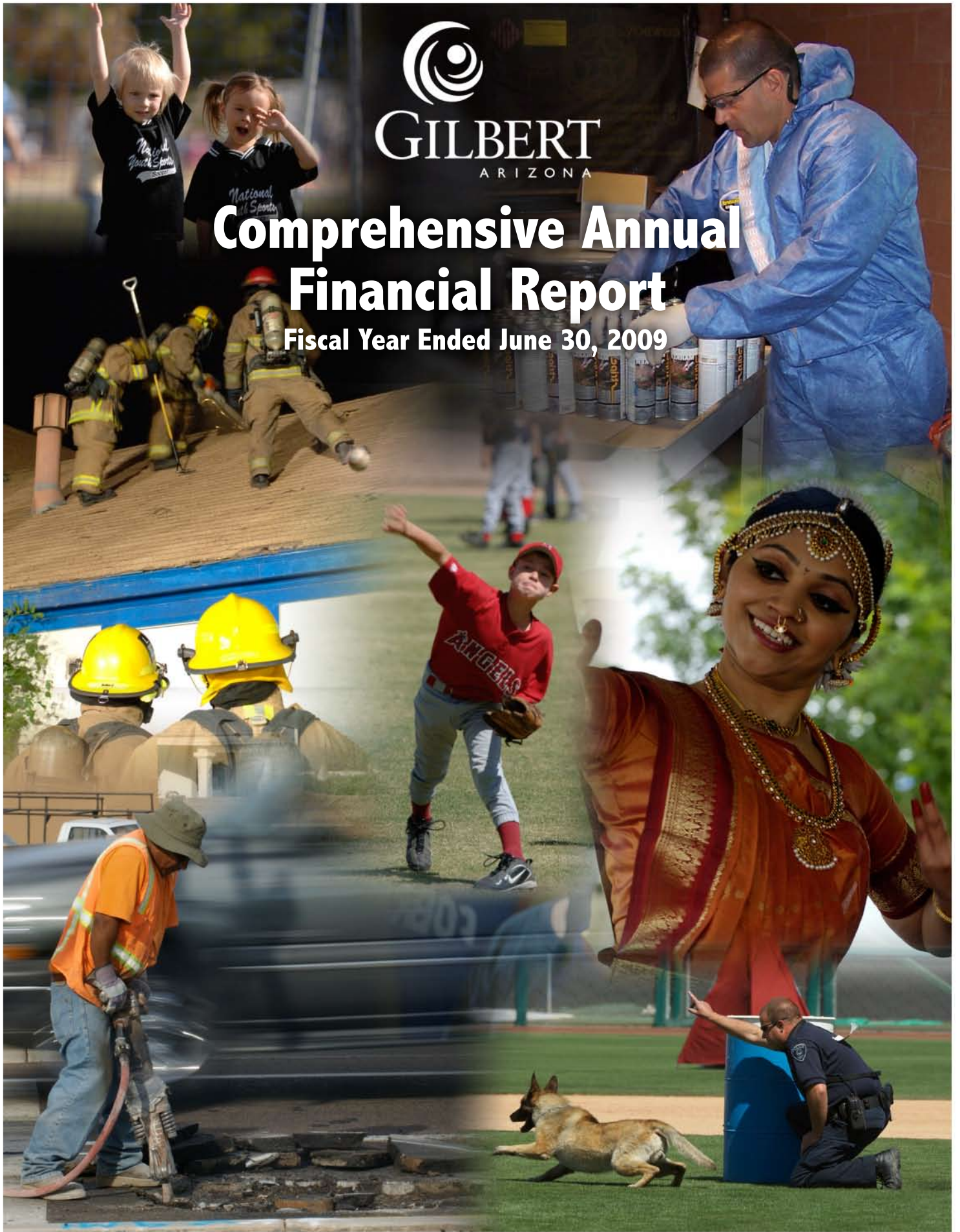




**GILBERT**  
ARIZONA

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009



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- If a “+” sign is at the left of a bookmark, click on the “+” to bring up subheadings.
- All pages are linked to the [Table of Contents](#). To jump to a specific page or subsection from the Table of Contents, put the pointer finger on the title or page number within and click the mouse.
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# Certificate of Achievement for Excellence in Financial Reporting

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For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**Comprehensive Annual  
Financial Report**  
Year Ended June 30, 2009



**John W. Lewis, Mayor**

Linda Abbott, Vice Mayor

Dave Crozier, Council Member

Jenn Daniels, Council Member

Les Presmyk, Council Member

John Sentz, Council Member

Steve Urie, Council Member

George A. Pettit, Manager

**Prepared by the Finance Department**

Cindi Mattheisen, Financial Services Manager

**TOWN OF GILBERT, ARIZONA  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2009**

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## **Introductory Section**

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**Letter of Transmittal**

**Advisory Organization Chart**

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December 7, 2009

Honorable Mayor, Members of the Council, and Gilbert Citizens:

I am pleased to submit to you the ***Comprehensive Annual Financial Report (CAFR)*** for the Town of Gilbert (Gilbert), for the fiscal year ended June 30, 2009. State law (Arizona Revised Statutes §9-481) requires that local governments publish a complete set of audited financial statements within six months of the close of each fiscal year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has 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 significant misstatements.

Heinfeld, Meech & Company, a firm of licensed certified public accountants, has issued an unqualified opinion on Gilbert's financial statements for the year ended June 30, 2009. The independent auditors' report is located in the Financial Section of this report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found in the Financial Section of this report.

## ***GILBERT PROFILE***

### ***Governmental Structure***

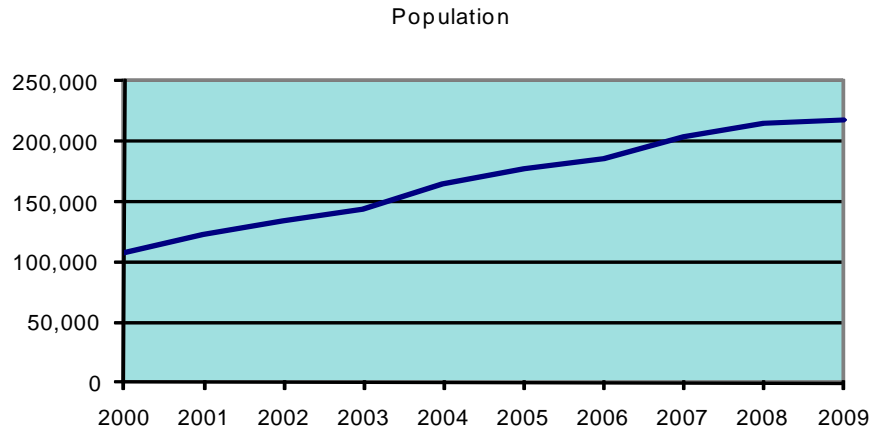
Gilbert is an Arizona Municipal Corporation, operating as a general law community as prescribed in the Arizona Revised Statutes. Gilbert was incorporated July 6, 1920, and operates under the Council-Manager form of government. The Mayor is a member of the Council and is elected by the voters for a four-year term. Six additional council members are elected at large to staggered four-year terms.

The Mayor is the chief executive officer and chairperson of the Council. The Town Manager (Manager) is appointed by the Council and serves as the chief administrative officer. During fiscal year 2009, the Manager administered Gilbert's operations through a staff of 1,208 full time equivalent positions.

Gilbert provides or administers a full range of services including police and fire protection, development services, public works (water, wastewater, solid waste, streets), and community services (parks, recreation, libraries, culture and arts, social services). Transit and "dial-a-ride" services are provided through an intergovernmental agreement with the Regional Public Transportation Authority. Library services, incarceration and animal control are provided through intergovernmental agreements with Maricopa County. Gilbert also has a Riparian Institute which provides educational and recreational experiences at the Riparian Preserve, which is one of Gilbert's three reclaimed water recharge facilities.

### ***Geography and Population***

Gilbert is located in the southeastern section of the greater Phoenix metropolitan area in Maricopa County, bounded on the north and east by the City of Mesa, on the west by the City of Chandler, on the southeast by the Town of Queen Creek, and on the south by the Gila River Indian Community. Gilbert has a planning area of 73 square miles. The most recent estimate of population by the Maricopa Association of Governments as of July 1, 2009, was 217,521, an increase of 1% from fiscal year 2008. The following graph depicts the ten-year population trend for Gilbert.



### ***FACTORS AFFECTING FINANCIAL CONDITION***

#### ***Growth and Construction***

Economic growth in fiscal year 2009 dropped significantly from prior years. There were 1,038 new residential permits and 151 commercial permits issued. The total value of all new construction, including commercial, was \$266 million, compared to \$540 million in fiscal year 2008, and over \$1 billion in each of the peak growth years of 2004 and 2005.

System Development Fees (SDF's) are collected for capital needs related to growth in the community. The Council has adopted SDF's for police, fire, general government, traffic signals, parks and recreation, water resources, water, and wastewater. The fees are based on build-out system requirements to serve the projected population and land uses. During fiscal year 2009, a total of \$22.8 million was collected in SDF's compared to \$41.6 million in fiscal year 2008.

