,979	(196,032)
Subtract: Employer Pension Contribution	10,336	112,991	291,045
Changes in assets and liabilities:			
Increase in accounts receivable	(62,176)	(53,988)	(117,458)
Increase (decrease) in prepaid expenses	723	996	(14)
Increase (decrease) in accounts payable	(45,782)	(598,760)	(611,343)
Increase (decrease) in accrued wages and benefits	(4,505)	15,030	19,919
Increase (decrease) in compensated absences payables	7,132	36,369	(12,478)
Increase in customer deposits	4,746	42,487	87,436
Total adjustments	<u>275,656</u>	<u>5,298,575</u>	<u>9,519,139</u>
Net cash from (used in) operating activities	<u>\$ (84,328)</u>	<u>\$ 3,577,292</u>	<u>\$ 14,784,078</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	-	1,246,355	836,677
Capital assets acquired from debt	-	-	1,227,873
	<u>\$ -</u>	<u>\$ 1,246,355</u>	<u>\$ 2,064,550</u>

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

<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 240,983	\$ 3,424,655	\$ (777,014)
25,957	13,011,149	-
-	3,099,273	-
(37,373)	(151,174)	-
52,329	466,701	-
(41,640)	(275,262)	-
848	2,553	-
11,200	(1,244,685)	(30,189)
4,633	35,077	-
3,383	34,406	-
8,192	142,861	-
<u>27,529</u>	<u>15,120,899</u>	<u>(30,189)</u>
\$ 268,512	\$ 18,545,554	\$ (807,203)
30,990	2,114,022	-
-	1,227,873	-
<u>\$ 30,990</u>	<u>\$ 3,341,895</u>	<u>\$ -</u>

City of Buckeye, Arizona

Statement of Net Position

Fiduciary Fund

For the Year Ended June 30, 2018

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 304,403
Total assets	<u>\$ 304,403</u>
NET POSITION	
Held in trust for pension benefits	\$ 304,403
Total net position	<u>\$ 304,403</u>

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

City of Buckeye, Arizona
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2018

	Pension Trust
Additions	
State fire insurance premium	\$ 1,628
Investment earnings:	
Net increase in fair value of investments	<u>28,861</u>
Total additions, net of depreciation in fair value	<u>30,489</u>
Deductions	
Administration	<u>2,066</u>
Total deductions	<u>2,066</u>
Change in net position	28,423
Net position - beginning	<u>275,980</u>
Net position - ending	<u><u>\$ 304,403</u></u>

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



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City of Buckeye, Arizona
Notes to Financial Statements

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. Financial Reporting Entity

The City was incorporated on May 9, 1929 under the provisions of the State of Arizona. The current City Charter established the Council/Manager form of government. 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 City provides basic government services to its citizens including public safety, roads, water, wastewater, planning and zoning, parks and recreation facilities, library and general administrative services. 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.

In accordance with GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, the City includes in its financial statements all entities for which the City's Mayor and Council are financially accountable. As the primary government, the City is financially accountable if it appoints a voting majority of an organization's governing body, and: 1) it is able to impose its will on that organization, or 2) there is a potential for that organization to provide specific benefits to or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Individual Component Units - Blended

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 Mirielle 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 has no liability for debt issued by the District. The City Council serves as the Board of Directors and City management has operational responsibility for each district. 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 non-fiduciary activities of the primary government and its component units. The effect of inter-fund 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.

City of Buckeye, Arizona Notes to Financial Statements

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 is reported as part of the General Fund.

The Impact Fees Fund accounts for resources accumulated and growth related capital expenditures 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.

City of Buckeye, Arizona
Notes to Financial Statements

The Highway Users Revenue Fund (HURF) accounts for the City's share of Arizona's highway user tax 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 Water Fund accounts for the operating revenues and expenditures of the City's water operations.

The Wastewater Fund accounts for the operating revenues and expenditures of the City's wastewater operations.

The Airport Fund accounts for the operating revenues and expenditures of the City's airport 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 inter-fund activity has been eliminated from the government-wide financial statements. However, charges for inter-fund 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 non-operating 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 wastewater 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 non-operating 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. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash Equivalents - 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.

City of Buckeye, Arizona
Notes to Financial Statements

Investments – City funds are invested in accordance with the City’s investment policy and Arizona Revised Statutes. 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.

Funds held by trustees related to the issuance of bonds and certain loan programs are invested in accordance with contractual agreements or trust documents.

The City reports investments at fair value in the statement of net position and recognizes the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of City’s value in the Local Government Investment Pool approximates the value of the pool shares. The fair value of all other investments is determined annually and is based on current market prices.

Except for certain specific investments, generally those held in trust for a specific purpose, the City maintains pooled cash and investments and allocates interest income based on a fund’s proportionate cash balance. Investment income related to certain special revenue funds is allocated to the General Fund. Non-pooled investment income is recorded in the fund that held the specific investments.

2. Receivables and Payables

All receivables are shown net of an allowance for uncollectible accounts. For trade accounts receivables (miscellaneous receivables and utility billing receivables), amounts outstanding in excess of 90 days are included in the allowance. For fiscal year 2017/18, receivables are shown net of a \$104,253 allowance for uncollectible accounts.

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 inter-fund receivable/payables at June 30, 2018.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepayments are recorded under the purchases method as expenditures when incurred rather than when consumed.

4. 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.

5. 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.

City of Buckeye, Arizona
Notes to Financial Statements

Property, plant, furniture, equipment and vehicles purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest for the fiscal year 2018 was \$235,138.

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

6. Deferred Outflows/Inflows 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.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, require actuarial assumptions be made, based on the measurement date, in computing deferred outflows of resources determined in connection with recording total pension liability. Contributions made by the City to its pension plans since the measurement date of the plan's net pension liability, the difference between expected and actual experiences in the plan, changes in assumptions, and changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan are reported as pension related deferred outflows of resources. The contributions made since the measurement date of the plan will be recognized when the time period in which the contributions were made are encompassed by the plan. The difference between expected and actual experiences in the plan, changes in assumptions, and the changes in the proportion and differences between employer contributions and the proportionate share of contributions to the plan are amortized over the estimated remaining work-life of active participants in the plan and recognized as a reduction of pension expense.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations requires that in instances where the acquiring government provides consideration in excess of the net position acquired, the acquiring government should report the difference as a deferred outflow of resources. As of June 30, 2018, there was \$26,679,536 in deferred outflows related to the excess consideration provided by the City in relation to the acquisition further described in Note 14. This deferred outflow of resources is attributed to future periods in a systematic and rational manner, based on the estimated service lives of the capital assets acquired. The amortization expense related to this deferred outflow for the year ended June 30, 2018 was \$3.2 million. The deferred outflow will be reviewed periodically and the estimated services lives will be revised as necessary.

City of Buckeye, Arizona
Notes to Financial Statements

7. Compensated Absences

Compensated absences consist of general leave and sick leave accumulated by employees. Employees accumulate general leave hours depending on years of service. The City's policy allows employees to be paid for unused accrued vacation upon separation from employment up to a maximum of 240 hours for a 40 hour workweek and 336 hours for a 56 hour workweek, regardless of whether vacation leave has accrued above those maximums. Probationary employees shall not be paid for accrued vacation upon termination prior to the completion of six (6) months of employment.

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.

8. 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*, 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.

9. 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. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance

In the fund financial statements, governmental funds distinguish between non-spendable and spendable fund balances. Non-spendable balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items. Spendable balances are further classified as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

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.

City of Buckeye, Arizona
Notes to Financial Statements

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 and any governmental fund can report a negative unassigned fund balance.

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Governmental fund balances as of June 30, 2018 are as follows:

	General	Impact Fees	CFD	Debt Service	HURF	Non-Major Governmental Funds	Total
Fund Balance							
Non-spendable - Inventory	\$ 58,871	\$ -	\$ -	\$ -	\$ -	\$ 2,210	\$ 61,081
Restricted							
Impact Fees	-	18,267,433	-	-	-	-	18,267,433
SLID Operations	-	-	-	-	-	27,909	27,909
Highways and streets	-	-	-	-	434,700	-	434,700
Debt Service	-	-	6,549,076	926,294	-	-	7,475,370
Capital projects	-	-	-	-	-	13,401,091	13,401,091
Other special revenue	-	-	-	-	-	1,364,897	1,364,897
Assigned - Debt Service	-	-	-	626	-	614,356	614,982
Unassigned	27,406,296	-	-	-	-	(764,475)	26,641,821
	<u>\$ 27,465,167</u>	<u>\$ 18,267,433</u>	<u>\$ 6,549,076</u>	<u>\$ 926,920</u>	<u>\$ 434,700</u>	<u>\$ 14,645,988</u>	<u>\$ 68,289,284</u>

E. Property Taxes

The City Council adopts the annual tax levy each year on or before the third Monday in August as determined by the Maricopa County Assessor. For locally assessed property, the value is determined as of January 1 of the preceding year, known as the valuation year. For utilities and other centrally valued properties, the value is determined as of January 1 of the tax year. The City has an enforceable claim on the property tax that is levied. Levies are due and payable in two equal installments, October 1 and March 1, and become delinquent on November 1 and May 1; respectively.

However, a lien is attached against assessed real and personal property on the first day of January preceding assessment and levy thereof. Maricopa County, at no charge to the taxing entity, bills and collects all property taxes. Public auctions for sale of delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

F. Use of Estimates

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

City of Buckeye, Arizona
Notes to Financial Statements

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.
6. There are not budgets for the Community Facility Districts (CFD) presented. All CFDs are rolled into one fund.

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 total appropriations in fiscal year 2018.

Note 3 - Deposits and Investments

A. Deposits

The City maintains a cash and investment pool that is available for use by all funds. Certain restricted funds are not part of the City's pool, but rather are maintained with trustees as required by contractual commitments. At June 30, 2018, the carrying amount of the City's deposits was \$39,911,176 and the bank balance was \$41,765,970. The entire bank balance was covered by federal depository insurance or collateralized by the City's agent in the City's name. The difference between the City's carrying amount and the bank balance of \$2,077,352 represents deposits in transit, outstanding checks and other reconciling items.

City of Buckeye, Arizona
Notes to Financial Statements

B. 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.

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.

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 at June 30, 2018, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Custodial Credit Risk – Cash with Paying Agent - 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 at June 30, 2018, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Custodial Credit Risk – Restricted Cash - 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 at June 30, 2018, 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.

City of Buckeye, Arizona
Notes to Financial Statements

Cash and investments at June 30, 2018 consisted of the following:

Deposits	
Cash on hand	\$ 4,700
Cash in bank	40,071,638
Cash on deposit with paying agent	1,575,166
Cash on deposit with trustee	15,193,222
Investments	
Pension Trust Money Market	304,403
State Treasurer's Investment Pool	10,438,649
U.S. agency securities	77,408,150
Total deposits and investments	144,995,928
Restricted Cash	(16,428,511)
Fiduciary Funds	(304,403)
Cash with Paying Agent	(1,361,938)
Investments	(77,408,150)
Total cash and cash equivalent	\$ 49,492,926

As of June 30, 2018, the City had the following investments and related maturities:

Investment Type	Investment Maturities		
	Total	Less Than 1 Year	1-5 Years
US Agency Securities	\$ 77,408,150	\$ 28,132,737	\$ 49,275,413
State Treasurer's Investment Pool	10,438,649	10,438,649	-
	\$ 87,846,799	\$ 38,571,386	\$ 49,275,413

As of June 30, 2018, the City's investments were rated in the following manner:

Investment Type	Rating	Rating Agency	Amount
Federal Farm Credit Bank (FFCB)	AAA	Moody's	\$ 5,387,662
Federal Home Loan Bank (FHLB)	AAA	Moody's	7,424,675
Federal Home Loan Mortgage Company (FHLMC)	AAA	Moody's	11,919,832
Federal National Mortgage Association (FNMA)	AAA	Moody's	4,911,520
United States Treasury Note (USTN)	AAA	Moody's	47,764,461
			\$ 77,408,150

Note 4 - Fair Value Measurement and Disclosures

The City reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of

City of Buckeye, Arizona
Notes to Financial Statements

the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – inputs are quoted prices in active markets for identical assets
- Level 2 – inputs are significant other observable inputs
- Level 3 – inputs are significant unobservable inputs

U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The City’s investments are classified within Level 2.

Note 5 - Deficits in Fund Equity/Excess of Expenditures over Appropriations

The following funds had deficit fund balance as of June 30, 2018:

	Amount of Deficit Fund Balance
Other funds	
Social Service/Area Agency on Aging Fund	\$ (271,261)
Equipment Replacement Fund	(43,946)
Downtown Revitalization Fund	(449,268)
	\$ (764,475)

Equipment Replacement Fund - the deficit balance was eliminated through a transfer from General Fund completed in July to cover additional invoices after year end close.

Social Service/Area Agency on Aging Fund - the deficit balance was eliminated through a transfer from General Fund completed in July to cover additional invoices after year end close.

Downtown Revitalization Fund - 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.

In the General fund, the following line item accounts within departments exceeded the amounts budgeted. Expenditure appropriations are adopted in the budget at the fund level. For presentation purposes, we have elected to show any deficits at the line item level within departments/divisions, all of which were funded by available fund balances within the General fund:

City of Buckeye, Arizona
Notes to Financial Statements

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Variance Between Final Budget and Actual Amounts</u>
General Fund				
Current:				
Mayor and Council				
Personnel services	\$ 345,169	\$ 345,169	\$ 375,179	\$ (30,010)
Human Resources				
Personnel services	778,243	778,243	851,946	(73,703)
City Court				
Personnel services	785,754	785,754	867,422	(81,668)
Fire				
Personnel services	11,836,317	11,836,317	12,368,025	(531,708)
Facilities and Fleet Maintenance				
Personnel services	1,221,165	1,221,165	1,411,710	(190,545)

The deficit in personnel services in Mayor and Council was due to an unexpected increase in health insurance and a minimal amount for salaries. The deficit in personnel services in the Human Resources department was due to an unbudgeted position being transferred from the City Manager to Human Resources, increasing personnel services expense. There was also an unbudgeted expenditure for earned vacation payout for a retiree. The deficit in personnel services in City Court was due to higher than budgeted salaries and wages from hiring additional Clerks at a rate exceeding budget. The City Court incurred additional expenditure for earned vacation payout for two retirees. The deficit in personnel services to the Facilities and Fleet Maintenance pertains to new employees that were un-budgeted. The deficit in personnel services for the Fire Department is due to an increase in salaries not budgeted.

Note 6 - Receivables

Receivables as of yearend for the government's individual major and non-major funds in the aggregate, as shown in the Balance Sheet, including the applicable allowances for uncollectible accounts, are as follows:

Receivables						Less:		Net Total Receivables
	<u>Inter-governmental</u>	<u>HURF</u>	<u>Special Assessment</u>	<u>Miscellaneous</u>	<u>Grants</u>	<u>Gross Receivables</u>	<u>Allowance for Uncollectibles</u>	
General Fund	\$ 2,513,246	\$ -	\$ -	\$ -	\$ -	\$ 2,513,246	\$ -	\$ 2,513,246
Highway User Fund (HURF)	-	396,930	-	-	-	396,930	-	396,930
Water Fund	-	-	-	3,961,616	-	3,961,616	(60,131)	3,901,485
Wastewater Fund	-	-	-	1,410,476	-	1,410,476	(22,982)	1,387,494
Airport	-	-	-	6,039	63,380	69,419	-	69,419
Nonmajor Enterprise Fund	-	-	-	875,054	-	875,054	(13,979)	861,075
Nonmajor Governmental Funds	-	-	-	35,730	101,248	136,978	(7,161)	129,817
Debt Service	6,467,000	-	-	-	-	6,467,000	-	6,467,000
Special Assessment - Debt Service	-	-	32,644,634	-	-	32,644,634	-	32,644,634
Special Assessment - Taxes	-	-	48,945	-	-	48,945	-	48,945
	<u>\$ 8,980,246</u>	<u>\$ 396,930</u>	<u>\$ 32,693,579</u>	<u>\$ 6,288,915</u>	<u>\$ 164,628</u>	<u>\$ 48,524,298</u>	<u>\$ (104,253)</u>	<u>\$ 48,420,045</u>