#### ***Economic Development***

Gilbert is home to 17 industrial/business parks totaling over 5.75 million square feet with another 500,000+/- square feet of industrial/office space throughout the community. Gilbert added 299 employment/office related jobs and 513 retail/service related jobs in fiscal year 2009. Gilbert's unemployment rate as of September 2009 was 4.9%, which is considerably lower than the Maricopa County rate of 8.5%, the State rate of 9.3% and the U.S. rate of 9.8%.

Despite the national downturn and the slowing of overall growth in the region, Gilbert is still recognized as the 4th fastest growing municipality in the nation. The community was also ranked as the 28<sup>th</sup> most livable city in the U.S. by *CNN/Money Magazine* in 2008 and one of the top 25 safest cities in the U.S. in 2009.

Gilbert's connectivity to major markets is provided through a comprehensive transportation network which includes the Santan Loop 202 and Superstition Freeways, Sky Harbor International Airport, and Phoenix-Mesa Gateway Airport. This robust transportation network provides Gilbert-based enterprises reliable and accessible modes of transportation to local, national and international markets while providing an economic engine for business attraction, retention and expansion.

Gilbert's concentration of Science, Technology, Engineering and Math (STEM) companies are essential components to the community's economic development foundation. In tandem with the above mentioned workforce Gilbert's industry cluster development include life sciences, aerospace, high technology, clean and renewable energy and advanced business services. Gilbert's knowledge assets include ASU's Polytechnic Campus, Chandler-Gilbert Community College and over 64 colleges, universities and technical schools within a 30-minute commute.

Nationwide Realty Group has completed the acquisition of approximately 250 acres on the northeast corner of the Santan Freeway and Gilbert Road. This development is projected to contain roughly 3 million square feet of office, retail and hospitality uses. Build-out is expected in the next 10 to 15 years.

Two completed business and industrial parks located just south of the Santan Loop 202 and east of Gilbert Road include the Reserve at San Tan with 150,000 square feet of office and flex-office space and the 202 Business Center with 290,000 square feet of industrial space. Slated to be the next substantial employment corridor in the southeast valley, this immediate area is projected to host other office and industrial parks such as the Gilbert 202 Commerce Center and the Rockefeller Group.

Just to the east of this location is the Santan Loop 202 and Val Vista corridor. Many life science and healthcare related businesses have come to light with the 416,000 square foot Mercy Gilbert Medical Campus as the main driver for development in that area. Most notable projects include the Celebration Center for Integrated Healing, Celebration Stem Cell Centre, Hospice of the Valley, Ironwood Cancer Treatment Centers and many smaller medical office condos. Across from Mercy Gilbert is Copper Point Business Park with 90,000 square feet of space and the planned El Dorado Corporate Center with another 112,000 square feet of office space.

To the north of the Santan Loop 202 along Val Vista includes the newly constructed Hyatt Place, Hampton Inn and the corporate headquarters for Mountainside Fitness. The conceptual Main Street Commons development with mixed-use residential, retail and office uses remains on hold.

Also on the Santan Loop 202 at Williams Field is the Santan Village Mall, a regional shopping center that opened in October 2007. Still in the process of build-out, this mall has been touted as the lifestyle center for future retail developments to imitate. This open-air, mixed-use project provides retail, dining and entertainment opportunities within an urban district. Both the Santan Village Mall and the Power Center to its south will account for nearly 3 million square feet of retail, office and entertainment uses at build-out making it the largest commercial development in Gilbert. New retailers include Dick's Sporting Goods, Macy's and many upscale retail and restaurant uses including the Keg and Kona Grill.

Additional growth in the life science and healthcare services field includes a 70,000 square foot expansion to Gilbert Hospital's medical campus located just south of Warner along Power Road. M.D. Anderson Cancer Center will start construction on a state-of-the-art facility in partnership with the Banner Gateway Medical Center located at the Superstition Freeway and Higley Road.

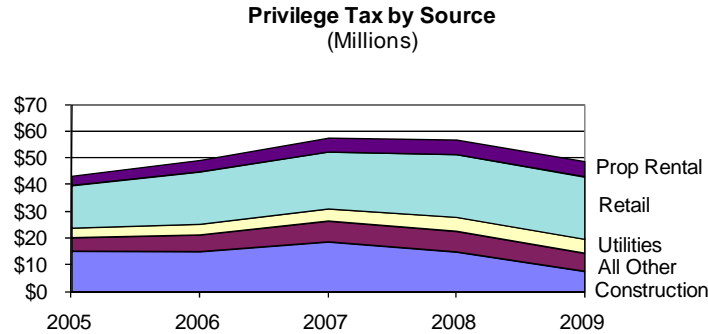
Another growth area of interest in Gilbert includes the Power Road Corridor with the recent activity related to Phoenix-Mesa Gateway Airport, as well as Chandler Gilbert Community College and ASU Polytechnic campuses.

Phoenix-Mesa Gateway is recognized as the reliever airport for Sky Harbor International and is predicting activity from over 5 million commercial airline passengers by the year 2027. The airport is projected to generate 17,000 new airport related jobs, as well as an additional 100,000 jobs in the surrounding 20 acres providing a direct benefit to the Gilbert community.

This activity combined with the recent response of both Chandler-Gilbert and ASU Polytechnic to our changing needs in workforce will create even more opportunity for Gilbert in and around the Power Road Corridor. Both schools expect to add a combined 50,000 students in the three campuses that surround Gilbert over the next 15 years.

**Transaction Privilege (Sales) Tax Trend**

Sales tax revenues represented 45% of General Fund revenues for fiscal year 2009, totaling approximately \$49 million. Local sales taxes are collected by the State Department of Revenue and remitted to Gilbert weekly. The following graph depicts sales tax receipts by source for the past five years.

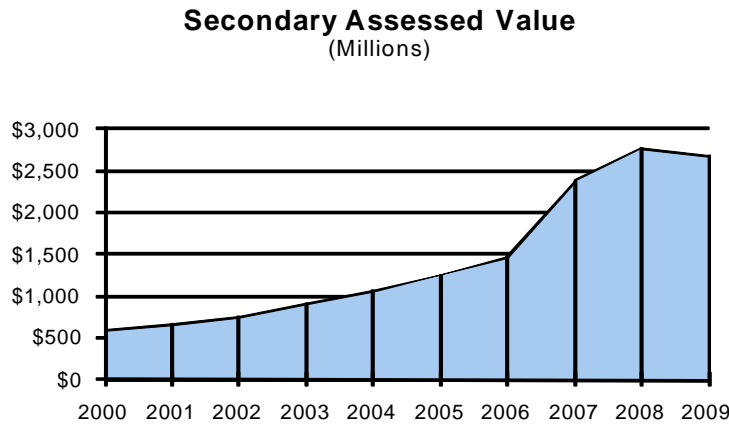


**Property Taxes**

Gilbert's property tax rate is \$1.15 per \$100 of secondary assessed valuation and is used exclusively for the payment of voter approved general obligation bond debt. Gilbert does not levy a primary property tax for general operating purposes.

**Assessed Valuation**

The assessed value of real property within the Gilbert annexed area is a vital economic forecast variable, as the State Constitution contains regulatory restrictions on the amount of debt a community may have outstanding based on secondary assessed valuation. Taking the market value of a property and applying the statutory assessment ratio derives the assessed value. Residential properties are assessed at 10%, vacant land is assessed at 16%, and commercial properties are assessed at 23% (2004 legislation decreases the commercial property rate 0.5% a year from 25% in 2005 to 20% in 2014). This illustrates how crucial the additions of commercial properties are to the tax base. A commercial property provides two or more times the assessed value of a residential property of the same value. All property taxing jurisdictions (e.g., school districts) benefit from the increased assessed value. The assessed valuation decreased by 3% in fiscal year 2009 from \$2.768 billion to \$2.673 billion. The following graph depicts the changes in the assessed valuation in Gilbert for the past ten years:



### **State Shared Revenues**

State shared revenues totaled \$40.6 million for the General Fund and \$18 million for the Streets Special Revenue Fund in fiscal year 2009, representing approximately 37% of total General Fund revenues and 99% of total Streets Special Revenue Fund revenues. State shared revenues include allocations of state sales tax, income tax, gas tax, motor vehicle in-lieu tax, and lottery funds. These revenues are shared based upon relative population in the State as determined by census. Due to the significant population growth, Gilbert participated in the mid-decade census in September 2005 to allow for the reallocation of state shared revenues based upon the revised population. The 2005 Special Census established the population at 173,072 compared to 109,697 from the 2000 Census. This population will again be adjusted with the April, 2010 Census.

### **Budget and Financial Policies**

Gilbert develops the annual budget based on a resource constrained model. A five year financial plan is developed for each operating fund and current year decisions are made with a forecast future impact. Other financial policies that guide the budget include: development pays for itself through fees; use of one-time revenues for one-time expenditures; issuance of debt only when available resources do not exist to pay for a project; maintenance of a designated fund balance for emergency events; annual replacement funding for fleet and utility infrastructure; and user fees set to ensure 100% cost recovery in proprietary funds.

### **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Gilbert for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the 18th consecutive year that Gilbert has received this prestigious award. In order to be awarded a Certificate of Achievement, we must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, Gilbert also received the GFOA's Distinguished Budget Presentation Award for our annual budget document. In order to qualify for this award, our budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device. Gilbert has received this award ten consecutive years.