City of Buckeye, Arizona
Notes to Financial Statements

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

City of Buckeye, Arizona

Schedule of Activity in Capital Assets

	Capital Assets June 30, 2017	Increases	Decreases	Transfers	Capital Assets June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 176,332,472	\$ 57,484	\$ -	\$ -	\$ 176,389,956
Construction in progress	2,865,425	2,259,590	-	(2,895,524)	2,229,491
Total capital assets, not being depreciated	<u>179,197,897</u>	<u>2,317,074</u>	<u>-</u>	<u>(2,895,524)</u>	<u>178,619,447</u>
Capital assets, being depreciated:					
Land improvements	20,428,461	427,403	(455,000)	157,724	20,558,588
Building and improvements	45,241,509	85,395	-	-	45,326,904
Infrastructure	307,452,276	8,388,094	-	1,342,734	317,183,104
Machinery, equipment and vehicles	31,259,870	2,919,215	(1,466,093)	1,395,066	34,108,058
Total capital assets being depreciated	<u>404,382,116</u>	<u>11,820,107</u>	<u>(1,921,093)</u>	<u>2,895,524</u>	<u>417,176,654</u>
Less accumulated depreciation for:					
Land improvements	(6,089,683)	(765,302)	455,000	-	(6,399,985)
Building and improvements	(9,685,179)	(1,386,095)	-	-	(11,071,274)
Infrastructure	(148,007,364)	(13,651,839)	-	-	(161,659,203)
Machinery, equipment and vehicles	(16,756,991)	(2,878,545)	1,466,093	-	(18,169,443)
Total accumulated depreciation	<u>(180,539,217)</u>	<u>(18,681,781)</u>	<u>1,921,093</u>	<u>-</u>	<u>(197,299,905)</u>
Total capital assets, being depreciated, net	<u>223,842,899</u>	<u>(6,861,674)</u>	<u>-</u>	<u>2,895,524</u>	<u>219,876,749</u>
Governmental activities capital assets, net	<u>403,040,796</u>	<u>(4,544,600)</u>	<u>-</u>	<u>-</u>	<u>398,496,196</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 11,515,046	\$ 190,509	\$ -	\$ 69,717	\$ 11,775,272
Water Rights	3,883,259	-	-	-	3,883,259
Construction in progress	9,894,305	4,069,345	-	(9,399,076)	4,564,574
Total capital assets, not being depreciated	<u>25,292,610</u>	<u>4,259,854</u>	<u>-</u>	<u>(9,329,359)</u>	<u>20,223,105</u>
Capital assets, being depreciated:					
Wastewater system	153,338,860	1,244,178	-	6,864,932	161,447,970
Water system	136,135,291	2,128,801	-	844,357	139,108,449
Land improvements	12,986,215	-	-	-	12,986,215
Building and improvements	87,756,748	75,567	-	-	87,832,315
Machinery, equipment and vehicles	3,395,121	1,062,008	(189,674)	1,620,070	5,887,525
Total capital assets being depreciated	<u>393,612,235</u>	<u>4,510,554</u>	<u>(189,674)</u>	<u>9,329,359</u>	<u>407,262,474</u>
Less accumulated depreciation for:					
Wastewater system	(41,103,183)	(3,907,916)	-	-	(45,011,099)
Water system	(52,121,743)	(5,840,190)	-	-	(57,961,933)
Land improvements	(9,799,315)	(331,723)	-	-	(10,131,038)
Building and improvements	(25,421,315)	(2,348,206)	-	-	(27,769,521)
Machinery, equipment and vehicles	(1,562,330)	(583,114)	189,674	-	(1,955,770)
Total accumulated depreciation	<u>(130,007,886)</u>	<u>(13,011,149)</u>	<u>189,674</u>	<u>-</u>	<u>(142,829,361)</u>
Total capital assets, being depreciated, net	<u>263,604,349</u>	<u>(8,500,595)</u>	<u>-</u>	<u>9,329,359</u>	<u>264,433,113</u>
Business-type activities capital assets, net	<u>288,896,959</u>	<u>(4,240,741)</u>	<u>-</u>	<u>-</u>	<u>284,656,218</u>
Total	<u>\$ 691,937,755</u>	<u>\$ (8,785,341)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,152,414</u>

City of Buckeye, Arizona
Notes to Financial Statements

Construction in progress activity for the year ended June 30, 2018 was as follows:

City of Buckeye, Arizona

Schedule of Activity in Construction in Progress

	Construction in Progress			Transfers	Construction in Progress
	June 30, 2017	Increases	Decreases		June 30, 2018
Governmental activities:					
Spillman Technologies	\$ 20,970	\$ 61,852	\$ -	\$ (82,822)	\$ -
Traffic Signal Indian School Road	1,415,159	63,516	-	(1,478,675)	-
Sutphen Firetruck	664,549	101,248	-	(765,797)	-
Enterprise Resource Plan Phase II	683,255	147,250	-	(410,507)	419,998
City Hall remodel	-	60,000	-	-	60,000
City Fueling Site	-	260,490	-	-	260,490
Earl Edgar Park remodel	-	439,186	-	-	439,186
Court Lobby remodel	-	202,315	-	-	202,315
Verrado Intersection	-	274,640	-	-	274,640
Skyline Park	19,000	138,723	-	(157,723)	-
Sundance Park	62,493	62,173	-	-	124,666
Trails project	-	77,589	-	-	77,589
Cemetery irrigation	-	51,885	-	-	51,885
Property and Evidence Bldg	-	199,821	-	-	199,821
Traffic Signal Miller Road	-	45,986	-	-	45,986
Sidewalk Monroe Avenue	-	40,893	-	-	40,893
Sidewalk Miller Road	-	32,022	-	-	32,022
Total governmental activities	<u>2,865,426</u>	<u>2,259,589</u>	<u>-</u>	<u>(2,895,524)</u>	<u>2,229,491</u>
Business-type activities:					
Capitalized Interest	535,530	235,138	-	(109,461)	661,207
Fire Supprssion Line	5,879	17,762	-	-	23,641
Maintenance Bldg	48,105	96,504	-	-	144,609
Cart Storage Bldg	29,643	45,924	-	(75,567)	-
Water Treatment Facility #9	-	19,744	-	-	19,744
Sun Valley Well #2	-	3,400	-	-	3,400
Water Administration Bldg	-	1,058,373	-	-	1,058,373
Watermeter Replacement	1,640,793	-	-	(1,640,793)	-
Well #8	739,996	23,264	-	(763,260)	-
Apache Rd Fill Line	68,450	295,725	-	-	364,175
Hopeville Water Campus	240	29,615	-	-	29,855
Apache Rd Water Treatment	-	1,554,983	-	-	1,554,983
Effluent System	6,562,735	81,709	-	(6,644,444)	-
Sundance Wastewater Treatment Plant	-	154,492	-	-	154,492
Jackrabbit Sewer Line	-	13,760	-	-	13,760
Roosevelt Sewer Line	97,383	438,952	-	-	536,335
Sundance Water Reclamation Facility - Reuse	12,928	-	-	(12,928)	-
Sundance Water Reclamation Facility - Conversion	152,623	-	-	(152,623)	-
Total business-type depreciated	<u>9,894,305</u>	<u>4,069,345</u>	<u>-</u>	<u>(9,399,076)</u>	<u>4,564,574</u>
Total	<u>\$ 12,759,731</u>	<u>\$ 6,328,934</u>	<u>\$ -</u>	<u>\$ (12,294,600)</u>	<u>\$ 6,794,065</u>

City of Buckeye, Arizona
Notes to Financial Statements

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,995,639
Public safety	9,272,005
Highways and streets	1,504,714
Culture and recreation	1,324,363
Development services	<u>1,585,061</u>
Total depreciation expense - governmental activities	<u>\$ 18,681,781</u>
Business-Type activities:	
Water	\$ 6,958,791
Wastewater	5,626,471
Airport	399,930
Nonmajor Enterprise Fund	<u>25,957</u>
Total depreciation expense - business-type activities	<u>\$ 13,011,149</u>

Note: Capitalized interest for the year ended June 30, 2018 was \$235,138.

Note 8 - Construction Commitments

The City has various active construction projects at June 30, 2018. At fiscal year end, the City's commitments with contractors were as follows:

Governmental Activities		
Project	Spent-to-date	Remaining Commitment
PD Property & Evidence Building	\$ 199,821	\$ 6,072,000
Verrado Way & Van Buren Intersection Improvement	274,640	1,200,000
Monroe Avenue Sidewalk	40,893	344,989
Miller Road Sidewalk	<u>32,022</u>	<u>300,000</u>
	<u>\$ 547,376</u>	<u>\$ 7,916,989</u>
Business-type Activities		
Project	Spent-to-date	Remaining Commitment
Apache Road Water Treatment Plant Phase 1	\$ 1,554,983	\$ 37,170,000
Apache Road Waterline	<u>295,725</u>	<u>366,545</u>
	<u>\$ 1,850,708</u>	<u>\$ 37,536,545</u>

Note 9 - Unavailable/advanced revenue

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:

	Unavailable	Advanced
CFD Debt Service Fund - Special assessments not yet due	\$ 32,644,634	\$ -
Debt Service Fund - Special assessments not yet due	6,467,000	-
Nonmajor Governmental Funds - Other advanced revenue	<u>-</u>	<u>887,212</u>
	<u>\$ 39,111,634</u>	<u>\$ 887,212</u>

City of Buckeye, Arizona
Notes to Financial Statements

Note 10 - 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:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 660,486
Less: accumulated depreciation	(277,405)
	\$ 383,081

Amortization expense has been included in depreciation expense.

The final principal payment of \$76,054 and interest amount of \$3,879 was made during the fiscal year ended June 30, 2018.

Note 11 - Long-Term Debt

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

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 wastewater 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 Roosevelt Improvement District was created so the City could fund street improvements. Property owners have not been assessed yet as the construction is not complete. The capitalized interest for the next billing period in fiscal year 2019 is held by the City.

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.

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.

City of Buckeye, Arizona
Notes to Financial Statements

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, 2018, total principal and interest remaining is \$3,916,203, and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with 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, 2018, total principal and interest remaining is \$5,976,534, and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with 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, 2018, total principal and interest remaining is \$3,177,846, and the City was in compliance with all covenants.

On April 5, 2013, the City entered into an agreement with 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, 2018, total principal and interest remaining is \$3,469,589, and the City was in compliance with all covenants.

On December 5, 2014, the City entered into an agreement with WIFA for \$761,000 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 2.184 percent. Annual payments are \$43,371 through July 2034. As of June 30, 2018, total principal and interest remaining is \$597,625, 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 Jackrabbit Trail Improvement District to repay \$2,545,000 in improvement bonds issued December 2009. Proceeds from these bonds were used to install and construct water and wastewater 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 \$1,669,750. Principal and interest paid for the current year was \$191,438, and

City of Buckeye, Arizona
Notes to Financial Statements

total assessments billed were \$148,039. 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. Some residents make additional principal payments when the invoice is received to reduce the outstanding principal associated with their property.

The City has pledged revenue derived from an annual assessment on the real property of the Roosevelt Street Improvement District to repay \$5,285,000 in improvement bonds issued June 2018. Proceeds from this bond will be used to complete streets and a traffic signal. No principal or interest payments were due during fiscal year 2018. Total principal and interest remaining to be paid on the bonds is \$7,708,511.

Revenue Bonds

The City has pledged future excise tax revenues, which include the City's transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures, to repay \$2,200,000 in Greater Arizona Development Authority (GADA) 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 times the highest combined interest and principal requirements for any succeeding 12-month period for the bonds then outstanding (and any additional bonds proposed to be secured by a pledge of excise tax revenues). 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, 2018, the total principal and interest to be paid on the bonds is \$2,169,610, and the City was in compliance with all covenants. Principal and interest paid for the current year was \$155,468.

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 200 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 times the highest combined interest and principal requirements for any succeeding 12-month period for the bonds then outstanding (and any additional bonds proposed to be secured by a pledge of excise tax revenues). 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, 2018, the outstanding total principal and interest to be paid on the bonds is \$694,600. Principal and interest paid for the current year was \$230,996, and the City was in compliance with all covenants.

The City has pledged future excise tax revenues, which include the City's transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures, to repay \$6,565,000 in Series 2015 Excise Tax Revenue Refunding Obligation Bonds issued in April 2015 secured by a pledge of excise tax revenues. 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, 2018, the outstanding total principal and interest to be paid on the bonds is \$694,600. Principal and interest paid for the current year was \$230,996, and the City was in compliance with all covenants.

The City has pledged future excise tax revenues, which include the City's transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures, to repay \$6,565,000 in Series 2015 Excise Tax Revenue Refunding Obligation Bonds issued in April 2015. 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 times the highest combined interest and principal requirements for any succeeding 12-month period for the bonds then outstanding (and any additional bonds proposed to be secured by a pledge of excise tax revenues). Proceeds from the Series 2005 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 of June 30, 2018, the outstanding total principal and interest to be paid on the bonds is \$5,551,250. Principal and interest paid for the current year was \$789,465, and the City was in compliance with all covenants.

City of Buckeye, Arizona

Notes to Financial Statements

The City has pledged future excise tax revenues, which include the City's Water Utility Revenues to repay \$250,000 in Water and Sewer Systems Senior Revenue Bonds 2015 issued in March 2015. As part of the bond agreement, the City has covenanted that it will maintain a bond covenant coverage ratio of no less than 1.2 of the revenue in excess of operating and maintenance expenses of the utility system, and are repaid solely from user charges or fees for services.

Proceeds from these bonds were obtained for purposes of procuring funds to be used to aid in the purchase of water utility properties to expand the Systems. Annual principal and interest payments on the bonds are expected to require one percent of net revenues. As of June 30, 2018, the total principal and interest to be paid on the bonds is \$570,625. Interest paid for the current year was \$11,875, there were no principal payments in the current year, and the City was in compliance with all covenants.

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 \$12,620,000 in Series 2016 Excise Tax Revenue Refunding Obligation Bonds issued in April 2016 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 times the highest combined interest and principal requirements for any succeeding 12-month period for the bonds then outstanding (and any additional bonds proposed to be secured by a pledge of excise tax revenues). Proceeds from the Series 2006 bonds were used to construct a municipal complex. As of June 30, 2018, the total principal and interest to be paid on the bonds is \$16,379,231. Principal and interest paid for the current year was \$643,631, and the City was in compliance with all covenants.

The City has pledged future excise tax revenues, which include the City's transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures, as well as Water Utility Revenues to repay \$51,260,000 in Excise Tax Revenue Bonds, Series 2015 issued in July 2015. 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 times the highest combined interest and principal requirements for any succeeding 12-month period for the bonds then outstanding (and any additional bonds proposed to be secured by a pledge of excise tax revenues). Proceeds from these bonds were obtained for purposes of financing the costs of acquiring various water systems, facilities and improvements as set forth in the Settlement Agreement for Stipulated Condemnation, by and among Global Water Resources, Inc. As of June 30, 2018, the total principal and interest to be paid on the bonds is \$96,301,775, and the City was in compliance with all covenants. Interest paid for the current year was \$2,468,377, no principal payments due in the current year.

As of June 30, 2018, the City's total revenue bond debt service requirement was approximately \$2,800,000 and transaction privilege tax, franchise fees, licenses and permit fees, and fines and forfeitures produced a total bond coverage ratio of approximately 10.4. 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. 2 to repay \$7,175,000 in special assessment revenue bonds issued April 2003. 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 \$1,937,074. Principal and interest paid for the current year was \$639,797, and total assessments billed were \$292,827. 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

City of Buckeye, Arizona
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total principal and interest remaining to be paid on the bonds is \$487,680. Principal and interest paid for the current year was \$142,090, and total assessments billed were \$59,950. 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. 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 \$1,485,721. Principal and interest paid for the current year was \$219,144, and total assessments billed were \$154,826. 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. 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 \$37,893,090. Principal and interest paid for the current year was \$3,146,296, and total assessments billed were \$3,941,694. 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. 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 \$14,848. Principal and interest paid for the current year was \$92,954, and total assessments billed were \$18,683. 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. 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 \$1,213,273. Principal and interest paid for the current year was \$124,603, and total assessments billed were \$93,472.

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. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$1,299,002. Principal and interest paid for the current year was \$172,399, and total assessments billed were \$104,194. 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 revenue

City of Buckeye, Arizona
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bonds issued November 2009. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$302,130. Principal and interest paid for the current year was \$26,954, and total assessments billed were \$21,436. 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 revenue bonds issued April 2011. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$386,640. Principal and interest paid for the current year was \$36,318, and total assessments billed were \$25,791. 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 revenue bonds issued July 2013. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$193,388. Principal and interest paid for the current year was \$16,000, and total assessments billed were \$13,603. 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 9) to repay \$288,000 in special assessment revenue bonds issued July 2015. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$302,920. Principal and interest paid for the current year was \$45,750, and total assessments billed were \$20,378. 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 10) to repay \$200,000 in special assessment revenue bonds issued March 2016. The total principal and interest remaining to be paid on the bonds is \$204,368. Principal and interest paid for the current year was \$49,327 and total assessments billed were \$15,158. 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 11) to repay \$2,738,000 in special assessment revenue bonds issued February 2017. The bonds are payable solely from assessments on the property owners. The total principal and interest remaining to be paid on the bonds is \$4,042,977. Interest paid for the current year was \$194,320, and total assessments billed were \$220,365. 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 Festival Ranch Community Facilities District (Assessment District 12) to repay \$210,000 in special assessment revenue bonds issued in June 2018. The total principal and interest to be paid is \$361,442. There were no principal or interest payments made in the current year.

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.

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Proceeds were used for the acquisition and construction of community facilities district. The bonds are payable from property taxes levied on property owners within the District. By way of an advance refunding, these bonds were partially defeased through issuance of \$2,940,000 Festival Ranch Community Facilities District General Obligation Refunding Bonds, Series 2017. The combined defeasance resulted in cash flow savings of \$112,951 and an economic gain (net present value of savings) of \$130,174. As of June 30, 2018, the defeased amount outstanding on the bonds was \$1,235,000.

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 \$3,885,650. Principal and interest paid during the current year totaled \$304,188.

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 \$2,623,700. Principal and interest paid during the current year totaled \$130,498.

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 \$5,410,000 in general obligation bonds, Series 2016 issued in July 2016. Proceeds were used for the construction and acquisition of public infrastructure. The total principal and interest to be paid is \$8,311,900. Principal and interest paid during the current year totaled \$285,450.

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 \$2,940,000 in general obligation bonds, Series 2017 issued in June 2017. Proceeds were used to current refund the full outstanding balances of Festival Ranch Community Facilities District General Obligation Bonds, Series 2006 and 2007, and to advance refund a portion of the outstanding balance of Festival Ranch Community Facilities District General Obligation Bonds, Series 2009A. Total principal and interest remaining to be paid on the bonds is \$4,714,438. Interest paid for the current year was \$250,357; there was no principal payments in the current 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 \$3,665,000 in general obligation bonds, Series 2017 issued in July 2016. Proceeds were used for the construction and acquisition of public infrastructure. Total principal and interest remaining to be paid on the bonds is \$5,740,020. Principal and interest paid for the current year was \$193,864.

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 \$101,900. Principal and interest paid for the current year was \$8,500.

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 \$9,210,485. Principal and interest paid for the current year was \$464,488.

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 current 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

City of Buckeye, Arizona
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property owners within the District. The total principal and interest remaining to be paid on the bonds is \$18,849,450. Principal and interest paid for the current year was \$2,080,350.

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 \$9,180,335. Principal and interest paid for the current year was \$528,940.

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 \$14,055,000 in general obligation bonds, Series 2017, issued March 2017. Proceeds were used to current refund the full outstanding amount of Verrado Community Facilities District No. 1, Series 2006. 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 \$17,827,053. Interest paid for the current year was \$498,953; there were no principal payments in the current year.

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 \$9,544,333. Principal and interest paid for the current year was \$706,291.

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 \$296,427. The total principal and interest remaining to be paid on the bonds is \$4,015,654. On February 24, 2011, the District extinguished a portion of the remaining outstanding debt on the Sundance Series 2005 General Obligation Bonds in the amount of \$910,000.

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 \$22,859,469. Principal and interest paid for the current year was \$1,303,619.

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 \$5,895,000 in general obligation bonds, Series 2016, issued November 2016. Proceeds were used to refund the full outstanding amounts of West Park Community Facilities District General Obligation Bonds Series 2005 and Series 2006 and advance refund the full outstanding balance of West Park Community Facilities District General Obligation Bonds Series 2007. 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 \$7,202,425. Principal and interest paid for the current year was \$906,050.

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June 30, 2018

Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Governmental activities:				
<i>Improvement District Bonds:</i>				
Roosevelt Street Improvements Bonds	2.5%-4.2%	January 2038	\$ 5,285,000	\$ 5,285,000
Jackrabbit Trail Sewer Improvements Bonds	6.25%	January 2029	2,545,000	1,182,000
Total Improvement District Bonds			<u>\$ 7,830,000</u>	<u>\$ 6,467,000</u>
<i>Revenue Bonds:</i>				
Greater Arizona Development Authority Excise Tax Revenue Bonds -				
Series 2007A	4.0 - 5.0%	August 2031	\$ 2,200,000	\$ 1,595,000
Excise Tax Revenue Refunding Bonds, Series 2010	2.5% - 4%	July 2020	1,795,000	655,000
Excise Tax Revenue Refunding Bonds, Series 2015	2.0 - 5.0%	July 2024	6,565,000	4,790,000
Excise Tax Revenue Refunding Bonds, Series 2016	2.0 - 4.0%	July 2036	12,620,000	11,755,000
Total Revenue Bonds			<u>\$ 23,180,000</u>	<u>\$ 18,795,000</u>
<i>Community Facilities District Bonds:</i>				
Sundance Special Assessment Revenue Bonds				
Series 2003	5.0 - 7.125%	July 2027	\$ 7,175,000	\$ 1,355,000
Series 2004	6.50%	July 2029	2,050,000	340,000
West Park Special Assessment Revenue Bonds, Series 2005	4.55 - 5.9%	July 2029	3,800,000	1,072,000
Festival Ranch Special Assessment Revenue Bonds,				
Series 2005	4.0 - 5.55%	July 2030	1,448,000	11,000
Series 2009	8.88%	July 2034	356,000	158,000
Series 2011	8.50%	July 2035	404,000	201,000
Series 2013	7.25%	July 2033	186,000	117,387
Series 2015	6.00%	July 2035	288,000	187,000
Series 2016	5.75%	July 2035	200,000	136,247
Series 2017	2.5% - 5.2%	July 2037	2,738,000	2,627,000
Series 2018	5.88%	July 2017	210,000	210,000
Watson Road Special Assessment Revenue Bonds, Series 2005	4.5 - 6.0%	July 2030	49,000,000	24,472,000
Festival Ranch Special Assessment Lien Bonds,				
Series 2007	4.2 - 5.0%	July 2032	1,868,000	869,000
Series 2007	4.3 - 5.75%	July 2032	1,784,000	889,000
Verrado District No. 1, General Obligation Bonds				
Series 2013A	2.0 - 6.0%	July 2027	20,400,000	14,495,000
Series 2013B	5.0 - 6.0%	July 2033	6,000,000	5,740,000
Series 2017	3.55%	July 2031	14,055,000	14,055,000
Sundance General Obligation Bonds,				
Series 2005	4.0 - 5.125%	July 2030	6,000,000	3,045,000
Series 2014	2.0 - 4.625%	July 2034	17,945,000	15,805,000
Verrado Western Overlay General Obligation Bonds, Series 2004	Variable	July 2029	13,000,000	8,000,000
Tartesso West General Obligation Bonds,				
Series 2005	6.00%	July 2030	110,000	71,000
Series 2007	4.35 - 5.90%	July 2032	8,750,000	6,150,000
West Park General Obligation Bonds, Series 2016	4.0% - 5.0%	July 2032	5,895,000	5,255,000

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Purpose	Interest Rates (%)	Matures	Original Issue Amount	Amount Outstanding
Festival Ranch General Obligation Bonds,				
Series 2009A	5.0 - 6.5%	July 2031	5,435,000	2,795,000
Series 2009B	8.0 - 8.625%	July 2034	2,165,000	1,550,000
Series 2012	1.0 - 5%	July 2031	5,400,000	2,915,000
Series 2013	2.0 - 5.25%	July 2033	1,800,000	1,685,000
Series 2016	2.0 - 4.0%	July 2036	5,410,000	5,265,000
Series 2017A	3.0 - 5.0%	July 2037	3,665,000	3,585,000
Series 2017B	3.0 - 4.0%	July 2032	2,940,000	2,860,000
Total Community Facilities Districts Bonds			<u>\$ 190,477,000</u>	<u>\$ 125,915,634</u>
Business-type Activities:				
<i>Revenue Bonds:</i>				
Water & Sewer System Senior Revenue Bonds 2015				
Excise Tax Revenue Obligations, Series 2015	4.75%	July 2044	\$ 250,000	\$ 250,000
	3.50 - 5.00%	July 2045	51,260,000	51,260,000
Total Revenue Bonds			<u>\$ 51,510,000</u>	<u>\$ 51,510,000</u>
<i>WIFA Bonds:</i>				
WIFA Bond - 91A140 - 10	2.85%	July 2029	\$ 12,000,000	\$ 3,398,635
WIFA Bond - 910158 - 13	2.50%	July 2032	7,370,000	5,083,155
WIFA Bond - 920239 - 13	2.975%	July 2032	5,065,000	2,741,180
WIFA Bond - 920241 - 13	2.975%	July 2032	3,617,450	2,901,241
WIFA Bond - 920240 - 15	2.184%	July 2034	761,000	524,094
Total WIFA Bonds			<u>\$ 28,813,450</u>	<u>\$ 14,648,305</u>

Debt service requirements on long-term debt at June 30, 2018 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2019	\$ 8,241,111	\$ 7,230,020	\$ 934,474	\$ 2,850,462
2020	8,946,972	6,924,084	977,097	2,824,630
2021	9,432,290	6,349,839	989,802	2,794,938
2022	9,603,669	6,038,619	2,101,328	2,770,867
2023	10,030,211	5,610,747	2,183,570	2,688,638
2024-2028	53,427,063	20,285,854	12,267,974	12,077,413
2029-2033	38,049,407	10,762,911	12,305,285	9,641,834
2034-2038	13,446,911	1,421,843	10,625,000	7,102,125
2039-2043	-	-	13,560,000	4,400,875
2044-2048	-	-	10,213,775	823,850
	<u>\$ 151,177,634</u>	<u>\$ 64,623,917</u>	<u>\$ 66,158,305</u>	<u>\$ 47,975,632</u>

Other Long-Term Obligations

On May 19, 2015, the City entered into an agreement to purchase Tartesso Wastewater Treatment Plant (WWTP) for \$14,930,544. The purchase price is to be paid from the City's collection of wastewater impact fees from users of the Tartesso WWTP located in the Central North service area within the City. Each payment is to be made quarterly and will be made up of wastewater impact fees collected by the City in the quarter. The City's payment obligation for the purchase price terminates when the purchase price is paid in full. Interest will not be charged on any unpaid balance of the purchase price. There were no principal payments made in the current year.

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The City has also committed to reimburse the seller of the Tartesso WWTP for the construction and installation of an additional well, Tartesso Well No. 3, provided the Seller performs the work in compliance with procurement laws and the City's requirements, and upon the City Engineer's acceptance of Tartesso Well No. 3, the Seller will be entitled to reimbursement of all eligible and verified costs from water development impact fees collected from the Tartesso West project.

Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	July 1, 2017	Increases	Decreases	June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds payable:					
Improvement	\$ 1,296,000	\$ 5,285,000	\$ (114,000)	\$ 6,467,000	\$ 292,000
Revenue	20,090,000	-	(1,295,000)	18,795,000	1,365,000
Community facilities district	133,807,370	210,000	(8,101,736)	125,915,634	7,289,972
Deferred amount on premium	3,269,329	-	(325,586)	2,943,743	325,586
Deferred amount on discount	(401,587)	-	48,732	(352,855)	(48,732)
Total bonds payable	158,061,112	5,495,000	(9,787,590)	153,768,522	9,223,826
Other liabilities:					
Capital leases	76,054	-	(76,054)	-	-
Compensated absences	1,832,218	1,548,877	(1,504,739)	1,876,356	1,501,085
Net Pension Liability - ASRS	23,092,342	22,473,044	(23,092,342)	22,473,044	-
Net Pension Liability - PSPRS	15,987,378	17,518,943	(15,987,378)	17,518,943	-
Total other liabilities	40,987,992	41,540,864	(40,660,513)	41,868,343	1,501,085
Total long-term liabilities	\$ 199,049,104	\$ 47,035,864	\$ (50,448,103)	\$ 195,636,865	\$ 10,724,911
Business-type Activities:					
Bonds payable:					
Revenue	\$ 66,608,603	\$ 386,365	\$ (836,663)	\$ 66,158,305	\$ 934,474
Deferred amount on premium	4,099,409	-	(146,404)	3,953,005	146,404
Total bonds payable	70,708,012	386,365	(983,067)	70,111,310	1,080,878
Other liabilities:					
Other long term obligations	14,163,425	1,227,873	(475,133)	14,916,165	-
Compensated absences	206,892	187,349	(152,943)	241,298	193,039
Net Pension Liability - ASRS	7,081,652	6,930,527	(7,081,701)	6,930,478	-
Total other liabilities	21,451,969	8,345,749	(7,709,777)	22,087,941	193,039
Total long-term liabilities	\$ 92,159,981	\$ 8,732,114	\$ (8,692,844)	\$ 92,199,251	\$ 1,273,917

The personnel policy allows up to 80 hours of each employee's accrued vacation hours to be redeemed at the employee's request. These amounts are included in the changes in long-term obligations schedule above. The majority of the compensated absences are paid by the general fund.

Note 12 - Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2018 consisted of the following:

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Transfers To	Transfers From							Total
	General Fund	CFD Fund	HURF Fund	Wastewater Fund	Water Fund	Nonmajor Governmental Fund	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ -	\$ 75,600	\$ 94,400	\$ 635,700	\$ 154	\$ -	\$ 805,854
CFD Fund	-	4,261,435	-	-	-	71,426	-	4,332,861
Debt Service Fund	1,000	-	-	-	-	466,399	-	467,399
Airport Fund	5,000	-	-	-	-	-	-	5,000
Wastewater Fund	-	-	-	477,310	-	132,255	-	609,565
Water Fund	-	-	-	-	-	50,000	-	50,000
Internal Service Fund	799,311	-	-	-	-	-	-	799,311
Nonmajor Governmental Funds	2,236,001	3,300	733,000	-	-	171,136	116,073	3,259,509
Total	\$ 3,041,312	\$ 4,264,735	\$ 808,600	\$ 571,710	\$ 635,700	\$ 891,370	\$ 116,073	\$ 10,329,499

Transfers were made for operations in the applicable funds and debt service transfers were for debt service payments made in other funds.

Note 13 - Risk Management

The City 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 14 - Government Combinations

On July 9, 2015, the City acquired Global Water Resources, Inc. (Global Water), a water utility service corporation through the issuance of the Excise Tax Revenue Obligation Bonds series 2015, in the amount of \$51,260,000. The City desired to acquire the assets to enhance its water utility system in order to provide its residents with greater consistence in rates, water quality, water resources management, and other policies and practices relating to the provision of water utility services to its residents. The acquisition resulted in the recognition of \$18,142,630 in capital assets, \$36,844,624 in deferred outflows and customer deposits of \$462,584. The deferred outflows as described in Note 1, are the result of consideration provided in excess of the fair value of the assets obtained.

In addition to the consideration paid of \$51,260,000, the City has agreed to pay a growth premium equal to \$3,000 per new account during the growth period, up to \$45,000,000. The growth period is defined at the period of 20 years commencing January 1, 2015. Growth premiums paid during the current year were \$1,200,000. Growth premiums paid to date are \$3,726,000.

Note 15 - Retirement Plans

As of June 30, 2018, there was \$3,974,491 and \$1,225,071 in deferred outflows related to pension expense for Arizona State Retirement System (ASRS), net of accumulated amortization for governmental and business-type activities, respectively. As of June 30, 2018, there was \$5,432,464 and \$5,739,644 in deferred outflows related to

City of Buckeye, Arizona
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pension expense for Public Safety Personnel Retirement System (PSPRS) – Police and PSPRS – Fire for governmental activities. See Note 13 for additional information and disclosures related to the pension plan.

The City contributes to the three plans described below. The plans are component units of the State of Arizona. At June 30, 2018, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	\$ 39,991,987	\$ 6,930,478	\$ 46,922,465
Deferred outflows of resources	15,146,599	1,225,071	16,371,670
Deferred inflows of resources	4,551,196	415,049	4,966,245
Pension expense	7,110,623	798,937	7,909,560

The City reported \$7,967,857 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System

Plan Description – City employees, not covered by the other pension plans described below, participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefits	Sum of years and age equals 80	30 years; age 55
	10 years; age 62	25 years; age 60
	5 years; age 50*	10 years; age 62
	Any years age 65	5 years; age 50* Any years; age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit % per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

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Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48% (11.34% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.48% (10.78% for retirement, 0.56% for health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement and 0.13 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension plan for the year ended June 30, 2018, were \$2,297,182. The City's contributions for the current and three preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year ended June 30:	Health Benefit Supplement Fund	Long-Term Disability Fund
2018	\$ 112,058	\$ 3,216
2017	88,661	21,279
2016	102,808	20,910
2015	86,507	17,595
2014	82,956	33,183
2013	68,144	25,161

During fiscal year 2018, the City paid for ASRS pension and OPEB contributions as follows: 70% from the General Fund, 27% from major funds, and 3% from other funds.

Pension Liability – At June 30, 2018, the City reported a liability of \$29,403,522 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017.

The City's reported liability at June 30, 2018, decreased to \$29,403,522 from the City's prior year liability of \$30,173,994 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The City's proportion of the net pension liability was based on accrued retirement contributions for employers that were members of the ASRS as of June 30, 2017. The City's proportion measured as of June 30, 2017 was 0.188750%, which was a decrease of 0.00181% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2018, the City recognized pension expense for ASRS of \$3,389,765. At June 30, 2018, and the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 881,682
Difference between projected and actual investment earnings	211,097	-
Changes in assumptions	1,277,065	879,220
Changes in proportion and differences between City	1,412,180	-
City contributions subsequent to the measurement date	2,297,182	-
	<u>\$ 5,197,524</u>	<u>\$ 1,760,902</u>

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The \$2,297,182 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ (47,268)
2019	1,484,593
2020	378,485
2021	<u>(676,370)</u>
Total	<u>\$ 1,139,440</u>

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Discount rate	8%
Projected salary increases	3% - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	3.87%
Fixed income	25%	0.91%
Commodities	2%	0.08%
Real estate	10%	0.42%
Multi-asset class	5%	0.17%
Total	100%	5.45%
Inflation		3.25%
Expected arithmetic nominal return		8.70%

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.75%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute.