### **ACKNOWLEDGMENTS**

The completion of this report is the result of the efficient and dedicated services of the entire staff of the Finance Division. I would like to give special recognition to Florence Shultz, Accounting Administrator, and Tanya Wright, Accountant II, who were primarily responsible for preparing this document. In addition, I would like to thank staff from the Manager's Office and other departments for their contributions and assistance.

Finally, I wish to acknowledge the continued support of the Council and the Manager in providing the leadership necessary for sound financial management.

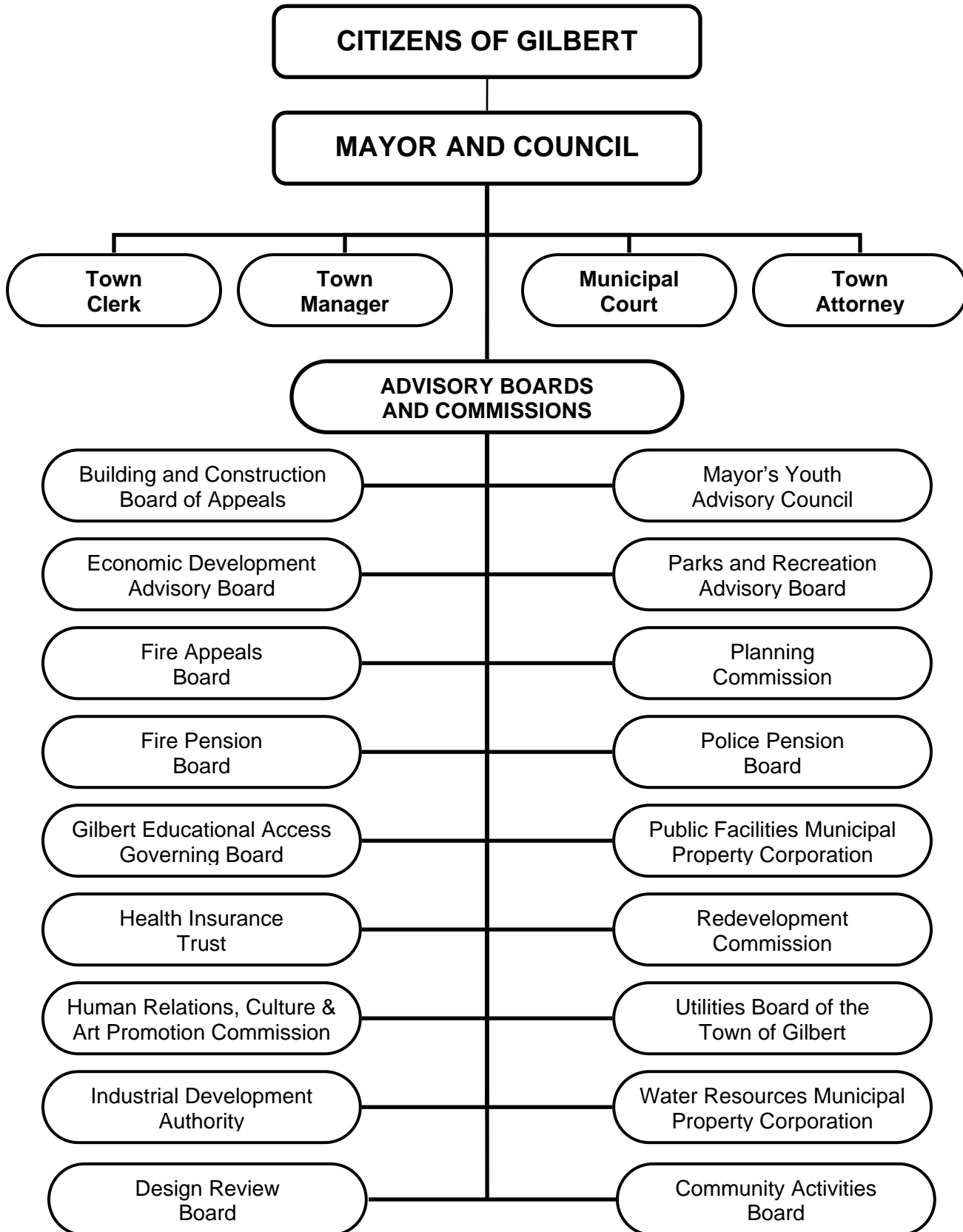
Respectfully submitted,



Cindi Mattheisen  
Financial Services Manager

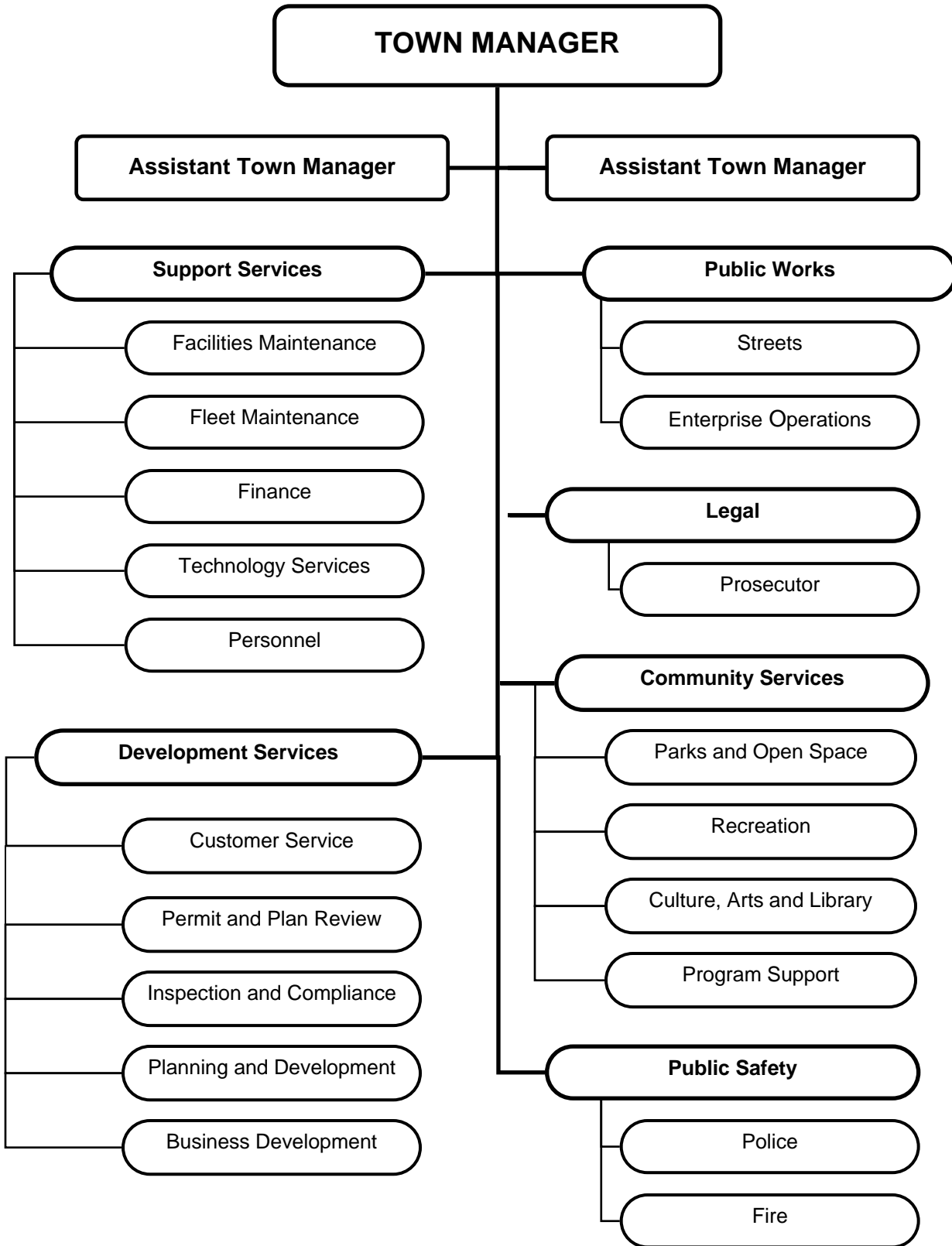


# Advisory Organization Chart





# Organization Reporting Chart







## **Financial Section**

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**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Government-wide Financial Statements**

**Fund Financial Statements**

**Notes to the Financial Statements**

**Combining and Individual Fund Statements  
and Schedules**



HEINFELD, MEECH & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

10120 N. Oracle Road  
Tucson, Arizona 85704  
Tel (520) 742-2611  
Fax (520) 742-2718

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Town Council  
Town of Gilbert, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of the Town of Gilbert, Arizona (the "Town") as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of the Town of Gilbert, Arizona, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Streets Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
Certified Public Accountants

December 4, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Gilbert (Gilbert), we offer this narrative overview and analysis of Gilbert's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with information provided in the transmittal letter.