City of Buckeye, Arizona

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Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate –

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$ 37,739,994	\$ 29,403,571	\$ 22,437,775

Public Safety Personnel Retirement System (PSPRS)

Plan Descriptions – City's police employees and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits Provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability years of service and age required to receive benefit	20 years and age OR 15 years and age 62	25 years and age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent:		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit:		
Retired members	80% of retired members pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries on the job	

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Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	15	-
Inactive employees entitled to but not yet receiving benefits	7	5
Active employees	86	79
Total	108	84

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members		
Pension	7.65%	7.65%
City		
Pension	26.29%	21.47%
Health insurance premium benefit	0.32%	0.34%
City Total	26.61%	21.81%

In addition, the City was required by statute to contribute at the actuarially determined rate of 26.61% for the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2018, were:

	PSPRS Police	PSPRS Fire
Pension contributions made	\$ 1,906,291	\$ 1,579,996
Health insurance premium benefit OPEB contributions made	6,100	5,056

During fiscal year 2018, the City paid for PSPRS pension and OPEB contributions 100% from the General Fund.

Pension Liability – At June 30, 2018, the City reported the following net pension liabilities:

	Net Pension Liability
PSPRS Police	\$ 12,054,683
PSPRS Fire	5,464,260

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The net pension liabilities were measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Asset Valuation Method	Fair value of assets
Payroll growth	3.50%
Price Inflation	2.50%
Projected salary increases	3.50% - 7.50% including inflation
Investment rate of return	7.4%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period July 1, 2011-June30, 2016
Permanent benefit increase	Included
Mortality rates	RP-2014 mortality tables projected backwards 1 year to 2013 with MP-2014 (110% of femail healthy annuitant mortality table). Future mortality improvments are assumed each year using 75% of scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	16%	7.60%
Non-U.S. equity	14%	8.70%
Private equity	12%	6.75%
Fixed income	5%	1.25%
Credit opportunities	16%	5.83%
Absolute return	2%	3.75%
GTAA	10%	3.96%
Real assets	9%	4.52%
Real estate	10%	3.75%
Risk parity	4%	5.00%
Short term investments	2%	0.25%
Total	100%	

Pension Discount Rates – The PSPRS Police and PSPRS Fire used a discount rate of 7.85% to measure the total pension liabilities.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Buckeye, Arizona
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Changes in Net Pension Liability

PSPRS Police

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 29,843,747	\$ 17,069,326	\$ 12,774,421
Changes for the year:			
Service cost	1,673,903	-	1,673,903
Interest on the total pension liability	2,262,865	-	2,262,865
Changes of benefit terms	332,370	-	332,370
Differences between expected and actual experience in the measurement of the pension liability	(1,247,935)	-	(1,247,935)
Changes of assumptions	583,812	-	583,812
Contributions - employer	-	1,463,930	(1,463,930)
Contributions - employee	-	800,409	(800,409)
Net investment income	-	2,079,003	(2,079,003)
Benefit payments, including refunds of employee contributions	(1,018,342)	(1,018,342)	-
Pension plan administrative expenses	-	(18,796)	18,796
Other changes	-	207	(207)
Net changes	<u>2,586,673</u>	<u>3,306,411</u>	<u>(719,738)</u>
Balances at June 30, 2018	<u>\$ 32,430,420</u>	<u>\$ 20,375,737</u>	<u>\$ 12,054,683</u>

PSPRS Fire

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 26,043,457	\$ 18,498,911	\$ 7,544,546
Changes for the year:			
Service cost	1,624,240	-	1,624,240
Interest on the total pension liability	2,014,168	-	2,014,168
Changes of benefit terms	186,129	-	186,129
Differences between expected and actual experience in the measurement of the pension liability	(1,838,647)	-	(1,838,647)
Changes of assumptions	126,197	-	126,197
Contributions - employer	-	1,053,558	(1,053,558)
Contributions - employee	-	873,999	(873,999)
Net investment income	-	2,285,216	(2,285,216)
Pension plan administrative expenses	-	(20,620)	20,620
Other changes	-	220	(220)
Net changes	<u>2,112,087</u>	<u>4,192,373</u>	<u>(2,080,286)</u>
Balances at June 30, 2018	<u>\$ 28,155,544</u>	<u>\$ 22,691,284</u>	<u>\$ 5,464,260</u>

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate – The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

City of Buckeye, Arizona
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	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PSPRS Police			
PSPRS Fire	\$ 17,598,107	\$ 12,054,683	\$ 7,624,734
	<u>10,834,043</u>	<u>5,464,260</u>	<u>1,185,612</u>
City's net pension liability	<u>\$ 28,432,150</u>	<u>\$ 17,518,943</u>	<u>\$ 8,810,346</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense – For the year ended June 30, 2018, the City recognized \$2,697,436 for PSPRS Police and \$1,822,566 for PSPRS Fire in pension expense.

Pension Deferred Outflows/Inflows of Resources – At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS Police		
Difference between expected and actual experience	\$ 1,112,112	\$ 1,193,848
Changes in assumptions	2,190,973	-
Difference between projected and actual investment earnings	223,088	-
City contributions subsequent to the measurement date	1,906,291	-
	<u>\$ 5,432,464</u>	<u>\$ 1,193,848</u>
PSPRS Fire		
Difference between expected and actual experience	\$ 2,612,844	\$ 2,011,497
Changes in assumptions	1,327,148	-
Difference between projected and actual investment earnings	219,656	-
City contributions subsequent to the measurement date	1,579,996	-
	<u>\$ 5,739,644</u>	<u>\$ 2,011,497</u>

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Police	PSPRS Fire
Year ending June 30:		
2019	\$ 536,137	\$ 310,563
2020	666,767	440,828
2021	545,262	314,754
2022	307,618	61,823
2023	245,800	227,078
Thereafter	30,741	793,105
Total	<u>\$ 2,332,325</u>	<u>\$ 2,148,151</u>

City of Buckeye, Arizona
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Agent Plan OPEB Trend Information – The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Year ending June 30:	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2018	\$ 23,299	100%	\$ 23,299
2017	25,352	100%	25,352
2016	22,745	100%	22,745
PSPRS Fire			
2018	\$ 17,716	100%	\$ 17,716
2017	27,847	100%	27,847
2016	24,672	100%	24,672

Agent Plan OPEB Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts’ value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans’ assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as understood by the City and plans’ members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans’ members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2018 contribution requirements are as follows:

PSPRS – OPEB Contribution Requirements

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80% / 120% market
Actuarial assumptions:	
Investment rate of return	7.40% net of investment and administrative expenses
Projected salary increases	4.0% - 8.0%
Wage growth	4.0%

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The funded status of all the PSPRS health insurance premium benefit plans in the June 30, 2017 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

PSPRS – OPEB Funded Status

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	7.40% of net investment and administrative expenses
Projected salary increases	3.50% -7.50% including inflation
Payroll growth	3.50%
Price inflation	2.50%

Agent Plan OPEB Funded Status – The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2017.

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 577,102	\$ 485,089
Actuarial accrued liability (b)	606,620	533,505
Unfunded actuarial accrued liability (funding excess) (b) - (a)	29,518	48,416
Funded ration (a)/(b)	95.1%	90.9%
Annual covered payroll ('c)	9,495,431	8,369,559
Unfunded actuarial accrued liability as a percentage of covered payroll (b) - (a)/('c)	0.3%	0.6%

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.

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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, 2018, 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, 2018, there were 89 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 16 - 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, 2018, 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, 2018, the City has paid out eight single family home connections. The total for the fiscal year was \$10,000.

Other Agreements - The City enters into various agreements with local business under Arizona Revised Statute 9-500.05 and 9-500.11. Under the Revised Statute the City is empowered to appropriate public funds to further employment opportunities and economic enhancement of the City. These agreements may be granted to any businesses located within or promising to relocate to the City. The City has determined that is in the best interests of the citizens of the City to rebate a portion of the sales taxes generated and collected from the certain business's retail sales to reimburse the businesses for amounts advances by the business related to construction of public infrastructure necessary for the development of new facilities, all to provide opportunities to enhance economic welfare and new job creation in the City.

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For the fiscal year ended June 30, 2018, the City had the following agreements:

The City has an agreement with a local business where the local business owner constructed and developed a new facility on a piece of land to provide a unique retail business for the City, increase the value of the land for property tax purposes, create new opportunities for employment in the City, and enhance retail transaction (sales) tax. The City Council is empowered, pursuant to Arizona Revised Statute (ARS) Section 9-500.11, to appropriate public funds to further employment opportunities and economic enhancement of the City. The City agreed to reimburse the business owner through a 49 percent land generate sales tax rebate for up to \$300,000 of verifiable infrastructure costs or ten years. The City has repaid approximately \$216,531 and has a remaining contingent obligation of up to \$80,749.

The City has an agreement with a local business where the local business owner provided funds for the City's design, construction, and installation of certain public improvements. The business owner paid the City \$1,350,000 for purposes of paying the design and construction costs. The advance will be repaid by the City through a one percent sales tax rebate for sales taxes generated by certain future commercial developments and received by the City for up to twenty years. This sales tax rebate is limited to the full reimbursement of the advanced funds received from the retail business that they provided to the City to design, construct and install the necessary public infrastructure. The City has repaid approximately \$466,016 and has a remaining contingent obligation of approximately \$883,984.

The City has an agreement with a local business where the local business owner provided funds for the City's design, construction, and installation of certain public improvements. The business owner paid the City \$2,500,000 for purposes of paying the design and construction costs. The advance to be repaid by the City through a 49 percent sales tax rebate generated through sales taxes received by the City for up to twenty years. This sales tax rebate is limited to the full reimbursement of the advanced funds received from the retail business that they provided to the City for design, construction and installing the necessary public infrastructure. The City has repaid approximately \$463,132 and has a remaining contingent obligation of approximately \$2,025,490.



City of Buckeye, Arizona
Required Supplementary Information

Arizona State Retirement System – Schedule of the City’s Proportionate Share of the Net Pension Liability
June 30, 2018

ASRS	Reporting Fiscal Year (Measurement Date)				2014 through 2008*
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City’s proportion of the net pension liability	0.188750%	0.186940%	0.017041%	0.151988%	Information not available
City’s proportionate share of the net pension liability	\$ 29,403,571	\$ 30,173,994	\$ 26,543,410	\$ 22,489,006	
City’s covered payroll	16,744,491	15,930,284	13,860,903	12,164,109	
City’s proportionate share of the net pension liability as a percentage of its covered- payroll	175.60%	189.41%	191.50%	184.88%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	67.06%	68.35%	69.49%	

*Scheduled is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Buckeye, Arizona
Required Supplementary Information

Public Safety Personnel Retirement System – Schedule of Changes in the City’s Net Pension Liability and Related Ratios
June 30, 2018

PSPRS Police	Reporting Fiscal Year (Measurement Date)				2014 through 2008*
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Service cost	\$ 1,673,903	\$ 1,423,922	\$ 1,238,971	\$ 980,797	Information not available
Interest on the total pension liability	2,262,865	1,868,584	1,712,805	1,317,252	
Changes of benefit terms	332,370	2,485,144	-	159,238	
Differences between expected and actual experience in the measurement of the pension liability	(1,247,935)	257,874	(156,843)	1,747,466	
Changes of assumptions and other inputs	583,812	1,274,163	-	1,369,971	
Benefit payments, including refunds of employee contributions	<u>(1,018,342)</u>	<u>(1,115,189)</u>	<u>(690,735)</u>	<u>(639,100)</u>	
Net change in total pension liability	2,586,673	6,194,498	2,104,198	4,935,624	
Total pension liability - beginning	<u>29,843,747</u>	<u>23,649,249</u>	<u>21,545,051</u>	<u>16,609,427</u>	
Total pension liability - ending (a)	<u>\$ 32,430,420</u>	<u>\$ 29,843,747</u>	<u>\$ 23,649,249</u>	<u>\$ 21,545,051</u>	
Plan fiduciary net position					
Contributions - employer	\$ 1,463,930	\$ 1,435,056	\$ 1,096,508	\$ 1,006,884	
Contributions - employee	800,409	868,827	711,650	633,425	
Net investment income	2,079,003	93,818	534,404	1,584,629	
Benefit payments, including refunds of employee contributions	(1,018,342)	(1,115,189)	(690,735)	(639,100)	
Pension plan administrative expenses	(18,796)	(13,900)	(13,427)	-	
Other changes	<u>207</u>	<u>113,071</u>	<u>108,428</u>	<u>(20,638)</u>	
Net change in plan fiduciary net position	3,306,411	1,381,683	1,746,828	2,565,200	
Plan fiduciary net position - beginning	<u>17,069,326</u>	<u>15,687,643</u>	<u>13,940,815</u>	<u>11,375,615</u>	
Plan fiduciary net position - ending (b)	<u>\$ 20,375,737</u>	<u>\$ 17,069,326</u>	<u>\$ 15,687,643</u>	<u>\$ 13,940,815</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 12,054,683</u>	<u>\$ 12,774,421</u>	<u>\$ 7,961,606</u>	<u>\$ 7,604,236</u>	
Plan fiduciary net position as a percentage of the total pension liability	62.83%	57.20%	66.33%	64.71%	
Covered payroll	9,471,195	9,495,431	8,598,026	6,415,170	
City's net pension liability as a percentage of covered payroll	127.28%	134.53%	92.60%	118.54%	

*Scheduled is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Buckeye, Arizona
Required Supplementary Information

Public Safety Personnel Retirement System – Schedule of Changes in the City’s Net Pension Liability and Related Ratios
June 30, 2018

PSPRS Fire	Reporting Fiscal Year (Measurement Date)				2014 through 2008*
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Service cost	\$ 1,624,240	\$ 1,441,767	\$ 1,257,769	\$ 1,046,482	Information not available
Interest on the total pension liability	2,014,168	1,430,438	1,259,873	928,031	
Changes of benefit terms	186,129	2,870,483	-	(42,676)	
Differences between expected and actual experience in the measurement of the pension liability	(1,838,647)	1,533,880	(436,845)	1,956,924	
Changes of assumptions and other inputs	126,197	1,265,636	-	232,886	
Benefit payments, including refunds of employee contributions	-	-	-	-	
Net change in total pension liability	2,112,087	8,542,204	2,080,797	4,121,647	
Total pension liability - beginning	26,043,457	17,501,253	15,420,456	11,298,809	
Total pension liability - ending (a)	<u>\$ 28,155,544</u>	<u>\$ 26,043,457</u>	<u>\$ 17,501,253</u>	<u>\$ 15,420,456</u>	
Plan fiduciary net position					
Contributions - employer	\$ 1,053,558	\$ 1,229,932	\$ 975,453	\$ 967,398	
Contributions - employee	873,999	916,577	737,903	679,303	
Net investment income	2,285,216	100,160	546,165	1,580,157	
Benefit payments, including refunds of employee contributions	-	-	-	-	
Pension plan administrative expenses	(20,620)	(14,811)	(13,716)	-	
Other changes	220	(106,776)	(19,493)	(176,816)	
Net change in plan fiduciary net position	4,192,373	2,125,082	2,226,312	3,050,042	
Plan fiduciary net position - beginning	18,498,911	16,373,829	14,147,517	11,097,475	
Plan fiduciary net position - ending (b)	<u>\$ 22,691,284</u>	<u>\$ 18,498,911</u>	<u>\$ 16,373,829</u>	<u>\$ 14,147,517</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 5,464,260</u>	<u>\$ 7,544,546</u>	<u>\$ 1,127,424</u>	<u>\$ 1,272,939</u>	
Plan fiduciary net position as a percentage of the total pension liability	80.59%	71.03%	93.56%	91.75%	
Covered payroll	\$ 8,405,839	\$ 8,369,559	7,594,358	6,576,844	
City's net pension liability as a percentage of covered payroll	65.01%	90.14%	14.85%	19.35%	

*Scheduled is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Buckeye, Arizona
Required Supplementary Information

Schedule of City Pension Contributions
June 30, 2018

	Reporting Fiscal Year					2013 through 2008*
	2018	2017	2016	2015	2014	
ASRS						
Statutorily required contribution	\$ 2,076,122	\$ 1,898,825	\$ 2,021,313	\$ 1,700,819	\$ 1,465,966	Information not available
City's contributions in relation to the statutorily required contribution	\$ 2,297,182	\$ 2,033,883	2,021,313	1,700,819	1,595,526	
City's contribution deficiency (excess)	\$ (221,060)	\$ (135,058)	\$ -	\$ -	\$ (129,560)	
City's covered payroll	\$ 18,307,957	\$ 16,744,491	\$ 15,930,284	\$ 13,860,903	\$ 11,783,797	
City's contributions as a percentage of covered payroll	12.55%	12.15%	12.69%	12.27%	13.54%	
PSPRS Police						
Statutorily required contribution	\$ 2,082,798	\$ 1,435,056	\$ 1,355,812	\$ 911,198	\$ 1,006,884	Information not available
City's contributions in relation to the statutorily required contribution	1,906,291	1,508,263	1,503,814	1,153,032	1,006,884	
City's contribution deficiency (excess)	\$ 176,507	\$ (73,207)	\$ (148,002)	\$ (241,834)	\$ -	
City's covered payroll	\$ 9,746,973	\$ 9,471,195	\$ 9,495,431	\$ 8,598,026	\$ 8,306,224	
City's contributions as a percentage of covered payroll	19.56%	15.92%	15.84%	13.41%	12.12%	
PSPRS Fire						
Statutorily required contribution	\$ 1,758,437	\$ 917,228	\$ 912,664	\$ 663,192	\$ 967,398	Information not available
City's contributions in relation to the statutorily required contribution	1,579,996	1,021,773	1,156,055	922,926	967,398	
City's contribution deficiency (excess)	\$ 178,441	\$ (104,545)	\$ (243,391)	\$ (259,734)	\$ -	
City's covered payroll	\$ 8,779,257	\$ 8,405,839	\$ 8,369,559	\$ 7,594,358	\$ 7,894,345	
City's contributions as a percentage of covered payroll	18.00%	12.16%	13.81%	12.15%	12.25%	

*Scheduled is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Buckeye, Arizona
Notes to Required Supplementary Information

Note 1 - Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of pension contributions for PSPRS are calculated as of June 30, 12 months prior to the beginning of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

	PSPRS Police	PSPRS Fire
Valuation date	June 30, 2017	
Actuarial cost method	Individual Entry Age Normal	
Amortization method	Level Percentage of Payroll, Closed	
Remaining amortization period	21 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable	
Asset valuation method	7-Year smoothed market; 20% corridor	
Inflation	3.0%; No explicit price inflation assumption is used in this valuation	
Salary increases	4.00% to 8.00% including inflation	
Investment rate of return	7.85%, net of investment and administrative expenses	

Nonmajor Governmental Funds

Special Revenue Funds

City Court Fund – This fund was established to accumulate funds specifically for the purpose of city court as directed by the Arizona Supreme Court.