### Financial Highlights

- Gilbert's assets exceeded its liabilities at the end of the fiscal year by \$1.3 billion. Included in this amount defined as net assets is \$246 million of unrestricted net assets, of which \$148 million is invested in joint ventures with the Cities of Mesa and Chandler and the Town of Queen Creek, and \$98 million which may be used to fund ongoing operations in future years.
- Net assets includes a \$705 million net investment in capital assets such as streets, park land, and municipal buildings and a \$261 million net investment in water, wastewater and solid waste infrastructure and equipment.
- The combined fund balance for all governmental funds is \$247 million, of which \$162 million is unreserved.
- The General Fund unreserved fund balance is \$36 million, of which \$12.5 million is designated as a reserve fund not to be appropriated for ongoing operations.
- The remaining General Fund unreserved undesignated balance of \$24 million is approximately 24% of the total fund expenditures.
- Gilbert's total bonded debt outstanding at the end of the fiscal year was \$640 million, as compared to \$406 million at the end of fiscal year 2008.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Gilbert's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Government-wide financial statements

The **government-wide financial statements** are designed to provide readers with a broad overview of the finances of Gilbert as a whole, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of Gilbert's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether Gilbert's financial position is improving or declining.

The **statement of activities** presents the changes in net assets from the previous year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Gilbert that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover a majority or all of their costs through user fees and charges (*business-type activities*). The *governmental activities* of Gilbert include general government, public safety, highways and streets, culture and recreation, redevelopment and transportation. The *business-type activities* include water, wastewater, solid waste, and irrigation operations.

The government-wide financial statements also include the Industrial Development Authority as a component unit of Gilbert. The Authority provides financing for eligible private sector entities to acquire and construct facilities deemed to be in the public interest. The financial information for the Authority is presented separately in the statements.

The government-wide financial statements can be found on pages 15-17 of this report.

## **Fund financial statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Gilbert, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Gilbert's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental Funds***

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at fiscal year end. This information may be useful in evaluating a government's near-term financing ability.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Gilbert's near-term financing decisions. To facilitate this comparison, reconciliations are provided with the fund financial statements.

The basic governmental fund financial statements can be found on pages 18-27.

### ***Proprietary Funds***

Gilbert maintains two different types of proprietary funds. ***Enterprise Funds*** report the same functions presented as business-type activities in the government-wide financial statements, which include water, wastewater, solid waste, and irrigation. ***Internal Service Funds*** accumulate and allocate costs internally among the various functions. Gilbert uses internal service funds to account for maintenance of its fleet of vehicles, copy service operations, and employee health self-insurance. The assets and liabilities of the internal service funds are included in the governmental activities column of the government-wide statement of net assets. Costs of internal service funds are allocated to the various user functions on the government-wide statement of activities. Enterprise funds provide the same information as the government-wide financial statements, only with more detail. Internal service funds are combined into a single column on the proprietary funds statements. Additional detail for the internal service funds can be found on pages 95-101.

The proprietary fund statements can be found on pages 28-33.

### ***Fiduciary Funds***

Fiduciary funds account for resources held for the benefit of parties outside the government. These funds are not included in the government-wide statements as these funds are not available to support Gilbert's operations.

The fiduciary fund statements can be found on pages 34-35.

## **Notes to the financial statements**

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

The notes to the financial statements can be found on pages 37-65.

## Government-wide Financial Analysis

Net assets serve as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets as of June 30, 2009 and 2008.

### Town of Gilbert Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 320,336,871	\$ 145,804,696	\$ 298,646,280	\$ 313,361,214	\$ 618,983,151	\$ 459,165,910
Capital assets	957,693,971	849,960,271	440,312,048	435,441,728	1,398,006,019	1,285,401,999
<b>Total assets</b>	<b>1,278,030,842</b>	<b>995,764,967</b>	<b>738,958,328</b>	<b>748,802,942</b>	<b>2,016,989,170</b>	<b>1,744,567,909</b>
Long-term liabilities	425,357,309	179,758,753	192,150,043	210,384,559	617,507,352	390,143,312
Other liabilities	59,735,726	44,665,486	11,952,334	21,399,146	71,688,060	66,064,632
<b>Total liabilities</b>	<b>485,093,035</b>	<b>224,424,239</b>	<b>204,102,377</b>	<b>231,783,705</b>	<b>689,195,412</b>	<b>456,207,944</b>
Net assets:						
Invested in capital assets, net of related debt	704,908,142	688,393,175	261,027,688	273,512,939	965,935,830	961,906,114
Restricted	24,035,677	34,925,873	91,738,487	106,871,117	115,774,164	141,796,990
Unrestricted	63,993,988	48,021,680	182,089,776	136,635,181	246,083,764	184,656,861
<b>Total net assets</b>	<b>\$ 792,937,807</b>	<b>\$ 771,340,728</b>	<b>\$ 534,855,951</b>	<b>\$ 517,019,237</b>	<b>\$ 1,327,793,758</b>	<b>\$ 1,288,359,965</b>

Net assets consist of three components. The largest portion of Gilbert's net assets (73%) is its investment in capital assets (land, buildings, equipment, infrastructure, etc.), less depreciation and any related debt used to acquire those assets that is still outstanding. Gilbert uses these capital assets to provide services to citizens; consequently, these assets are not available for appropriation. Although Gilbert's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Gilbert's net assets (9%) represents resources that are subject to external restrictions on how they may be used. The remaining \$246 million of unrestricted net assets (18%) includes \$148 million which is invested in joint ventures with the Cities of Mesa and Chandler and the Town of Queen Creek and \$98 million which may be used to meet the government's ongoing obligations to citizens, customers, and creditors.

### Governmental Activities

Governmental activities in fiscal year 2009 increased Gilbert's net assets by \$22 million, accounting for 55% of the total growth in net assets. Taxes and program revenues (charges for services and grants and contributions that are clearly identifiable to operating functions) were Gilbert's most significant revenue sources comprising 98% of total revenues for governmental activities. Taxes (local and state-shared) were \$124 million, a decrease of \$4 million (3%) from the prior year. Program revenues were \$68 million, a decrease of \$19 million from the prior year which was due mostly to the \$14 million decrease in capital grants and contributions. It should be noted that \$15 million of the total program revenues represent capital contributions from developers of street related infrastructure; and, therefore, were not cash revenues available to cover operating expenses.

The other component of the change in net assets is expenses. The largest expense functions were public safety which represented 38%, and highways and streets which represented 22% of total governmental activities expenses. Total expenses increased \$16 million (10%) over the prior fiscal year. The largest changes were a \$4 million increase in public safety expenses, \$2 million increase in highways and streets expenses and an \$8 million increase in interest and fiscal charges on long term debt.

The following table details the changes in net assets for governmental and business-type activities.

### Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 15,817,508	\$ 18,917,364	\$ 69,748,065	\$ 66,421,113	\$ 85,565,573	\$ 85,338,477
Operating grants and contributions	21,183,148	22,630,806	-	-	21,183,148	22,630,806
Capital grants and contributions	31,493,349	45,821,379	19,228,350	34,555,868	50,721,699	80,377,247
General revenues:						
Sales taxes	49,060,234	56,979,907	-	-	49,060,234	56,979,907
Property taxes	30,836,167	26,345,117	-	-	30,836,167	26,345,117
State-shared sales taxes	14,125,962	16,316,998	-	-	14,125,962	16,316,998
State-shared income taxes	26,434,943	24,985,772	-	-	26,434,943	24,985,772
Other taxes	3,492,198	3,426,313	-	-	3,492,198	3,426,313
Grants and contributions not restricted to specific programs	939,018	2,195,293	-	-	939,018	2,195,293
Unrestricted investment earnings	2,003,235	4,462,545	1,066,552	7,509,250	3,069,787	11,971,795
Other	820,493	804,240	805,440	455,540	1,625,933	1,259,780
Total revenues	196,206,255	222,885,734	90,848,407	108,941,771	287,054,662	331,827,505
<b>Expenses</b>						
Management and policy	3,068,178	3,166,667	-	-	3,068,178	3,166,667
Support services	10,137,539	10,351,241	-	-	10,137,539	10,351,241
Legal and court	5,838,172	5,848,004	-	-	5,838,172	5,848,004
Development services	12,242,742	14,500,727	-	-	12,242,742	14,500,727
Public works	1,451,083	978,662	-	-	1,451,083	978,662
Police	42,109,036	39,640,802	-	-	42,109,036	39,640,802
Fire	24,255,563	22,563,858	-	-	24,255,563	22,563,858
Highways and streets	38,540,677	36,385,215	-	-	38,540,677	36,385,215
Community services	19,349,722	16,175,710	-	-	19,349,722	16,175,710
Transportation	1,681,640	1,562,754	-	-	1,681,640	1,562,754
Interest and fiscal charges on long-term debt	17,096,048	8,893,365	-	-	17,096,048	8,893,365
Water	-	-	35,450,601	34,277,527	35,450,601	34,277,527
Wastewater	-	-	22,398,407	23,507,048	22,398,407	23,507,048
Solid waste	-	-	13,843,596	14,782,904	13,843,596	14,782,904
Irrigation	-	-	157,865	66,626	157,865	66,626
Total expenses	175,770,400	160,067,005	71,850,469	72,634,105	247,620,869	232,701,110
Increase in net assets before transfers	20,435,855	62,818,729	18,997,938	36,307,666	39,433,793	99,126,395
Transfers	1,161,224	1,256,760	(1,161,224)	(1,256,760)	-	-
<b>Increase in net assets</b>	21,597,079	64,075,489	17,836,714	35,050,906	39,433,793	99,126,395
<b>Net assets, beginning of year</b>	771,340,728	707,265,239	517,019,237	481,968,331	1,288,359,965	1,189,233,570
<b>Net assets, end of year</b>	\$ 792,937,807	\$ 771,340,728	\$ 534,855,951	\$ 517,019,237	\$ 1,327,793,758	\$ 1,288,359,965

**Business-type Activities**

Development related growth increased Gilbert’s net assets for business-type activities in fiscal year 2009 by \$18 million through \$14 million in system development fee collections and \$4 million in water and wastewater infrastructure contributed by developers. Although there was some growth, the current recession and decline in the housing market resulted in significantly less growth than the prior year. The revenues for business-type activities decreased \$18 million (17%) from the prior fiscal year mostly due to a \$12 million reduction in system development fee revenue and a \$3 million reduction in capital contributions from developers. Expenses decreased \$1 million (1%) from the prior year.

**Financial Analysis of Gilbert’s Funds**

As noted earlier, Gilbert maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

**Governmental Funds**

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. Such information is useful in assessing Gilbert’s financing requirements. In particular, unreserved undesignated fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Gilbert operated and separately reported the following major governmental funds:

- General Fund
- Streets Special Revenue Fund
- General Debt Service Fund
- Special Assessments Debt Service Fund
- Streets and Transportation Capital Projects Fund
- Municipal Facilities Capital Projects Fund
- Parks, Open Space and Recreation Capital Projects Fund

All nonmajor funds are combined for reporting purposes captioned “Other Governmental Funds”.

As of the end of fiscal year 2009, the governmental funds reported combined ending fund balances of \$247 million, an increase of \$157 million in comparison with the prior fiscal year. The majority of the increase was due to the issuance of bonds totaling \$273 million. This was offset by expenditures for capital projects totaling \$129 million.

**Town of Gilbert  
Governmental Funds - Fund Balances  
As of June 30, 2009**

	<b>Reserved</b>	<b>Unreserved</b>	<b>Total</b>
General	\$ 17,630,101	\$ 36,244,514	\$ 53,874,615
Streets Special Revenue	-	2,719,623	2,719,623
General Debt Service	6,655,504	-	6,655,504
Special Assessments Debt Service	25,639	-	25,639
Streets and Transportation Capital Projects	44,119,597	104,465,441	148,585,038
Municipal Facilities Capital Projects	109,826	(9,324,829)	(9,215,003)
Parks, Open Space and Recreation Capital Projects	9,621,893	386,741	10,008,634
Other Governmental Funds	7,093,482	27,209,012	34,302,494
<b>Total Fund Balances</b>	<b>\$ 85,256,042</b>	<b>\$ 161,700,502</b>	<b>\$ 246,956,544</b>

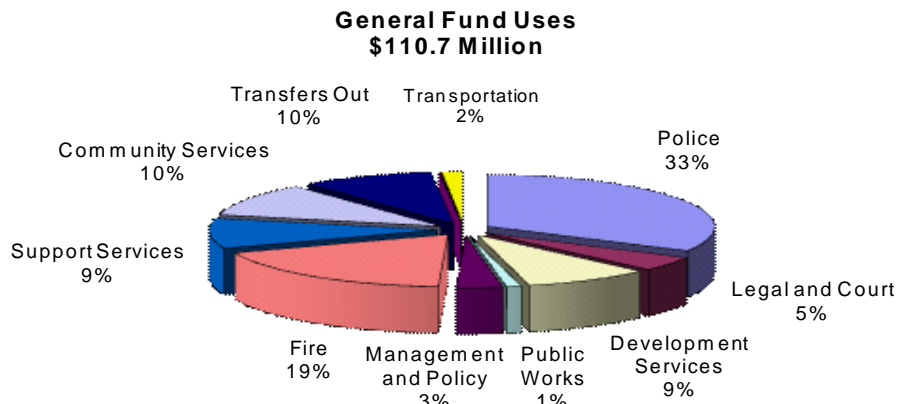
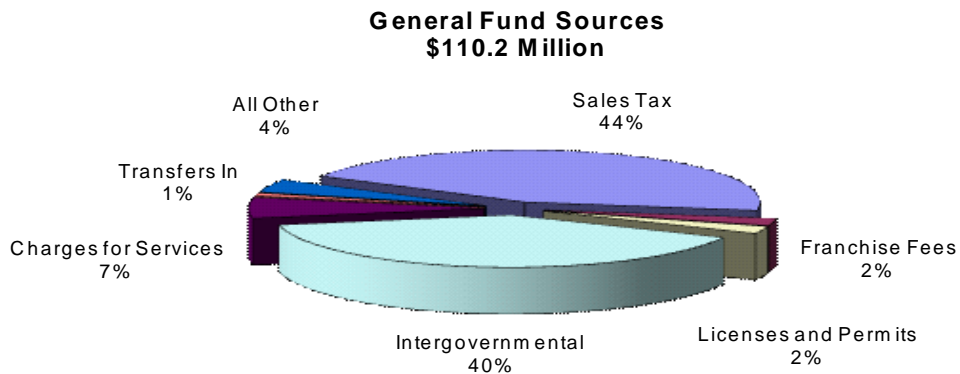


**General Fund**

The General Fund is the primary operating fund. At the end of fiscal year 2009, the fund balance of the General Fund was \$53.9 million, a decrease of \$0.5 million from the prior year. The unreserved and undesignated portion of the fund balance was \$24 million. As a measure of the General Fund’s liquidity, it may be useful to compare its available fund balance to total fund expenditures. The General Fund’s unreserved, undesignated fund balance represents 24% of total General Fund expenditures compared with 23% in the prior year.

Key elements of General Fund sources and uses are as follows:

- Overall, revenues exceeded expenditures in the General Fund by \$8.9 million; however, transfers to other funds (net) were \$9.4 million resulting in a decrease in fund balance of \$0.5 million. The transfers out included \$3.8 million to capital projects funds and \$3.4 million for general debt obligations.
- Local sales tax and intergovernmental revenues are the largest revenue sources for the General Fund accounting for 85% of the total revenues.
- Local sales tax, which accounts for almost half of total General Fund revenues, decreased \$8.2 million (14%) from the prior fiscal year due to the economic recession.
- Licenses and permit revenues decreased \$2.3 million (48%) mainly due to a decrease in building permit revenue of \$1.3 million.
- Public safety expenditures which comprise over half of the total General Fund expenditures increased \$1.4 million (2%) over the prior fiscal year due mostly to the \$1.5 million increase in personnel related costs. While spending cuts reduced overtime by \$1.3 million from the prior year, regular salaries and wages increased \$1.3 million due to a 2% market increase and required contributions to public safety retirement increased \$1.3 million.
- Development services expenditures decreased \$2.6 million (21%) due to a decrease of 29 positions in fiscal year 2009.



### ***Streets Special Revenue Fund***

The Streets Fund revenues include state shared revenues which are highway user revenues, vehicle license taxes and lottery funds. The gasoline taxes and lottery funds are required by state statute to be used for transportation purposes. The vehicle license tax has been designated by Council to fund the preventive maintenance activities of the Streets Fund. Total revenues decreased \$2.7 million (13%) from the prior year due to decreases in highway user revenues of \$1.7 million and auto lieu taxes of \$0.8 million. Total expenditures decreased by \$1.6 million (12%) due to decreased capital outlay of machinery and equipment. In total, revenues exceeded expenditures by \$6.5 million; however, there were \$9 million in transfers to other funds including \$5 million to the Streets and Transportation Capital Projects Fund and \$3.3 million to the Debt Service Fund, resulting in a \$2.5 million (48%) decrease in fund balance.

### ***Other Major Governmental Funds***

**General Debt Service.** The fund balance decreased by \$0.6 million during the year due to debt service requirements of \$46.3 million exceeding the current year property tax revenues of \$30.8 million and transfers in from other funds of \$14.8 million. The remaining fund balance of \$6.7 million will be used to fund future debt service payments on voter approved general obligation bonds.

**Special Assessments Debt Service.** The fund balance of \$26 thousand is all reserved to pay future debt service requirements on special assessment bonds.

**Streets and Transportation Capital Projects.** The fund balance increased by \$133 million to \$148.6 million. Current year expenditures exceeded revenues by \$47.4 million but this deficit was covered by other financing sources which included \$174 million in general obligation bond proceeds and \$6.1 million of transfers from other funds, mostly from the Streets Special Revenue Fund.

**Municipal Facilities Capital Projects.** The fund balance increased by \$17.8 million during the year from a deficit of \$27 million to a deficit of \$9.2 million due to the issuance of Public Facilities Municipal Property Corporation bonds during 2009. The deficit of \$9.2 million will be covered by future collections of system development fees.

**Parks, Open Space and Recreation Capital Projects.** The fund balance increased by \$2.2 million to \$10 million. Current year expenditures of \$67.6 million exceeded revenues by \$63.3 million but this deficit was covered by other financing sources including \$10 million in general obligation bond proceeds and \$56.8 million of bond proceeds transferred from the Municipal Facilities Capital Projects Fund to cover the purchase of land for the Rittenhouse Regional Park, Special Events Center, Chandler Heights Basin, and the Southwest Activity Center/Field Complex.