Youth Scholarship Fund – This fund was established to accumulate donations received from citizens to be used so economically challenged children can participate in recreational activities.

Grant Fund – This fund was established to account for grant revenues and expenditures. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines.

Stormwater Quality Fund – Based on the population size the City was mandated by the State to establish this fund.

Equipment Replacement Fund – This fund was established to accumulate funds for vehicle replacements.

Public Safety Fund – This fund was established to accumulate funds that are collected for public safety per State Statute 41-1723.

Downtown Revitalization Fund – This fund was established to refurbish a building currently rented by the Estrella Mountain Community College. The agreement is for 30 years and was pre-paid.

Transient Lodging Fund – This fund was established to accumulate funds specifically for the purpose of tourist and marketing activity.

Economic Development Reinvestment Fund – This fund was established to accumulate revenue that is used to provide financial support for business in the historic area to reinvest in buildings and building improvements.

Sundance Crossing Fund – This fund was established to create additional space for Police, Fire and a new Library in the Sundance Community. Some space is rented to business, and the funds accumulated are used for repair and maintenance.

Street Light Improvement District Fund – This fund was established to account for revenues and expenditures related to the maintenance and electric costs associated with the street lights.

Community Services Fund – This fund was established to accumulate funds associated with special events hosted by the City.

City of Buckeye, Arizona

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2018

	City Court	Youth Scholarship Fund	Grant Funds	Stormwater Quality	Equipment Replacement Fund
ASSETS					
Cash and cash equivalents	\$ 305,255	\$ 14,979	\$ 159,857	\$ 38,776	\$ 110,093
Investments	-	-	-	-	-
Receivables, net					
Accounts	6,539	-	102,624	-	-
Taxes	-	-	-	-	-
Prepays	-	-	2,210	-	-
Total assets	<u>\$ 311,794</u>	<u>\$ 14,979</u>	<u>\$ 264,691</u>	<u>\$ 38,776</u>	<u>\$ 110,093</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 10,973	\$ 7,786	\$ 154,039
Unearned revenue	-	14,979	317,279	-	-
Total liabilities	<u>-</u>	<u>14,979</u>	<u>328,252</u>	<u>7,786</u>	<u>154,039</u>
Fund balances:					
Unspendable	-	-	2,210	-	-
Restricted	311,794	-	205,490	30,990	-
Unassigned	-	-	(271,261)	-	(43,946)
Total fund balances	<u>311,794</u>	<u>-</u>	<u>(63,561)</u>	<u>30,990</u>	<u>(43,946)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 311,794</u>	<u>\$ 14,979</u>	<u>\$ 264,691</u>	<u>\$ 38,776</u>	<u>\$ 110,093</u>

Public Safety Funds	Downtown Revitalization	Transient Lodging	Economic Development Reinvestment	Sundance Crossings	Street Light Improvement Districts	Community Services Funds	Total
\$ 188,426	\$ -	\$ 248,699	\$ -	\$ 132,595	\$ 27,099	\$ 88,294	\$ 1,314,073
-	-	-	-	-	-	-	-
-	-	-	-	3,373	-	-	112,536
-	-	-	-	-	1,443	-	1,443
-	-	-	-	-	-	-	2,210
<u>\$ 188,426</u>	<u>\$ -</u>	<u>\$ 248,699</u>	<u>\$ -</u>	<u>\$ 135,968</u>	<u>\$ 28,542</u>	<u>\$ 88,294</u>	<u>\$ 1,430,262</u>
\$ 1,089	\$ -	\$ -	\$ -	\$ 21,462	\$ 633	\$ 2,186	\$ 198,168
-	449,268	-	-	10,940	-	-	792,466
<u>1,089</u>	<u>449,268</u>	<u>-</u>	<u>-</u>	<u>32,402</u>	<u>633</u>	<u>2,186</u>	<u>990,634</u>
-	-	-	-	-	-	-	2,210
187,337	-	248,699	-	103,566	27,909	86,108	1,201,893
-	(449,268)	-	-	-	-	-	(764,475)
<u>187,337</u>	<u>(449,268)</u>	<u>248,699</u>	<u>-</u>	<u>103,566</u>	<u>27,909</u>	<u>86,108</u>	<u>439,628</u>
<u>\$ 188,426</u>	<u>\$ -</u>	<u>\$ 248,699</u>	<u>\$ -</u>	<u>\$ 135,968</u>	<u>\$ 28,542</u>	<u>\$ 88,294</u>	<u>\$ 1,430,262</u>

City of Buckeye, Arizona

Combining Statement of Revenue, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2018

	City Court	Youth Scholarship Fund	Grant Funds	Stormwater Quality	Equipment Replacement Fund
REVENUES					
Intergovernmental revenues	\$ 62,102	\$ -	\$ 1,053,257	\$ -	\$ -
Charges for services	-	-	-	-	-
Contributions and donations	-	-	200	-	-
Other	-	-	-	-	22,549
Total revenues	<u>62,102</u>	<u>-</u>	<u>1,053,457</u>	<u>-</u>	<u>22,549</u>
EXPENDITURES					
Current:					
General government	-	-	465	54,092	-
Public safety	-	-	630,051	-	-
Highway and streets	-	-	-	-	-
Culture and recreation	-	-	31,709	-	-
Health and welfare	-	-	608,337	-	-
Capital outlay	-	-	121,473	30,990	1,197,791
Total expenditures	<u>-</u>	<u>-</u>	<u>1,392,035</u>	<u>85,082</u>	<u>1,197,791</u>
Excess (deficiency) of revenues over expenditures	<u>62,102</u>	<u>-</u>	<u>(338,578)</u>	<u>(85,082)</u>	<u>(1,175,242)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	209,415	116,072	1,071,094
Transfers out	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>209,415</u>	<u>116,072</u>	<u>1,071,094</u>
Net change in fund balances	62,102	-	(129,163)	30,990	(104,148)
Fund balances - beginning	<u>249,692</u>	<u>-</u>	<u>65,602</u>	<u>-</u>	<u>60,202</u>
Fund balances - ending	<u>\$ 311,794</u>	<u>\$ -</u>	<u>\$ (63,561)</u>	<u>\$ 30,990</u>	<u>\$ (43,946)</u>

Public Safety Funds	Downtown Revitalization	Transient Lodging	Economic Development Reinvestment	Sundance Crossings	Street Light Improvement Districts	Community Services Funds	Total
\$ 133,967	\$ 19,534	\$ 176,960	\$ -	\$ -	\$ 240,443	\$ -	\$ 1,686,263
133,920	-	-	-	91,158	-	-	225,078
-	-	-	-	-	-	71,559	71,759
1,249	-	-	-	-	53,317	104,605	181,720
<u>269,136</u>	<u>19,534</u>	<u>176,960</u>	<u>-</u>	<u>91,158</u>	<u>293,760</u>	<u>176,164</u>	<u>2,164,820</u>
-	-	67,186	87,119	-	60,387	1,000	270,249
215,686	-	-	-	-	-	-	845,737
-	-	-	-	267,719	270,557	-	538,276
-	-	-	-	-	-	135,850	167,559
-	-	-	-	-	-	-	608,337
24,607	-	-	-	14,347	-	-	1,389,208
<u>240,293</u>	<u>-</u>	<u>67,186</u>	<u>87,119</u>	<u>282,066</u>	<u>330,944</u>	<u>136,850</u>	<u>3,819,366</u>
28,843	19,534	109,774	(87,119)	(190,908)	(37,184)	39,314	(1,654,546)
-	-	-	96,082	-	-	9,806	1,502,469
-	-	-	-	-	-	(9,806)	(9,806)
-	-	-	<u>96,082</u>	-	-	-	<u>1,492,663</u>
28,843	19,534	109,774	8,963	(190,908)	(37,184)	39,314	(161,883)
158,494	(468,802)	138,925	(8,963)	294,474	65,093	46,794	601,511
<u>\$ 187,337</u>	<u>\$ (449,268)</u>	<u>\$ 248,699</u>	<u>\$ -</u>	<u>\$ 103,566</u>	<u>\$ 27,909</u>	<u>\$ 86,108</u>	<u>\$ 439,628</u>

City of Buckeye, Arizona

City Court - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Intergovernmental	\$ 44,000	\$ 44,000	\$ 62,102	\$ 18,102
Total revenues	44,000	44,000	62,102	18,102
EXPENDITURES				
Current				
General government	2,000	2,000	-	2,000
Total expenditures	2,000	2,000	-	2,000
Excess (deficiency) of revenues over expenditures	42,000	42,000	62,102	20,102
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	42,000	42,000	62,102	20,102
Fund balances - beginning	248,384	248,384	249,692	1,308
Fund balances - ending	\$ 290,384	\$ 290,384	\$ 311,794	\$ 21,410

City of Buckeye, Arizona

Grants - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Contributions and donations	\$ 3,141,371	\$ 3,145,371	\$ 873,378	\$ (2,271,993)
Other	-	-	180,079	180,079
Total revenues	<u>3,141,371</u>	<u>3,145,371</u>	<u>1,053,457</u>	<u>(2,091,914)</u>
EXPENDITURES				
Current				
General government	-	588	465	123
Public safety	2,908,584	2,958,584	630,051	2,328,533
Culture and recreation	35,700	39,700	31,709	7,991
Health and welfare	-	-	608,337	(608,337)
Capital outlay	-	-	121,473	(121,473)
Total expenditures	<u>2,944,284</u>	<u>2,998,872</u>	<u>1,392,035</u>	<u>1,606,837</u>
Excess (deficiency) of revenues over expenditures	<u>197,087</u>	<u>146,499</u>	<u>(338,578)</u>	<u>(485,077)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	209,415	209,415
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>209,415</u>	<u>209,415</u>
Net change in fund balances	197,087	146,499	(129,163)	(275,662)
Fund balances - beginning	<u>199,028</u>	<u>245,028</u>	<u>65,602</u>	<u>(179,426)</u>
Fund balances - ending	<u>\$ 396,115</u>	<u>\$ 391,527</u>	<u>\$ (63,561)</u>	<u>\$ (455,088)</u>

City of Buckeye, Arizona

Stormwater Quality - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	75,300	75,300	54,092	21,208
Capital outlay	4,000	4,000	30,990	(26,990)
Total expenditures	79,300	79,300	85,082	(5,782)
Excess (deficiency) of revenues over expenditures	(79,300)	(79,300)	(85,082)	(5,782)
OTHER FINANCING SOURCES (USES)				
Transfers in	79,300	79,300	116,072	36,772
Transfers out	-	-	-	-
Total other financing sources and uses	79,300	79,300	116,072	36,772
Net change in fund balances	-	-	30,990	30,990
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 30,990	\$ 30,990

City of Buckeye, Arizona

Equipment Replacement Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Sale of Assets	\$ -	\$ -	\$ 22,549	\$ 22,549
Total revenues	-	-	22,549	22,549
EXPENDITURES				
Capital outlay	1,421,400	1,421,400	1,197,791	223,609
Total expenditures	1,421,400	1,421,400	1,197,791	223,609
Excess (deficiency) of revenues over expenditures	(1,421,400)	(1,421,400)	(1,175,242)	246,158
OTHER FINANCING SOURCES (USES)				
Transfers in	1,421,400	1,421,400	1,071,094	(350,306)
Transfers out	-	-	-	-
Total other financing sources and uses	1,421,400	1,421,400	1,071,094	(350,306)
Net change in fund balances	-	-	(104,148)	(104,148)
Fund balances - beginning	-	-	60,202	60,202
Fund balances - ending	\$ -	\$ -	\$ (43,946)	\$ (43,946)

City of Buckeye, Arizona

Public Safety Funds - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Charges for services	\$ 373,050	\$ 373,050	\$ 133,920	\$ (239,130)
Contributions and donations	257,500	257,500	133,967	(123,533)
Other	-	-	1,249	1,249
Total revenues	<u>630,550</u>	<u>630,550</u>	<u>269,136</u>	<u>(361,414)</u>
EXPENDITURES				
Current				
Public safety	348,383	368,775	215,686	153,089
Capital outlay	-	24,608	24,607	1
Total expenditures	<u>348,383</u>	<u>393,383</u>	<u>240,293</u>	<u>153,090</u>
Excess (deficiency) of revenues over expenditures	<u>282,167</u>	<u>237,167</u>	<u>28,843</u>	<u>(208,324)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	282,167	237,167	28,843	(208,324)
Fund balances - beginning	<u>96,647</u>	<u>96,647</u>	<u>158,494</u>	<u>61,847</u>
Fund balances - ending	<u>\$ 378,814</u>	<u>\$ 333,814</u>	<u>\$ 187,337</u>	<u>\$ (146,477)</u>

City of Buckeye, Arizona

Downtown Revitalization Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Intergovernmental	\$ 19,534	\$ 19,534	\$ 19,534	\$ -
Total revenues	19,534	19,534	19,534	-
EXPENDITURES				
Current				
Operating expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	19,534	19,534	19,534	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	19,534	19,534	19,534	-
Fund balances - beginning	-	-	(468,802)	(468,802)
Fund balances - ending	\$ 19,534	\$ 19,534	\$ (449,268)	\$ (468,802)

City of Buckeye, Arizona

Transient Lodging Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 176,960	\$ 76,960
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>176,960</u>	<u>76,960</u>
EXPENDITURES				
Current				
General government	175,051	175,051	67,186	107,865
Total expenditures	<u>175,051</u>	<u>175,051</u>	<u>67,186</u>	<u>107,865</u>
Excess (deficiency) of revenues over expenditures	<u>(75,051)</u>	<u>(75,051)</u>	<u>109,774</u>	<u>184,825</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(75,051)	(75,051)	109,774	184,825
Fund balances - beginning	<u>75,051</u>	<u>75,051</u>	<u>138,925</u>	<u>63,874</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,699</u>	<u>\$ 248,699</u>

City of Buckeye, Arizona

Economic Development Reinvestment - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Interest earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current				
General government	150,000	150,000	87,119	62,881
Total expenditures	150,000	150,000	87,119	62,881
Excess (deficiency) of revenues over expenditures	(150,000)	(150,000)	(87,119)	62,881
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	96,082	(53,918)
Transfers out	-	-	-	-
Total other financing sources and uses	150,000	150,000	96,082	(53,918)
Net change in fund balances	-	-	8,963	8,963
Fund balances - beginning	-	-	(8,963)	(8,963)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Buckeye, Arizona

Sundance Crossings Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Charges for services	\$ 75,895	\$ 75,895	\$ 91,158	\$ 15,263
Total revenues	<u>75,895</u>	<u>75,895</u>	<u>91,158</u>	<u>15,263</u>
EXPENDITURES				
Current				
Highway and streets	309,277	309,931	267,719	42,212
Capital outlay	-	14,346	14,347	(1)
Total expenditures	<u>309,277</u>	<u>324,277</u>	<u>282,066</u>	<u>42,211</u>
Excess (deficiency) of revenues over expenditures	<u>(233,382)</u>	<u>(248,382)</u>	<u>(190,908)</u>	<u>57,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(233,382)	(248,382)	(190,908)	57,474
Fund balances - beginning	<u>417,606</u>	<u>417,606</u>	<u>294,474</u>	<u>(123,132)</u>
Fund balances - ending	<u>\$ 184,224</u>	<u>\$ 169,224</u>	<u>\$ 103,566</u>	<u>\$ (65,658)</u>

City of Buckeye, Arizona

Street Light Improvement District Operations Fund - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Intergovernmental	\$ 237,979	\$ 277,979	\$ 240,443	\$ (37,536)
Other	-	-	53,317	53,317
Total revenues	<u>237,979</u>	<u>277,979</u>	<u>293,760</u>	<u>15,781</u>
EXPENDITURES				
Current				
General government	-	77,400	60,387	17,013
Highway and streets	237,979	254,562	270,557	(15,995)
Total expenditures	<u>237,979</u>	<u>331,962</u>	<u>330,944</u>	<u>1,018</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(53,983)</u>	<u>(37,184)</u>	<u>16,799</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(53,983)	(37,184)	16,799
Fund balances - beginning	<u>69,523</u>	<u>69,523</u>	<u>65,093</u>	<u>(4,430)</u>
Fund balances - ending	<u>\$ 69,523</u>	<u>\$ 15,540</u>	<u>\$ 27,909</u>	<u>\$ 12,369</u>

City of Buckeye, Arizona

Community Services Funds - Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - GAAP Basis

Governmental Funds

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amount Budgetary Basis	Variance Between Final Budget and Actual Amounts
	Adopted	Final		
REVENUES				
Contributions and donations	\$ 65,000	\$ 65,000	\$ 71,559	\$ 6,559
Other	140,250	141,250	104,605	(36,645)
Total revenues	205,250	206,250	176,164	(30,086)
EXPENDITURES				
Current				
General government	1,057	1,057	-	1,057
Highway and streets	-	-	-	-
Culture and recreation	205,250	206,250	136,850	69,400
Total expenditures	206,307	207,307	136,850	70,457
Excess (deficiency) of revenues over expenditures	(1,057)	(1,057)	39,314	40,371
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,806	9,806
Transfers out	-	-	(9,806)	(9,806)
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(1,057)	(1,057)	39,314	40,371
Fund balances - beginning	1,057	1,057	46,794	45,737
Fund balances - ending	\$ -	\$ -	\$ 86,108	\$ 86,108

Statistical Section

This part of the City of Buckeye’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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well- being have changed over time.	106
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue sources, sales and use tax.	114
Debt Capacity These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	127
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	131
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	136

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

City of Buckeye, Arizona

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 186,847,719	\$ 210,729,962	\$ 212,165,631	\$ 229,048,050
Restricted	63,997,463	59,445,688	51,484,492	47,459,848
Unrestricted	83,086,217	82,268,140	81,472,624	81,042,287
Total governmental activities and position	<u>\$ 333,931,399</u>	<u>\$ 352,443,790</u>	<u>\$ 345,122,747</u>	<u>\$ 357,550,185</u>
Business-type activities				
Net investment in capital assets	\$ 228,165,397	\$ 231,881,025	\$ 242,885,105	\$ 254,414,719
Restricted	-	-	-	-
Unrestricted	34,124,308	33,803,283	27,199,623	33,556,028
Total business-type activities net position	<u>\$ 262,289,705</u>	<u>\$ 265,684,308</u>	<u>\$ 270,084,728</u>	<u>\$ 287,970,747</u>
Primary government				
Net investment in capital assets	\$ 415,013,116	\$ 442,610,987	\$ 455,050,736	\$ 483,462,769
Restricted	63,997,463	59,445,688	51,484,492	47,459,848
Unrestricted	117,210,525	116,071,423	108,672,247	114,598,315
Total primary government net position	<u>\$ 596,221,104</u>	<u>\$ 618,128,098</u>	<u>\$ 615,207,475</u>	<u>\$ 645,520,932</u>

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 237,578,523	\$ 213,136,104	\$ 234,177,221	\$ 251,728,460	\$ 243,071,412	\$ 238,001,069
39,691,458	45,750,149	35,052,322	29,182,124	28,864,312	40,971,400
78,248,958	69,587,548	43,674,413	35,551,332	29,378,777	41,456,165
<u>\$ 355,518,939</u>	<u>\$ 328,473,801</u>	<u>\$ 312,903,956</u>	<u>\$ 316,461,916</u>	<u>\$ 301,314,501</u>	<u>\$ 320,428,634</u>
\$ 256,525,111	\$ 254,014,252	\$ 269,321,232	\$ 210,619,449	\$ 204,025,522	\$ 200,856,616
11,808,074	9,958,939	9,176,829	5,561,027	\$ 5,654,724	\$ 7,219,410
15,935,020	21,257,530	2,036,630	61,730,404	68,490,381	73,758,761
<u>\$ 284,268,205</u>	<u>\$ 285,230,721</u>	<u>\$ 280,534,691</u>	<u>\$ 277,910,880</u>	<u>\$ 278,170,627</u>	<u>\$ 281,834,787</u>
\$ 494,103,634	\$ 467,150,356	\$ 503,498,453	\$ 462,347,909	\$ 447,096,934	\$ 438,857,685
51,499,532	55,709,088	44,229,151	34,743,151	34,519,036	48,190,810
94,183,978	90,845,078	45,711,043	97,281,736	97,869,158	115,214,926
<u>\$ 639,787,144</u>	<u>\$ 613,704,522</u>	<u>\$ 593,438,647</u>	<u>\$ 594,372,796</u>	<u>\$ 579,485,128</u>	<u>\$ 602,263,421</u>

City of Buckeye, Arizona

Changes in Net Position

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 16,113,336	\$ 15,835,582	\$ 12,115,703	\$ 20,693,785	\$ 26,509,546
Public safety	23,740,114	20,050,347	18,340,230	26,327,788	28,524,189
Highway and streets	9,138,896	12,415,841	12,956,864	2,992,849	3,494,907
Culture and recreation	3,598,201	2,818,178	2,330,762	2,860,117	3,210,037
Development services	1,925,664	933,736	550,909	776,062	1,011,271
Economic development	256,389	-	102,221	185,640	634,894
Health and welfare	626,052	555,237	582,396	570,138	458,642
Miscellaneous	-	-	-	986,548	133,417
Interest on long-term debt	10,676,291	9,059,251	8,816,233	9,491,828	8,786,448
Total governmental activities expenses	66,074,943	61,668,172	55,795,318	64,884,755	72,763,351
Business-type activities:					
Water	7,436,702	7,459,698	8,096,366	8,309,959	8,759,591
Wastewater	10,149,798	10,987,578	11,241,013	12,178,534	8,926,242
Nonmajor enterprise fund	-	-	-	-	3,477,546
Airport	1,173,972	816,930	1,175,306	600,320	704,766
Total business-type activities expenses	18,760,472	19,264,206	20,512,685	21,088,813	21,868,145
Total primary government expenses	\$ 84,835,415	\$ 80,932,378	\$ 76,308,003	\$ 85,973,568	\$ 94,631,496
Program Revenues					
Governmental activities:					
Charges for services, fees and fines					
General Government	\$ 12,695,208	\$ 13,882,582	\$ 5,841,235	\$ 9,184,715	\$ 10,618,504
Public safety	834,663	639,962	571,863	870,527	814,160
Highway and streets	270,191	203,971	156,916	182,955	188,753
Culture and recreation	768,184	587,508	517,337	837,033	550,368
Operating Grants and Contributions	2,201,424	1,790,232	2,206,753	2,991,777	3,210,818
Capital Grants and Contributions	17,572,518	2,540,004	8,200,563	15,882,820	12,117,675
Total governmental activities program revenues	34,342,188	19,644,259	17,494,667	29,949,827	27,500,278
Business-type activities:					
Charges for services:					
Water	6,257,156	6,629,053	7,212,624	8,736,625	8,761,576
Wastewater	6,452,094	7,267,002	7,839,878	8,355,323	5,238,787
Environmental Services	-	-	-	-	3,936,020
Airport	408,530	230,167	274,946	283,828	298,418
Capital Grants and Contributions	19,392,583	7,025,448	3,399,344	20,720,942	3,043,271
Total business-type activities program revenues	32,510,363	21,151,670	18,726,792	38,096,718	21,278,072
Total primary government program revenues	\$ 66,852,551	\$ 40,795,929	\$ 36,221,459	\$ 68,046,545	\$ 48,778,350
Net (expense)/revenue					
Governmental activities	\$ (31,732,755)	\$ (42,023,913)	\$ (38,300,651)	\$ (34,934,928)	\$ (45,263,073)
Business-type activities	13,749,891	1,887,464	(1,785,893)	17,007,905	(590,073)
Total primary government net expense	\$ (17,982,864)	\$ (40,136,449)	\$ (40,086,544)	\$ (17,927,023)	\$ (45,853,146)
Governmental activities:					
Taxes:					
Sales taxes	\$ 14,711,949	\$ 10,291,111	\$ 12,354,727	\$ 14,562,064	\$ 16,364,424
Property taxes	13,765,368	14,903,192	11,687,424	9,395,320	9,259,137
Franchise taxes	2,385,533	2,262,187	2,412,675	2,262,280	2,384,979
Intergovernmental	6,707,537	5,996,622	5,451,122	9,902,246	11,063,282
Interest and investment income	927,338	107,982	65,563	376,364	396,874
Miscellaneous	4,379,585	3,976,479	5,447,660	5,707,195	2,867,160
Transfers	(8,875,059)	525,931	881,195	(366,467)	895,971
Total governmental activities	34,002,251	38,063,504	38,300,366	41,839,002	43,231,827
Business-type activities:					
Interest and investment income	264,785	57,156	34,861	11,056	19,584
Miscellaneous	367,391	(224,449)	508,381	500,591	13,918
Transfers	(2,026,643)	(525,931)	(881,195)	366,467	(895,971)
Legal settlement - special item	-	-	-	-	(2,250,000)
Total business-type activities	(1,394,467)	(693,224)	(337,953)	878,114	(3,112,469)
Total primary government	\$ 32,607,784	\$ 37,370,280	\$ 37,962,413	\$ 42,717,116	\$ 40,119,358
Change in Net Position					
Governmental activities	\$ 2,269,496	\$ (3,960,409)	\$ (285)	\$ 6,904,074	\$ (2,031,246)
Business-type activities	12,355,424	1,194,240	(2,123,846)	17,886,019	(3,702,542)
Total primary government	\$ 14,624,920	\$ (2,766,169)	\$ (2,124,131)	\$ 24,790,093	\$ (5,733,788)

Table 2

		Fiscal Year				
	2014	2015	2016	2017	2018	
\$	44,353,079	24,540,769	23,018,974	47,921,959	25,205,605	
	32,145,964	34,614,731	37,876,123	37,495,527	41,353,943	
	3,376,108	3,350,140	5,959,148	5,674,807	6,711,154	
	3,556,699	4,314,988	5,606,997	5,533,913	5,906,774	
	4,589,090	4,764,126	5,411,667	6,369,720	7,069,508	
	857,980	741,431	608,776	313,087	452,640	
	515,372	534,357	576,954	599,601	608,337	
	221,643	161,431	88,254	122,347	-	
	8,750,687	8,872,085	9,717,320	7,909,219	7,109,379	
	98,366,622	81,894,058	88,864,213	111,940,180	94,417,340	
	9,026,581	10,092,263	24,187,652	25,779,262	27,251,896	
	9,297,155	10,083,075	11,578,374	11,136,875	11,628,372	
	3,702,671	4,049,953	4,773,650	5,537,308	5,901,803	
	678,268	777,569	754,139	695,944	501,291	
	22,704,675	25,002,860	41,293,815	43,149,389	45,283,362	
\$	121,071,297	106,896,918	130,158,028	155,089,569	139,700,702	
\$	13,305,630	10,738,468	13,086,878	18,469,389	23,653,796	
	1,019,596	1,024,038	1,370,033	1,867,288	2,357,914	
	237,019	97,149	164,023	243,271	301,510	
	622,986	535,418	1,172,372	1,418,757	1,663,522	
	6,314,969	3,502,821	4,999,416	4,552,239	5,959,925	
	4,582,925	16,400,069	10,694,321	8,407,364	10,085,160	
	26,083,125	32,297,963	31,487,043	34,958,308	44,021,827	
	11,947,765	12,065,850	24,360,326	26,310,361	28,363,063	
	6,406,199	6,939,464	9,385,070	10,142,610	12,330,507	
	4,171,269	4,467,357	4,998,346	5,397,696	6,142,786	
	335,174	317,928	293,262	326,880	272,456	
	43,187	1,892,119	1,442,342	1,904,260	2,114,022	
	22,903,594	25,682,718	40,479,346	44,081,807	49,222,834	
\$	48,986,719	57,980,681	71,966,389	79,040,115	93,244,661	
\$	(72,283,497)	(49,596,095)	(57,377,170)	(76,981,872)	(50,395,513)	
	198,919	679,858	(814,469)	932,418	3,939,472	
\$	(72,084,578)	(48,916,237)	(58,191,639)	(76,049,454)	(46,456,041)	
\$	17,057,331	19,825,186	22,031,849	26,203,438	29,744,284	
	8,891,436	11,324,388	12,847,463	13,745,711	15,366,919	
	2,558,045	2,716,880	2,962,205	3,052,055	3,256,544	
	11,912,520	12,751,618	13,141,892	15,866,089	16,939,687	
	365,368	371,027	495,713	763,289	138,171	
	7,080,275	5,151,495	7,643,072	1,527,122	3,405,127	
	663,324	1,299,100	1,812,935	676,750	658,918	
	48,528,299	53,439,694	60,935,129	61,834,454	69,509,650	
	4,199	5,854	3,593	4,079	383,606	
	23,534	761	-	-	-	
	(663,324)	(1,299,100)	(1,812,935)	(676,750)	(658,918)	
	-	-	-	-	-	
	(635,591)	(1,292,485)	(1,809,342)	(672,671)	(275,312)	
\$	47,892,708	52,147,209	59,125,787	61,161,783	69,234,338	
\$	(23,755,198)	3,843,599	3,557,959	(15,147,418)	19,114,137	
	(436,672)	(612,627)	(2,623,811)	259,747	3,664,160	
\$	(24,191,870)	3,230,972	934,148	(14,887,671)	22,778,297	

City of Buckeye, Arizona
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year			
	2009*	2010*	2011	2012
General fund				
Unreserved	\$ 8,551,245	\$ 6,276,480	\$ -	\$ -
Nonspendable	-	-	2,959	6,590
Unassigned	-	-	10,663,004	16,444,928
Total general fund	<u>\$ 8,551,245</u>	<u>\$ 6,276,480</u>	<u>\$ 10,665,963</u>	<u>\$ 16,451,518</u>
All other governmental funds				
Reserved	\$ 21,243,411	\$ 20,364,756	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	28,153,078	24,403,534	16,351,993	4,505,710
Capital projects funds	16,503,464	16,651,269	16,309,468	13,768,211
Restricted	-	-	18,931,366	31,276,305
Committed	-	-	2,869,216	100,574
Unassigned	-	-	(51,702)	(556,310)
Total all other governmental funds	<u>\$ 65,899,953</u>	<u>\$ 61,419,559</u>	<u>\$ 54,410,341</u>	<u>\$ 49,094,490</u>

*Note: The City implemented GASB 54 for the year year ended June 30, 2011.
 Prior financial statements have not be restated.