### ***Nonmajor Governmental Funds***

All nonmajor governmental funds are combined into one column on the governmental fund statements. The combined fund balance of these funds increased \$7.6 million (29%) to a balance at year end of \$34 million. The majority of the increase relates to \$8.7 million of special assessment bonds issued during the year. Nonmajor funds represent 14% of the total governmental fund balance.

### **Proprietary Funds**

Gilbert's proprietary funds statements are prepared on the same basis (accrual) as the government-wide financial statements. Gilbert operates and separately reports the following proprietary funds:

- Water Fund
- Wastewater Fund
- Solid Waste Fund
- Irrigation Fund

**Water Fund**

The Water Fund provides domestic water to the service area using a combination of ground water wells and treated surface water. Gilbert operates two surface water treatment plants; a 45 million gallon per day (mgd) and a 12 mgd surface water treatment plant. There are also 19 potable ground water wells that supply 43.5 mgd. Net assets increased by \$8.3 million to \$284 million due primarily to capital contributions of \$10.6 million, including \$8.2 million in system development fees and \$2.4 million in distribution lines contributed by developers. Operating income was \$6.3 million.

**Wastewater Fund**

The Wastewater Fund provides collection, treatment, and recharge services to residents and businesses in Gilbert. The services also include the storage and distribution of effluent (treated wastewater). Net assets increased \$6.4 million to \$236 million. There was an operating loss of \$1.5 million but net assets increased due to capital contributions of \$8.6 million, including \$6.2 million in system development fees and \$2 million in collection lines contributed by developers.

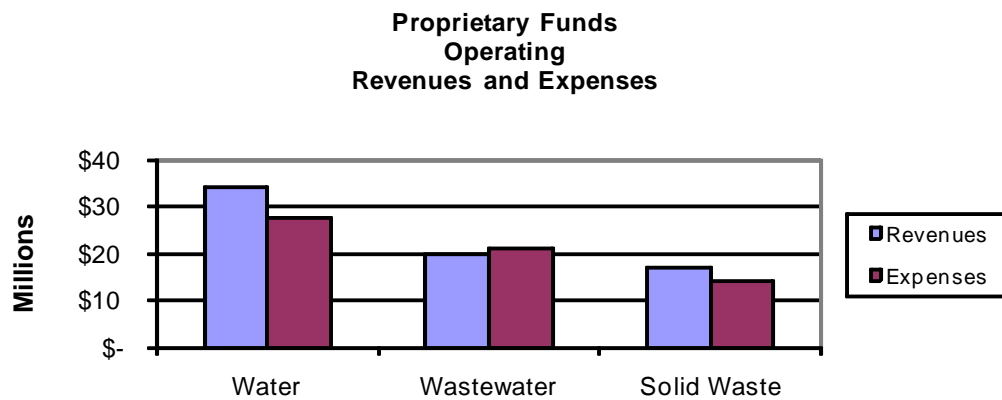
**Solid Waste Fund**

Gilbert operates the Solid Waste Fund to provide residential and commercial refuse collection and residential recycling services. Residential services are provided exclusively by Gilbert, while the commercial service competes with the private sector for customers. Net assets increased by \$2.8 million to \$14.8 million. The increase was the result of \$2.7 million in operating income.

**Irrigation Fund**

Gilbert provides flood irrigation services to approximately 104 customers. The resources for the fund are from service charges and transfers from the General Fund. As a result the fund operates as break-even, having no net assets and no income or loss.

The following graph compares the fiscal year revenues to expenses for the Water, Wastewater and Solid Waste Funds.



**General Fund Budgetary Highlights**

Differences between the original adopted budget and the final amended budget were less than 1% with the original revenue budget increased by \$40 thousand (0.03%) and the original expenditure budget decreased by \$165 thousand (0.15%). The final budget projected that revenues would exceed expenditures by \$4.8 million but included \$9.6 million of transfers to other funds resulting in a \$4 million reduction to fund balance per the budget.

During the year actual revenues fell short of the budgeted amount by \$6.9 million (6%) and actual expenditures were less than budgeted by \$11 million (10%) resulting in an excess of revenues over expenditures of \$4.1 million more than budgeted, resulting in the actual net change in fund balance being \$3.5 million more than budgeted.

**Capital Asset and Debt Administration**

**Capital Assets.** As of June 30, 2009, Gilbert had invested \$1.4 billion in capital assets. This amount represents a net increase (including additions and deletions) of \$113 million over last fiscal year. The following table presents capital assets balances, net of accumulated depreciation, for the fiscal years ended June 30, 2009 and 2008.

**Town of Gilbert  
Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 93,054,963	\$ 79,495,267	\$ 19,488,720	\$ 17,438,299	\$ 112,543,683	\$ 96,933,566
Construction-in-progress	115,037,592	37,777,317	13,136,447	23,050,720	128,174,039	60,828,037
Buildings	177,103,963	183,656,907	-	-	177,103,963	183,656,907
Improvements	51,286,535	38,235,060	-	-	51,286,535	38,235,060
Plant, Machinery & Equipment	27,617,643	29,799,779	97,032,156	101,318,475	124,649,799	131,118,254
Water Rights	-	-	7,424,312	8,152,064	7,424,312	8,152,064
Infrastructure	493,593,275	480,995,941	303,230,413	285,482,170	796,823,688	766,478,111
<b>Total Capital Assets</b>	<b>\$ 957,693,971</b>	<b>\$ 849,960,271</b>	<b>\$ 440,312,048</b>	<b>\$ 435,441,728</b>	<b>\$ 1,398,006,019</b>	<b>\$ 1,285,401,999</b>

Total governmental capital assets increased \$107.7 million and business-type capital assets increased \$4.9 million. Major additions to capital assets during the fiscal year included the following:

**Governmental Activities**

- Streets and traffic signal projects totaling \$54 million.
- Developer contributions of street related infrastructure valued at \$15 million.
- Parks projects totaling \$67.6 million of which \$65.6 million was for the following land purchases: \$10.3 million for the new Rittenhouse Regional Park, \$17.9 million for the Special Events Center, \$13.4 million for Chandler Heights Basin and \$24.1 million for the Southwest Activity Center/Field Complex.

**Business-type Activities**

- Developer contributions of water and wastewater infrastructure valued at \$4.3 million.
- Water system improvements totaling \$4.9 million including \$2.4 million in well and reservoir projects and \$1.7 million in water mains/services/valves projects.
- Land acquisition totaling \$5 million for water rights.
- Wastewater system improvements totaling \$3.3 million including \$2 million in mains/services/valves projects and \$0.9 million in lift station projects.

See Note 6 on pages 49-51 for further information regarding capital assets.

**Long-term Debt.** At June 30, 2009, Gilbert had total bonded debt obligations of \$417.8 million related to governmental activities and \$195.2 million in business-type activities; \$217.7 million of the outstanding debt is general obligation bonds backed by the full faith and credit of the Town of Gilbert; \$11.6 million is special assessment bonds secured by a lien against the land of the benefited property owners in Improvement Districts #19 & 20; and all other outstanding debt is secured by pledges of specific revenue sources.

The Arizona Constitution and State Statutes limit a municipality's bonded debt capacity to certain percentages of its secondary assessed valuation and by the type of project to be constructed with general obligation (GO) bonds. For projects involving water, wastewater, artificial lighting, parks, open space, recreational facility improvements, streets, public safety, and fire and emergency facilities, Gilbert can issue GO bonds up to 20% of its secondary assessed valuation. For any other general-purpose improvements, Gilbert may issue bonds up to 6% of its secondary assessed valuation. Gilbert's available debt margin at June 30, 2009 was \$160.4 million in the 6% capacity and \$317 million in the 20% capacity.

See Note 8 on pages 52-58 for additional information on debt.

The following schedule shows Gilbert's outstanding debt as of June 30, 2009 and 2008.

**Town of Gilbert  
Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General Obligation	\$ 209,095,000	\$ 42,725,000	\$ 8,635,000	\$ 9,835,000	\$ 217,730,000	\$ 52,560,000
Special Assessment	11,590,000	2,990,000	-	-	11,590,000	2,990,000
Street and Highway User	27,325,000	29,375,000	-	-	27,325,000	29,375,000
Utility Revenue	-	-	19,465,000	20,745,000	19,465,000	20,745,000
Municipal Property Corporation	169,750,000	95,225,000	167,125,000	182,950,000	336,875,000	278,175,000
<b>Totals</b>	<b>\$ 417,760,000</b>	<b>\$ 170,315,000</b>	<b>\$ 195,225,000</b>	<b>\$ 213,530,000</b>	<b>\$ 612,985,000</b>	<b>\$ 383,845,000</b>

Gilbert's bonds are rated by leading rating agencies that assess the risk of default based on Gilbert's financial condition. The following schedule shows Gilbert's bond ratings as of June 30, 2009.

	<b>Moody's Investor Service</b>	<b>Standard and Poor's Ratings Service</b>	<b>Fitch Ratings</b>
General Obligation	Aa2	AA	Not Rated
Street and Highway User Revenue	A1	A+	A+
Water and Wastewater Revenue Refunding	A2	A+	Not Rated
Public Facilities MPC*	Aa3	AA	AA-
Water Resources MPC	Not Rated	A	A-
Improvement Districts	A1	A	Not Rated

\* These bonds are insured

## Economic Factors and Next Year's Budget

This year's budget preparation was particularly challenging. The economic slowdown which began in 2008 continues to impact Gilbert. The end of fiscal year 2009 included the lowest level of monthly single family permits issued since the mid 1980's. Further, the economic growth in the employment and retail segments has also slowed significantly and in some cases anticipated projects have been delayed or canceled. In fiscal year 2009, Gilbert was in the fortunate position of having new retail dollars coming available to offset declines in other sales tax generating segments of the local economy with the Santan Regional Mall and power centers. The use of these revenues as replacement revenue rather than additional revenue has impacted our long term forecasts and plans. The budget assumes the current downturn in both the regional and national economies will continue for the next two years.

The U.S. Department of Census established through a Special Census in September 2005, that Gilbert's population was 173,072. Gilbert is already participating in the programs in anticipation of the 2010 Decennial Census, at which time our population is estimated to be 220,000.

## Budget Highlights for Fiscal Year 2010

- Total budget of approximately \$729.8 million which includes \$242.8 million for operating budgets and \$320.2 million for capital budgets.
- Staffing decrease of 15.2 positions in the General Fund offset by staffing increases of 4 positions in the Enterprise Funds and 12.6 positions in the Special Revenue Funds (including 10 positions in anticipation of the Federal Stimulus Grant for additional police officers).
- No change to the local sales or property tax rates.
- Residential growth maintained at an average of 50 new homes per month.
- Increases in Enterprise Funds utility rates to provide 100% cost recovery for operations.
- No salary adjustments for market range or for merit pay (movement through the salary range) are included in the budget.
- Maintenance of an undesignated fund balance of 10% for the General Fund operating expenditures.
- Equipment Replacement Fund for the General and Streets Funds were modified to only include a contingency balance to cover unforeseen and/or unanticipated replacements and additional funding only for current year replacements. Further, any excess funds were transferred to the General Fund for current operations.
- Equipment Replacement Funds for the Water, Wastewater, and Solid Waste Funds remain fully funded based upon the current annual depreciated value of the respective systems.

## Financial Contact

This financial report is designed to provide a general overview of Gilbert's finances and to demonstrate accountability for the use of public funds. This report is also available on Gilbert's website at [www.gilbertaz.gov](http://www.gilbertaz.gov). Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Town of Gilbert  
 Finance Division  
 50 E Civic Center Drive  
 Gilbert, AZ 85296  
 (480) 503-6752



**TOWN OF GILBERT, ARIZONA**  
**Statement of Net Assets**  
**June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
<b>ASSETS</b>				
Pooled cash and investments	\$ 282,317,221	\$ 31,728,015	\$ 314,045,236	\$ 7,391
Receivables, net:				
Taxes	5,989,142	-	5,989,142	-
Special assessments	4,076,583	-	4,076,583	-
Accrued interest	194,054	43,246	237,300	-
Accounts	14,046,824	4,808,984	18,855,808	-
Due from other governments	3,295,278	2,744,213	6,039,491	-
Internal balances	(9,139,628)	9,139,628	-	-
Prepaid items	29,735	-	29,735	-
Inventories	599,456	132,818	732,274	-
Restricted assets:				
Cash and investments	17,663,166	99,030,688	116,693,854	-
Accrued interest	2,236	49,873	52,109	-
Deferred charges	1,262,804	2,501,878	3,764,682	-
Investment in Joint Venture	-	148,466,937	148,466,937	-
Capital assets:				
Non-depreciable	208,092,555	32,625,167	240,717,722	-
Depreciable, net	749,601,416	407,686,881	1,157,288,297	-
<b>Total assets</b>	<b>1,278,030,842</b>	<b>738,958,328</b>	<b>2,016,989,170</b>	<b>7,391</b>
<b>LIABILITIES</b>				
Accounts payable	13,329,922	3,826,927	17,156,849	-
Accrued liabilities	8,120,985	481,524	8,602,509	-
Accrued interest	-	2,020,078	2,020,078	-
Claims payable	1,269,776	-	1,269,776	-
Deposits held for others	425,726	-	425,726	-
Utility deposits	-	1,602,524	1,602,524	-
Bond interest payable	8,421,041	5,875	8,426,916	-
Unearned revenue	121,510	-	121,510	-
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences	3,011,766	465,406	3,477,172	-
Current portion of bonds payable	25,035,000	3,550,000	28,585,000	-
Due in more than one year:				
Compensated absences	4,437,334	612,473	5,049,807	-
Bonds payable	420,232,680	191,537,570	611,770,250	-
Arbitrage liability	687,295	-	687,295	-
<b>Total liabilities</b>	<b>485,093,035</b>	<b>204,102,377</b>	<b>689,195,412</b>	<b>-</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	704,908,142	261,027,688	965,935,830	-
Restricted for:				
Debt service	10,757,726	26,144,798	36,902,524	-
Capital projects	3,951,339	57,183,253	61,134,592	-
System repair & maintenance	-	8,410,436	8,410,436	-
Highways and streets	2,436,730	-	2,436,730	-
Grant programs	5,269,798	-	5,269,798	-
Court/police programs	1,620,084	-	1,620,084	-
Unrestricted	63,993,988	182,089,776	246,083,764	7,391
<b>Total net assets</b>	<b>\$ 792,937,807</b>	<b>\$ 534,855,951</b>	<b>\$ 1,327,793,758</b>	<b>\$ 7,391</b>

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



**TOWN OF GILBERT, ARIZONA**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government</b>				
Governmental activities:				
General government				
Management and policy	\$ 3,068,178	\$ 6,061	\$ 5,079	\$ -
Support services	10,137,539	128,102	-	-
Legal and court	5,838,172	568,444	17,500	-
Development services	12,242,742	3,773,261	480,516	317,331
Public works	1,451,083	-	66,477	834,868
Public safety				
Police	42,109,036	6,594,319	138,124	1,105,710
Fire	24,255,563	100,218	1,911,865	2,373,682
Highways and streets	38,540,677	1,454,141	17,963,199	19,708,197
Community services	19,349,722	3,192,962	559,025	6,786,991
Transportation	1,681,640	-	41,363	366,570
Interest and fiscal charges on long-term debt	17,096,048	-	-	-
Total governmental activities	<u>175,770,400</u>	<u>15,817,508</u>	<u>21,183,148</u>	<u>31,493,349</u>
Business-type activities:				
Water	35,450,601	33,416,401	-	10,581,086
Wastewater	22,398,407	19,721,549	-	8,647,264
Solid waste	13,843,596	16,591,602	-	-
Irrigation	157,865	18,513	-	-
Total business-type activities	<u>71,850,469</u>	<u>69,748,065</u>	<u>-</u>	<u>19,228,350</u>
Total primary government	<u>\$ 247,620,869</u>	<u>\$ 85,565,573</u>	<u>\$ 21,183,148</u>	<u>\$ 50,721,699</u>
<b>Component unit</b>				
Industrial development authority	<u>\$ 460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## General revenues:

Local sales taxes

Property taxes, levied for debt service

In-Lieu property taxes

Franchise taxes

Unrestricted state shared sales taxes

Unrestricted state shared income taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

## Transfers

Total general revenues and transfers

Change in net assets

Net assets, July 1, 2008

Net assets, June 30, 2009

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Industrial Development Authority
\$ (3,057,038)	\$ -	\$ (3,057,038)	\$ -
(10,009,437)	-	(10,009,437)	-
(5,252,228)	-	(5,252,228)	-
(7,671,634)	-	(7,671,634)	-
(549,738)	-	(549,738)	-
(34,270,883)	-	(34,270,883)	-
(19,869,798)	-	(19,869,798)	-
584,860	-	584,860	-
(8,810,744)	-	(8,810,744)	-
(1,273,707)	-	(1,273,707)	-
(17,096,048)	-	(17,096,048)	-
<u>(107,276,395)</u>	<u>-</u>	<u>(107,276,395)</u>	<u>-</u>
-	8,546,886	8,546,886	-
-	5,970,406	5,970,406	-
-	2,748,006	2,748,006	-
-	<u>(139,352)</u>	<u>(139,352)</u>	-
-	17,125,946	17,125,946	-
<u>(107,276,395)</u>	<u>17,125,946</u>	<u>(90,150,449)</u>	<u>-</u>
			<u>(460)</u>
49,060,234	-	49,060,234	-
30,836,167	-	30,836,167	-
948,510	-	948,510	-
2,543,688	-	2,543,688	-
14,125,962	-	14,125,962	-
26,434,943	-	26,434,943	-
939,018	-	939,018	-
2,003,235	1,066,552	3,069,787	6
151,709	51,813	203,522	-
668,784	753,627	1,422,411	-
1,161,224	<u>(1,161,224)</u>	-	-
<u>128,873,474</u>	<u>710,768</u>	<u>129,584,242</u>	<u>6</u>
21,597,079	17,836,714	39,433,793	(454)
771,340,728	517,019,237	1,288,359,965	7,845
<u>\$ 792,937,807</u>	<u>\$ 534,855,951</u>	<u>\$ 1,327,793,758</u>	<u>\$ 7,391</u>