Table 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,535	29,742	37,723	18,180	46,195	61,081
17,363,340	18,808,436	19,577,555	13,953,687	19,680,055	27,406,296
<u>\$ 17,383,875</u>	<u>\$ 18,838,178</u>	<u>\$ 19,615,278</u>	<u>\$ 13,971,867</u>	<u>\$ 19,726,250</u>	<u>\$ 27,467,377</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,954,346	11,696,349	6,835,056	3,578,762	1,999,021	1,664,045
10,612,492	11,593,038	8,834,902	8,034,945	5,991,283	13,401,090
24,978,504	24,025,682	20,289,294	18,569,286	21,556,852	26,205,412
84,878	2,466	1,555	397	1,654	626
(547,139)	(484,767)	(554,517)	(445,163)	(442,118)	(449,268)
<u>\$ 41,083,081</u>	<u>\$ 46,832,768</u>	<u>\$ 35,406,290</u>	<u>\$ 29,738,227</u>	<u>\$ 29,106,692</u>	<u>\$ 40,821,905</u>

City of Buckeye, Arizona

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Sales Taxes	\$ 14,711,949	\$ 10,291,111	\$ 12,354,727	\$ 14,562,064
Property taxes	13,765,368	14,903,192	11,687,424	9,395,320
Franchise taxes	2,385,533	2,262,187	2,412,675	2,262,280
Improvement proceeds	-	-	366,560	512,853
Intergovernmental	8,908,961	7,786,854	7,657,875	12,894,023
Fines and forfeitures	663,246	759,901	611,956	623,072
License and permits	3,901,434	2,809,148	2,627,044	3,426,051
Charges for services	3,946,799	1,753,340	1,491,143	1,869,459
Developer agreements	167,139	675,402	1,091,542	1,894,972
Contributions and donations	3,453,973	5,181,698	5,208,428	7,213,967
Development fees	2,004,975	1,532,979	1,414,553	1,997,461
Special assessments	7,872,623	7,382,733	8,029,017	6,903,432
Investment earnings	927,338	107,982	65,563	376,364
Other	4,792,349	3,976,479	5,081,100	5,194,342
Total revenues	67,501,687	59,423,006	60,099,607	69,125,660
Expenditures				
General government	14,969,184	13,116,689	10,884,050	12,126,037
Public safety	23,043,520	18,990,899	17,248,373	18,987,208
Highways and streets	2,172,958	1,817,543	2,034,353	2,158,398
Culture and recreation	3,249,904	2,288,454	1,784,833	2,062,674
Development services	1,838,591	800,032	413,114	559,684
Economic development	256,389	-	102,221	185,640
Health and welfare	626,052	555,237	582,396	570,138
Acquisition and construction	-	-	-	-
Miscellaneous	-	-	-	986,548
Debt Service:				
Principal	6,164,538	10,257,767	6,838,664	7,828,631
Interest and fiscal charges	10,676,291	9,059,251	8,816,233	8,865,497
Bond issuance costs	-	169,946	111,000	-
Capital outlay	36,346,883	19,993,933	8,419,610	13,981,092
Total expenditures	99,344,310	77,049,751	57,234,847	68,311,547
Excess of revenues over (under) expenditures	(31,842,623)	(17,626,745)	2,864,760	814,113
Other financing sources (uses)				
Transfers in	10,115,998	8,574,527	10,651,167	6,258,719
Transfers out	(8,843,430)	(8,228,596)	(10,539,976)	(6,603,117)
Issuance costs	-	-	-	-
Payments to advanced refunding escrow agent	-	-	-	-
Proceeds from bonds issued	-	10,511,000	2,269,145	-
Early extinguishment of debt/Defeasance	-	-	(7,864,881)	-
Premium on refunding bonds issues	-	-	-	-
Total other financing sources and (uses)	1,272,568	10,856,931	(5,484,545)	(344,398)
Net change in fund balances	\$ (30,570,055)	\$ (6,769,814)	\$ (2,619,785)	\$ 469,715
Debt service as a percentage of noncapital expenditures	26.7%	33.9%	32.1%	30.7%

Table 4

		Fiscal Year				
2013	2014	2015	2016	2017	2018	
\$ 16,364,424	\$ 17,057,331	\$ 19,825,186	\$ 22,031,849	\$ 26,203,438	\$ 29,744,284	
9,259,137	8,891,436	11,324,388	12,847,463	13,745,711	15,366,919	
2,384,979	2,558,045	2,716,880	2,962,205	3,052,055	3,256,544	
574,763	574,015	645,575	666,122	709,572	771,702	
14,274,100	18,227,489	16,254,439	18,141,308	20,418,328	22,899,612	
503,800	400,029	569,682	570,961	817,919	804,005	
4,499,670	5,510,089	5,848,179	6,570,785	9,642,437	10,737,513	
2,338,645	2,768,993	2,622,092	2,205,809	3,151,121	3,300,329	
2,503,401	339,287	528,834	849,298	1,951,937	1,419,162	
2,666,226	2,155,851	1,504,029	1,504,959	1,726,233	148,278	
1,553,281	1,879,601	1,656,605	2,706,428	3,516,320	4,322,946	
6,669,618	7,892,369	6,969,764	7,097,542	7,092,107	6,940,997	
396,874	365,368	371,027	495,713	763,289	138,171	
2,292,397	6,506,292	4,500,328	6,928,396	791,252	2,571,894	
<u>66,281,315</u>	<u>75,126,195</u>	<u>75,337,008</u>	<u>85,578,838</u>	<u>93,581,719</u>	<u>102,422,356</u>	
18,192,596	35,581,686	17,113,784	17,861,923	29,355,971	17,467,591	
21,774,822	26,434,822	26,515,787	29,411,970	29,871,181	32,081,939	
2,667,945	2,776,299	2,566,295	4,627,461	4,520,891	5,206,440	
2,450,481	2,924,806	3,305,393	4,354,005	4,408,646	4,582,411	
771,985	2,374,153	3,649,445	4,202,325	4,791,148	5,484,447	
634,894	857,980	741,431	608,776	313,087	452,640	
458,642	515,372	534,357	576,954	599,601	608,337	
-	1,702,010	-	-	355,675	-	
133,417	221,643	161,431	88,254	122,347	-	
8,977,917	7,904,926	10,664,071	9,639,053	10,063,943	9,586,790	
8,806,261	8,406,782	8,743,926	9,925,307	7,733,298	7,359,851	
-	-	-	-	-	53,000	
<u>13,919,222</u>	<u>6,466,406</u>	<u>13,024,240</u>	<u>17,675,316</u>	<u>8,346,308</u>	<u>5,619,461</u>	
<u>78,788,182</u>	<u>96,166,885</u>	<u>87,020,160</u>	<u>98,971,344</u>	<u>100,482,096</u>	<u>88,502,907</u>	
(12,506,867)	(21,040,690)	(11,683,152)	(13,392,506)	(6,900,377)	13,919,449	
12,272,677	30,116,088	8,084,437	12,161,270	20,994,080	8,865,623	
(12,166,210)	(29,509,785)	(7,050,663)	(10,983,927)	(21,142,574)	(8,823,762)	
-	-	-	-	(1,070,570)	-	
-	-	(7,151,422)	(13,080,000)	(22,860,000)	-	
5,400,000	46,331,000	6,565,000	13,108,000	34,702,999	5,495,000	
-	(20,400,000)	-	-	-	-	
-	828,741	586,422	875,689	1,399,291	-	
<u>5,506,467</u>	<u>27,366,044</u>	<u>1,033,774</u>	<u>2,081,032</u>	<u>12,023,226</u>	<u>5,536,861</u>	
<u>\$ (7,000,400)</u>	<u>\$ 6,325,354</u>	<u>\$ (10,649,378)</u>	<u>\$ (11,311,474)</u>	<u>\$ 5,122,849</u>	<u>\$ 19,456,310</u>	
27.4%	18.2%	26.2%	24.1%	19.3%	20.4%	

City of Buckeye, Arizona

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Transaction privilege tax (1)*	\$ 14,711,949	\$ 10,291,111	\$ 12,354,727	\$ 14,562,064
Franchise tax (2)*	2,385,533	2,262,187	2,412,675	2,262,280
State-shared sales tax (3)**	2,021,382	1,864,430	2,112,351	3,975,466
Urban revenue sharing tax (4)**	3,764,002	3,280,181	2,472,836	4,293,971
Auto in Lieu tax (5)**	922,153	852,011	865,935	1,632,808
Highway user tax (6)**	1,731,384	1,459,411	1,856,646	2,554,300
Other tax (7)**	4,379,585	3,976,479	5,447,660	5,707,195
Property tax (8)***	13,765,368	14,903,192	11,687,424	9,395,320
Total	<u>\$ 43,681,356</u>	<u>\$ 38,889,002</u>	<u>\$ 39,210,254</u>	<u>\$ 44,383,404</u>

* Reported as taxes - local on the financial statements.

** Reported as taxes - intergovernmental on the financial statements.

*** Reported as taxes - property on the financial statements.

(1) The transaction privilege taxes consist of many classifications of tax; see Table 6 for category breakdown

(2) Includes cable TV and light and power franchise taxes.

(3) A portion of transaction privilege taxes collected by the State of Arizona that is returned to incorporated cities and towns.

(4) A share of the net individual and corporate income tax collections that is distributed among incorporated cities and towns.

(5) A share of the vehicle license tax collected by the State of Arizona in lieu of personal property tax on vehicles.

(6) A portion of federal taxes collected on certain highway motor vehicles which is then distributed to the State of Arizona and to incorporated cities and towns.

(7) Other taxes - intergovernmental.

(8) Property taxes collected.

Table 5

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 16,364,424	\$ 17,057,331	\$ 19,825,186	\$ 22,031,849	\$ 26,203,438	\$ 29,744,284
2,384,979	2,558,045	2,716,880	2,962,205	3,052,055	3,256,544
4,164,294	4,428,388	4,649,494	4,885,632	5,744,180	6,239,614
5,196,874	5,670,776	6,158,854	6,125,464	7,656,457	8,014,629
1,702,114	1,813,356	1,943,270	2,130,796	2,465,452	2,685,444
2,802,025	2,918,583	3,239,640	3,404,102	4,106,366	4,227,425
2,788,492	7,080,275	5,151,495	7,643,072	1,527,122	3,405,126
9,259,137	8,891,436	11,324,388	12,847,463	13,745,711	15,366,919
<u>\$ 44,662,339</u>	<u>\$ 50,418,190</u>	<u>\$ 55,009,207</u>	<u>\$ 62,030,583</u>	<u>\$ 64,500,781</u>	<u>\$ 72,939,985</u>

City of Buckeye, Arizona

General Governmental Taxable Sales by Category

Last Ten Fiscal Years

(modified accrual basis of accounting)

Category	Fiscal Year			
	2009	2010	2011	2012
Mining	\$ 13,234	\$ 13,858	\$ 27,910	\$ 23,116
Telecom	444,682	560,214	506,308	638,909
Utilities	254,570	231,377	656,102	969,451
Transportation and warehouse	8,874	13,232	10,604	9,843
Construction	7,747,205	3,658,662	2,977,754	2,931,187
Retail	4,352,823	4,167,525	5,848,314	7,084,862
Real Estate Rentals	756,946	779,193	1,067,076	1,412,951
Restaurants and Bars	526,868	459,774	736,748	987,256
Hotels	44,156	39,588	47,669	53,227
Services	194,011	149,910	234,262	248,639
Arts and Entertainment	110,962	109,461	159,331	180,693
Other	-	822	-	-
Brits charges	(8,069)	(3,119)	-	-
Total	\$ 14,446,262	\$ 10,180,497	\$ 12,272,078	\$ 14,540,134

Source: Arizona Department of Revenue

Note: City increased construction sales tax from 2% to 3% effective September 2006

Note: City instituted an additional 3% hotel tax to promote tourism August 2015

Note: City changed the tax rate for items over \$1,999.99 from 3% to 1.1%

Note: Taxable sales are presented by business category instead of by individual taxpayer due to the confidential and privileged nature of the information presented and the legal restrictions on disclosing this information pursuant to Section 18-510a of the City of Buckeye Transaction Privilege Tax Code.

Table 6

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 28,254	\$ 29,558	\$ 27,256	\$ 21,903	\$ 23,806	\$ 40,435
734,060	837,402	905,795	822,976	500,011	530,207
1,090,388	1,171,923	1,268,954	1,417,136	1,534,621	1,655,822
7,927	6,663	6,993	5,791	2,971	3,204
3,704,513	3,900,771	4,941,173	5,542,047	9,279,151	11,679,960
7,569,138	7,734,984	8,652,003	9,591,565	10,781,964	11,536,159
1,583,838	1,655,073	1,942,635	2,487,965	1,720,517	1,820,657
1,142,134	1,189,310	1,356,620	1,529,818	1,791,482	1,974,859
59,707	52,166	49,247	154,122	306,126	353,921
285,153	332,258	379,308	344,310	93,420	82,389
143,920	132,041	147,221	160,157	201,319	239,157
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 16,349,032</u>	<u>\$ 17,042,149</u>	<u>\$ 19,677,205</u>	<u>\$ 22,077,790</u>	<u>\$ 26,235,388</u>	<u>\$ 29,916,770</u>

City of Buckeye, Arizona

Transaction Privilege Tax (Sales Tax) Rates of Direct and Overlapping Governments

Last Ten Fiscal Years

	Fiscal Year			
	2009	2010	2011	2012
General fund sales tax rate	2.00%	3.00%	3.00%	3.00%
Total City of Buckeye sales tax rate	2.00%	3.00%	3.00%	3.00%
Street improvements sales tax rate (1)	0.50%	0.50%	0.50%	0.50%
Jail sales tax rate (1)	0.20%	0.20%	0.20%	0.20%
State of Arizona sales tax rate (2)	6.60%	6.60%	6.60%	6.60%
Total sales tax rate	9.30%	10.30%	10.30%	10.30%

Source:

(1) Maricopa County

(2) Arizona Department of Revenue

Table 7

Fiscal Year					
2013	2014	2015	2016	2017	2018
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
5.60%	5.60%	5.60%	5.60%	5.60%	5.60%
9.30%	9.30%	9.30%	9.30%	9.30%	9.30%

City of Buckeye, Arizona
Net Assessed Property Values of Top Ten Taxpayers
 Current Year and Nine Years Ago

Taxpayer	Type of Business	2018		
		Limited Property Assessed Value	Rank	% of Limited Property Assessed Value
Arizona Public Service Company	Gas & Electric Utility	\$ 21,004,888	1	5.60%
El Paso Electric Company (T&D)	Gas & Electric Utility	7,180,758	2	1.91%
Wal-Mart Stores East LP	Shopping Center	6,882,823	3	1.84%
Watson Property LLC	Multi-family Housing	3,876,309	4	1.03%
Pulte Homes Corporation	Multi-family Housing	3,735,371	5	1.00%
Public Service Company of New Mexico (T&D)	Gas & Electric Utility	3,548,892	6	0.95%
Cardinal IG Company	Manufacturing	2,844,000	7	0.76%
Vestar Sundance Town Center LLC/Wal-Mart Inc	Shopping Center	2,295,000	8	0.61%
D R Horton Inc	Multi-family Housing	2,182,118	9	0.58%
Smiths Food & Drug Centers Inc	Grocery	2,032,057	10	0.54%
Total		55,582,216		14.82%

Source: Maricopa County Assessor Office

Table 8

2009		
Limited Property Assessed Value	Rank	% of Limited Property Assessed Value
N/A		N/A

City of Buckeye, Arizona

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Primary Tax		Ratio of Net Assessed Value to Limited Property Value	Primary Tax Rate	Taxes Levied for the Fiscal Year
	Limited Property Value (1)	Net Assessed Value (2)			
2009	N/A	N/A	N/A	N/A	N/A
2010	\$ 483,890,822	\$ 4,282,918	0.8851%	\$ 0.8851	\$ 4,282,918
2011	396,877,425	4,781,332	1.2047%	1.2047	4,781,332
2012	315,356,724	5,065,024	1.6061%	1.6061	5,065,024
2013	295,509,637	5,332,766	1.8046%	1.8046	5,332,766
2014	280,928,213	5,079,332	1.8081%	1.8081	5,079,332
2015	296,070,299	5,332,600	1.8011%	1.8011	5,332,600
2016	320,169,039	5,763,043	1.8000%	1.8000	5,763,043
2017	339,702,713	6,114,649	1.8000%	1.8000	6,114,649
2018	375,076,410	6,751,375	1.8000%	1.8000	6,751,375

Source: Maricopa County Assessor

Note: The City of Buckeye does not have a secondary tax at this time.

(1) Limited value relates to primary taxes and annual changes are restricted by statute.

(2) Assessed values are based on property use.

Table 9

Collected within the Fiscal Year	Secondary Tax		Ratio of Net Assessed Value to Limited Property Value	Secondary Tax Rate
	Limited Property Value (1)	Net Assessed Value (2)		
N/A	N/A	N/A	N/A	\$ -
\$ 4,208,373	\$ 595,778,177	\$ 4,282,918	0.7189%	-
4,575,500	425,009,460	4,781,332	1.1250%	-
4,917,346	322,876,453	5,065,024	1.5687%	-
5,290,276	300,289,266	5,332,766	1.7759%	-
5,048,303	286,390,172	5,079,332	1.7736%	-
5,249,285	323,752,817	5,332,600	1.6471%	-
5,735,301	408,074,462	5,763,043	1.4123%	-
6,000,771	455,998,962	6,114,649	1.3409%	-
6,733,532	510,866,160	6,751,375	1.3216%	-

City of Buckeye, Arizona
Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	City	Maricopa County	Library District	Flood Control District	Fire District Assistance	Community College District	Agua Fria Union High School District #216
2009	P N/A	P N/A	P N/A	P N/A	P N/A	P N/A	P N/A
	S \$ -	S \$ -	S \$ -	S \$ -	S \$ -	S \$ -	S \$ -
2010	P 0.8851	P 0.9909	P -	P -	P -	P 0.7246	P -
	S -	S -	S 0.0353	S 0.1367	S 0.0057	S 0.1598	S -
2011	P 1.1883	P 1.0508	P -	P -	P -	P 0.7926	P 2.1600
	S -	S -	S 0.0412	S 0.1489	S 0.0066	S 0.1802	S 0.8300
2012	P 1.6061	P 1.2407	P -	P -	P -	P 1.0123	P 1.6862
	S -	S -	S 0.0492	S 0.1780	S 0.0084	S 0.1959	S 0.9900
2013	P 1.8046	P 1.2407	P -	P -	P -	P 1.1563	P 2.0437
	S -	S -	S 0.0492	S 0.1780	S 0.0110	S 0.2215	S 1.1255
2014	P 1.8011	P 1.2807	P -	P -	P -	P 1.2896	P 2.2936
	S -	S -	S 0.0438	S 0.1392	S 0.0121	S 0.2444	S 1.2787
2015	P 1.8011	P 1.3209	P -	P -	P -	P 1.2824	P 2.9900
	S -	S -	S 0.0556	S 0.1392	S 0.0113	S 0.2363	S 1.2105
2016	P 1.8000	P 1.3609	P -	P -	P -	P 1.2628	P 2.0732
	S -	S -	S 0.0556	S 0.1592	S 0.0116	S 0.2312	S 1.1935
2017	P 1.8000	P 1.4009	P -	P -	P -	P 1.2376	P 2.0845
	S -	S -	S 0.0556	S 0.1792	S 0.0112	S 0.2275	S 1.3889
2018	P 1.8000	P 1.4009	P -	P -	P -	P 1.1956	P 2.4592
	S -	S -	S 0.0556	S 0.1792	S 0.0102	S 0.2140	S 1.2553

Source: Maricopa County Assessor

Note: The basis for property tax rate calculation is per \$100 of net assessed value.

P - Primary
 S - Secondary

Table 10

Arlington School District #47		Buckeye Elementary School District #33		Buckeye Union High School District #201		Liberty School District #25		Litchfield Elementary School District #79		Palo Verde School District #49		Saddle Mountain School District #90	
P	N/A	P	N/A	P	N/A	P	N/A	P	N/A	P	N/A	P	N/A
S	\$ -	S	\$ -	S	\$ -	S	\$ -	S	\$ -	S	\$ -	S	\$ -
P	0.6241	P	4.2307	P	1.6158	P	1.4854	P	1.6153	P	1.8630	P	0.6430
S	0.1532	S	1.2406	S	0.9803	S	1.1753	S	1.0062	S	0.5661	S	0.4722
P	0.5520	P	3.3536	P	1.7454	P	1.9639	P	1.6167	P	1.5408	P	0.7529
S	0.1578	S	1.6656	S	1.0551	S	1.3425	S	1.2963	S	0.8488	S	0.6119
P	0.5837	P	3.1982	P	2.1962	P	1.8682	P	1.9408	P	2.2721	P	0.7666
S	0.1729	S	1.8674	S	0.8752	S	1.3302	S	1.3182	S	1.5239	S	0.4446
P	0.5836	P	4.0276	P	2.3755	P	2.0706	P	2.3102	P	2.4512	P	0.5988
S	0.1874	S	2.0678	S	1.0457	S	1.4689	S	1.5761	S	1.6276	S	0.4770
P	0.9200	P	3.6619	P	2.5435	P	1.9056	P	2.4367	P	2.3096	P	1.1538
S	0.1853	S	2.1952	S	1.1136	S	1.5465	S	1.5405	S	1.7073	S	0.5178
P	1.1126	P	3.7761	P	2.3817	P	2.8010	P	2.3282	P	2.1696	P	2.1955
S	0.1794	S	2.1411	S	1.1274	S	1.7001	S	1.4498	S	1.8555	S	0.4309
P	1.1420	P	3.2117	P	2.2096	P	2.5534	P	2.2606	P	2.6716	P	2.1863
S	0.1883	S	2.3722	S	1.1277	S	1.7242	S	1.5746	S	1.8079	S	0.4150
P	1.0060	P	3.6463	P	2.0200	P	1.9955	P	2.2447	P	2.4126	P	2.0915
S	0.1905	S	2.2759	S	1.2041	S	1.7967	S	1.5695	S	2.2224	S	0.4560
P	0.6881	P	3.1149	P	2.1977	P	2.0650	P	2.0654	P	2.4863	P	2.0741
S	0.2124	S	2.2722	S	1.1405	S	1.6584	S	1.4409	S	1.4669	S	0.4706

(continued)

City of Buckeye, Arizona
Direct and Overlapping Governments
 Last Ten Fiscal Years

Table 10

Wickenburg School District #9		Central Arizona Water Conservation District		Maricopa Health Care District		West Maricopa Education Center		Buckeye Valley Rural Fire District		Total	
P	N/A	P	N/A	P	N/A	P	N/A	P	N/A	P	N/A
S \$	-	S \$	-	S \$	-	S \$	-	S \$	-	S \$	-
P	3.6060	P	-	P	-	P	-	P	-	P	18.2839
S	0.9439	S	0.1000	S	0.0914	S	-	S	2.5458	S	9.6125
P	2.4014	P	-	P	-	P	-	P	-	P	19.1184
S	1.1585	S	0.1000	S	0.1122	S	-	S	2.5458	S	12.1014
P	3.0483	P	-	P	-	P	-	P	-	P	21.4194
S	1.4037	S	0.1000	S	0.1494	S	-	S	3.1000	S	13.7070
P	3.4020	P	-	P	-	P	-	P	-	P	24.0648
S	1.6500	S	0.1000	S	0.1683	S	-	S	3.1000	S	15.0540
P	3.7838	P	-	P	-	P	-	P	-	P	25.3799
S	0.5540	S	0.1400	S	0.1939	S	0.0592	S	3.1000	S	14.5715
P	3.9198	P	-	P	-	P	-	P	-	P	28.0789
S	1.6306	S	0.1400	S	0.1856	S	0.0810	S	3.2500	S	15.8243
P	3.6581	P	-	P	-	P	-	P	-	P	26.3902
S	1.4229	S	0.1400	S	0.3021	S	0.0698	S	3.2500	S	16.0458
P	3.8975	P	-	P	-	P	-	P	-	P	25.8371
S	1.5069	S	0.1400	S	0.3053	S	0.0840	S	3.2500	S	16.8637
P	3.5758	P	-	P	-	P	-	P	-	P	25.1230
S	1.4422	S	0.1400	S	0.2851	S	0.1780	S	3.2500	S	15.6715

City of Buckeye, Arizona
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	Percentage of Taxable Property
	Revenue Bonds	Special Assessment Bonds (1)	Revenue Bonds	Water Infrastructure Bond		
2009	\$ 26,274,000	\$ 114,816,800	\$ 2,025,000	\$ -	\$ 143,115,800	
2010	25,770,000	151,931,000	1,900,000	1,215,916	180,816,916	37.37%
2011	27,565,000	134,623,000	-	10,027,644	172,215,644	43.39%
2012	26,740,000	128,673,000	-	11,048,724	166,461,724	52.79%
2013	25,700,000	126,544,000	-	4,555,177	156,799,177	53.06%
2014	24,620,000	147,079,000	-	4,640,083	176,339,083	62.77%
2015	23,080,000	138,324,150	250,000	5,332,556	166,986,706	56.40%
2016	21,380,000	130,571,949	51,510,000	14,624,808	218,086,757	68.12%
2017	20,090,000	133,807,370	51,510,000	15,098,603	220,505,973	64.91%
2018	18,795,000	125,915,634	51,510,000	14,648,305	210,868,939	56.22%

(1) Community facilities districts special assessment bonds.

City of Buckeye, Arizona

Legal Debt Margin Information

Last Ten Fiscal Years

General Obligation (GO) Bond* Debt Capacity Analysis

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Full Cash Value (FCV) Net	N/A	\$ 595,778,177	\$ 425,009,460	\$ 322,846,453
Debt Limit 6% of FCV Net (1)	N/A	35,746,691	25,500,568	19,372,587
Debt Limit 20% of FCV Net (2)	N/A	119,155,635	85,001,892	64,575,291
Total GO Bonding Capacity	<u>N/A</u>	<u>\$ 154,902,326</u>	<u>\$ 110,502,460</u>	<u>\$ 83,947,878</u>

Notes:

(*) Voter authority is required to issue General Obligation Bonds. The City does not have any voter authority to issue General Obligation Bonds.

(1) The constitution states that for general municipal purposes a municipality cannot incur a GO debt exceeding six percent of the assessed valuation of taxable property in the city or town.

(2) Additional GO Bonds amounting to twenty percent of the assessed valuation of taxable property can be issued for supplying such specific city and town services as water, artificial light, sewers and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. In November 2006 the voters elected to allow projects concerning public safety, law enforcement, fire and emergency service facilities and streets and transportation facilities to be included in this twenty percent category. In other words, a total of twenty-six percent of the assessed valuation can be bonded for these latter projects.

Table 12

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 300,289,266	\$ 286,390,172	\$ 323,752,817	\$ 408,074,462	\$ 455,998,962	\$ 510,866,160
18,017,356	17,183,410	19,425,169	24,484,468	27,359,938	30,651,970
<u>60,057,853</u>	<u>57,278,034</u>	<u>64,750,563</u>	<u>81,614,892</u>	<u>91,199,792</u>	<u>102,173,232</u>
<u>\$ 78,075,209</u>	<u>\$ 74,461,445</u>	<u>\$ 84,175,732</u>	<u>\$ 106,099,360</u>	<u>\$ 118,559,730</u>	<u>\$ 132,825,202</u>

City of Buckeye, Arizona

Pledge-Revenue Coverage

Last Ten Fiscal Years

Table 13

Water and Wastewater Revenue Bonds							
Fiscal Year	Operating Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principle	Interest	Total	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	\$ 11,266,305	\$ 7,538,679	\$ 3,727,626	\$ 951,276	\$ 8,690	\$ 959,966	3.88
2012	13,035,000	9,028,645	4,006,355	481,510	235,845	717,355	5.58
2013	13,579,110	10,132,093	3,447,017	493,547	75,552	569,099	6.06
2014	17,203,945	10,780,511	6,423,434	754,597	439,865	1,194,462	5.38
2015	17,053,675	12,094,833	4,958,842	786,725	463,682	1,250,407	3.97
2016	32,867,420	16,888,575	15,978,845	1,558,903	2,927,062	4,485,965	3.56
2017	33,006,862	18,379,814	14,627,048	957,884	356,475	1,314,359	11.13
2018	36,709,604	20,651,573	16,058,031	1,002,434	513,934	1,516,368	10.59

Excise Tax Revenue Bonds							
Fiscal Year	Excise Tax Pledged Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principle	Interest	Total	
2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2011	\$ 12,272,077	\$ -	\$ 12,272,077	\$ 825,000	\$ 1,281,416	\$ 2,106,416	5.83
2012	14,500,000	-	14,500,000	1,003,500	1,273,281	2,276,781	6.37
2013	16,349,031	-	16,349,031	1,040,000	1,230,814	2,270,814	7.20
2014	32,175,513	-	32,172,513	1,080,000	1,185,239	2,265,239	14.20
2015	35,745,261	-	35,745,261	1,130,000	1,136,683	2,266,683	15.77
2016	39,735,729	-	39,735,729	1,240,000	3,468,321	4,708,321	8.44
2017	46,220,294	-	46,220,294	1,290,000	3,236,721	4,526,721	10.21
2018	51,196,014	-	51,196,014	1,295,000	3,228,398	4,523,398	11.32

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

Table 14

Fiscal Year	Estimated Population (1)	State Personal Income (thousand)(2)	State Average Per Capita Personal Income	Unemployment Rate (3)
2009	N/A	N/A	N/A	N/A
2010	51,560	\$ 2,430,718	\$ 47,144	11.50%
2011	51,019	2,505,894	49,117	9.80%
2012	52,334	2,051,179	39,194	10.20%
2013	54,102	2,114,765	39,088	8.90%
2014	56,459	2,054,430	36,388	8.50%
2015	58,745	2,279,189	38,798	7.40%
2016	62,582	2,500,714	39,959	5.00%
2017	65,509	2,850,000	41,340	5.20%
2018	69,947	2,980,500	42,576	4.70%

Source:

- (1) Arizona Economics Estimates Commission
- (2) Arizona Economics Estimates Commission - State Average
- (3) Arizona Office of Employment Statistics

City of Buckeye, Arizona

Principal Employers

Current Year and Ten Years Ago

Employer	2018 (1)		Rank
	Employees	Percentage of Total City Employment	
State Of Arizona	1,220	24%	1
Walmart	1,120	22%	2
Buckeye Union High School District	500	10%	3
City of Buckeye	472	9%	4
Litchfield Elementary School District	470	9%	4
Buckeye Elementary School District	320	6%	5
Clayton Homes Inc	300	6%	5
Liberty Elementary School District	230	4%	6
Agua Fria Union High School Dist	160	3%	7
Youngker High School	150	3%	7
Lowe's Home Improvement	130	3%	7
Fry's Food Store	110	2%	8
	<u>5,182</u>	<u>100%</u>	

Sources:

- (1) MAG Employer Database
Hoover's Inc, a D&B Company

Table 15

2009		
Employees	Percentage of Total City Employment	Rank
1100	29%	1
745	20%	2
325	9%	6
455	12%	5
N/A	N/A	-
490	13%	3
215	6%	7
480	13%	4
N/A	N/A	-
<u>3810</u>	<u>100%</u>	

City of Buckeye, Arizona

Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	Full-time Equivalent			
	2009	2010	2011	2012
General government				
Executive Management	8.00	10.00	4.00	5.00
City Clerk	2.00	4.00	3.00	3.00
Human Resources	9.00	7.50	5.50	6.00
Financial Services	8.00	18.00	11.00	11.00
City Court	6.50	6.50	6.50	6.50
Facilities and Fleet Maintenance	52.40	18.00	8.50	8.25
Information Technology	-	6.00	6.00	6.00
Public Safety				
Police	105.00	94.50	95.00	97.00
Fire	120.70	87.00	83.00	83.00
Culture and recreation				
Parks and Recreation	25.50	38.50	24.00	26.00
Library	9.00	7.00	8.00	8.00
Public Works				
Development Services	55.00	26.00	15.80	19.30
Engineering	-	-	-	-
Streets	55.40	15.00	15.00	15.50
Water Resources				
Water	N/A	N/A	N/A	40.00
Wastewater	N/A	N/A	N/A	14.00
Total	456.50	338.00	285.30	348.55

Source: City of Buckeye Human Resources Department

Table 16

Employees at June 30

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
5.00	12.00	16.00	18.00	18.00	18.00
3.00	4.00	4.00	4.00	4.00	4.00
6.00	8.00	7.00	7.00	7.00	7.00
11.00	8.00	8.00	9.00	9.00	9.00
6.50	6.80	6.80	6.80	8.30	8.30
11.25	11.25	12.25	11.25	12.25	14.25
8.00	8.00	9.00	10.00	12.00	14.00
112.00	117.50	118.50	119.50	123.00	126.00
88.00	90.00	90.00	91.00	91.00	94.00
26.00	25.00	26.00	27.00	27.00	27.00
8.88	9.00	15.00	14.00	14.00	14.00
36.00	28.00	25.00	24.00	26.00	28.00
-	14.00	14.00	14.00	14.00	16.00
19.50	20.50	20.50	20.00	22.00	24.50
40.00	44.00	47.00	55.00	56.00	63.00
14.00	14.00	15.00	17.00	17.00	19.00
<u>395.13</u>	<u>420.05</u>	<u>434.05</u>	<u>447.55</u>	<u>460.55</u>	<u>486.05</u>

City of Buckeye, Arizona

Capital Asset and Infrastructure Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year			
	2009	2010	2011	2012
General government				
Square footage occupied	138,414	138,414	138,414	138,414
Area of City (square miles)	592	592	592	592
Public Safety				
Police stations	1	1	1	1
Square footage of building	22,260	22,260	22,260	22,260
Number of patrol units	19	32	37	47
Fire stations	3	3	3	4
Square footage of building	21,849	21,849	21,849	21,849
Number of fire engines	7	7	7	7
Number of vehicles	11	11	11	11
Public Works				
Square footage occupied	12,800	12,800	12,800	12,800
Miles of roads	283.2	349.0	349.0	349.0
Traffic signals	7	8	10	11
Street lights	7,186	7,310	7,400	7,676
Miles of storm sewer/channel	N/A	N/A	N/A	N/A
Miles of water mains	167	203	274	276
Fire hydrants	N/A	N/A	N/A	N/A
Sanitary sewers (miles)	179	202	264	325
Culture and recreation				
Square footage occupied	31,953	31,953	31,953	31,953
Number of parks	15	15	15	15
Parks acreage	102.4	102.4	102.4	102.4
Swimming pools	1	1	1	1

Source: City of Buckeye

Table 17

Fiscal Year					
2013	2014	2015	2016	2017	2018
167,603	167,603	167,603	145,920	145,920	145,920
592	592	592	592	592	642
1	1	2	2	2	2
43,934	43,934	43,934	43,934	43,934	43,934
65	83	103	115	130	146
4	4	4	4	5	5
59,009	59,009	59,009	59,009	59,009	59,009
7	8	9	9	9	10
13	14	15	18	20	21
12,800	12,800	12,800	32,870	32,870	32,870
370.8	383.3	426.7	445.2	458.4	479.6
13	16	20	22	22	23
7,978	8,115	8,249	8,350	8,477	8,662
N/A	N/A	N/A	2	2	3
284	293	295	297	300	305
N/A	N/A	N/A	N/A	N/A	3,043
332	334	335	337	338	347
31,953	31,953	31,953	57,386	57,386	57,386
16	16	16	17	17	17
134.4	134.4	134.4	174.0	174.0	174.0
1	1	1	1	1	1