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

**TOWN OF GILBERT, ARIZONA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	<u>General</u>	<u>Streets Special Revenue</u>	<u>General Debt Service</u>	<u>Special Assessments Debt Service</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 36,167,379	\$ 1,540,385	\$ 29,840,846	\$ 26,189
Receivables, net:				
Taxes	5,056,310	-	886,419	-
Special assessments	-	-	-	4,076,583
Accrued interest	37,596	3,813	19,111	-
Accounts	11,727,990	-	-	-
Due from other governments	206,937	1,580,155	-	-
Due from other funds	265,357	-	-	-
Prepaid items	4,200	-	-	-
Inventories	15,259	-	-	-
Advances to other funds	17,224,288	-	-	-
Restricted assets:				
Cash and investments	8,967	-	9,279,562	-
Accrued interest	16	-	607	-
Total assets	<u>\$ 70,714,299</u>	<u>\$ 3,124,353</u>	<u>\$ 40,026,545</u>	<u>\$ 4,102,772</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,554,255	\$ 281,368	\$ -	\$ 550
Accrued liabilities	7,877,868	123,362	-	-
Deposits held for others	10,040	-	-	-
Due to other funds	-	-	-	-
Bonds payable	-	-	24,950,000	-
Interest payable	-	-	8,421,041	-
Advances from other funds	-	-	-	-
Deferred revenue:				
Special assessments	-	-	-	4,076,583
Other	6,397,521	-	-	-
Total liabilities	<u>16,839,684</u>	<u>404,730</u>	<u>33,371,041</u>	<u>4,077,133</u>
Fund Balances:				
Reserved for:				
Encumbrances	405,813	-	-	-
Advances	17,224,288	-	-	-
Debt service	-	-	6,655,504	25,639
Development fees-necessary public services	-	-	-	-
Unreserved, designated, reported in:				
General fund	12,500,000	-	-	-
Special revenue funds	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	23,744,514	-	-	-
Special revenue funds	-	2,719,623	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>53,874,615</u>	<u>2,719,623</u>	<u>6,655,504</u>	<u>25,639</u>
Total liabilities and fund balances	<u>\$ 70,714,299</u>	<u>\$ 3,124,353</u>	<u>\$ 40,026,545</u>	<u>\$ 4,102,772</u>

<b>Streets and Transportation Capital Projects</b>	<b>Municipal Facilities Capital Projects</b>	<b>Parks, Open Space and Recreation Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 156,525,822	\$ -	\$ 10,000,948	\$ 34,180,132	\$ 268,281,701
-	-	-	46,413	5,989,142
-	-	-	-	4,076,583
100,044	2,767	6,348	20,327	190,006
1,946,039	47,793	16,269	301,211	14,039,302
-	-	-	1,508,186	3,295,278
-	-	-	288,613	553,970
-	-	-	-	4,200
-	-	-	8,335	23,594
-	-	-	-	17,224,288
-	8,374,637	-	-	17,663,166
-	1,613	-	-	2,236
<u>\$ 158,571,905</u>	<u>\$ 8,426,810</u>	<u>\$ 10,023,565</u>	<u>\$ 36,353,217</u>	<u>\$ 331,343,466</u>
\$ 8,812,227	\$ 128,912	\$ 14,931	\$ 1,306,590	\$ 13,098,833
-	-	-	63,090	8,064,320
-	-	-	415,686	425,726
-	288,613	-	265,357	553,970
-	-	-	-	24,950,000
-	-	-	-	8,421,041
-	17,224,288	-	-	17,224,288
-	-	-	-	4,076,583
1,174,640	-	-	-	7,572,161
<u>9,986,867</u>	<u>17,641,813</u>	<u>14,931</u>	<u>2,050,723</u>	<u>84,386,922</u>
44,119,597	109,826	1,491,123	7,008,151	53,134,510
-	-	-	-	17,224,288
-	-	-	-	6,681,143
-	-	8,130,770	85,331	8,216,101
-	-	-	-	12,500,000
-	-	-	16,360,288	16,360,288
-	-	-	-	23,744,514
-	-	-	6,806,310	9,525,933
104,465,441	(9,324,829)	386,741	4,042,414	99,569,767
148,585,038	(9,215,003)	10,008,634	34,302,494	246,956,544
<u>\$ 158,571,905</u>	<u>\$ 8,426,810</u>	<u>\$ 10,023,565</u>	<u>\$ 36,353,217</u>	<u>\$ 331,343,466</u>

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



**TOWN OF GILBERT, ARIZONA  
Reconciliation of the Balance Sheet  
to the Statement of Net Assets  
June 30, 2009**

**Fund balances - total governmental funds** **\$ 246,956,544**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	1,310,936,498	
Accumulated depreciation	<u>(353,465,348)</u>	957,471,150

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

Deferred special assessment revenue	4,076,583	
Deferred court revenue	5,952,063	
Deferred other entities participation revenue	1,174,640	
Deferred sales tax revenue	<u>323,948</u>	11,527,234

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance, copy services, and self-insurance to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets, but are not included on the governmental fund balance sheet.

4,082,328

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period, and accordingly are not reported as fund liabilities in the governmental fund statement.

Bonds payable	(417,760,000)	
Compensated absences	(7,357,277)	
Arbitrage	<u>(687,295)</u>	(425,804,572)

Bond issuance costs, discounts and premiums are reported as expenditures, other financing uses and other financing sources, respectively, in the governmental funds when paid, but are deferred and amortized over the life of the bonds in the statement of net assets.

Bond issuance costs/discounts/premiums		<u>(1,294,877)</u>
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**Net assets of governmental activities - statement of net assets** **\$ 792,937,807**

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

**TOWN OF GILBERT, ARIZONA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<u>General</u>	<u>Streets Special Revenue</u>	<u>General Debt Service</u>	<u>Special Assessments Debt Service</u>
<b>Revenues</b>				
Taxes:				
Sales	\$ 48,736,286	\$ -	\$ -	\$ -
Property	-	-	30,836,167	-
Franchise	2,543,688	-	-	-
Licenses and permits	2,459,042	-	-	-
Intergovernmental	43,870,618	17,963,199	-	-
Special assessments	-	-	-	421,894
Charges for services	7,056,529	16,682	-	-
Other entities' participation	-	5,420	-	-
System development fees	-	-	-	-
Gifts and donations	2,210	-	-	-
Fines and forfeitures	3,738,910	5,419	-	-
Investment earnings	260,758	25,226	40,895	-
Miscellaneous	453,747	127,632	-	-
Total revenues	<u>109,121,788</u>	<u>18,143,578</u>	<u>30,877,062</u>	<u>421,894</u>
<b>Expenditures</b>				
Current:				
General government:				
Management and policy	3,622,979	-	-	-
Support services	10,385,284	-	-	-
Legal and court	4,981,810	-	-	-
Development services	9,923,467	-	-	-
Public works	1,172,560	-	-	-
Public safety:				
Police	36,384,249	-	-	-
Fire	20,511,731	-	-	-
Highways and streets	-	8,934,066	-	-
Community services	11,519,209	-	-	-
Transportation	1,640,278	-	-	-
Debt service:				
Principal	-	-	29,730,000	75,000
Interest	-	-	16,347,184	153,530
Bond issuance costs	-	-	182,476	-
Fiscal and other charges	-	-	3,402	350
Capital outlay	100,789	2,696,240	-	-
Total expenditures	<u>100,242,356</u>	<u>11,630,306</u>	<u>46,263,062</u>	<u>228,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,879,432</u>	<u>6,513,272</u>	<u>(15,386,000)</u>	<u>193,014</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,045,230	50,000	14,761,589	-
Transfers out	(10,440,395)	(9,097,412)	-	(171,401)
General obligation bonds issued	-	-	-	-
Premium on general obligation bonds	-	-	-	-
Revenue bonds issued	-	-	-	-
Premium on revenue bonds	-	-	-	-
Improvement bonds issued	-	-	-	-
Premium on improvement bonds	-	-	-	-
Total other financing sources and uses	<u>(9,395,165)</u>	<u>(9,047,412)</u>	<u>14,761,589</u>	<u>(171,401)</u>
<b>Net change in fund balances</b>	(515,733)	(2,534,140)	(624,411)	21,613
<b>Fund balances at beginning of year</b>	54,390,348	5,253,763	7,279,915	4,026
<b>Fund balances at end of year</b>	<u>\$ 53,874,615</u>	<u>\$ 2,719,623</u>	<u>\$ 6,655,504</u>	<u>\$ 25,639</u>

<u>Streets and Transportation Capital Projects</u>	<u>Municipal Facilities Capital Projects</u>	<u>Parks, Open Space and Recreation Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 48,736,286
-	-	-	2,294,329	33,130,496
-	-	-	-	2,543,688
-	-	-	-	2,459,042
1,903,769	-	-	3,315,890	67,053,476
-	-	-	-	421,894
-	-	-	1,522,805	8,596,016
950,000	-	98,450	1,546	1,055,416
-	3,190,683	4,081,931	1,121,948	8,394,562
-	-	-	111,917	114,127
-	-	-	478,526	4,222,855
1,302,103	106,187	104,546	138,375	1,978,090
204	11,670	1,100	224,361	818,714
<u>4,156,076</u>	<u>3,308,540</u>	<u>4,286,027</u>	<u>9,209,697</u>	<u>179,524,662</u>
-	-	-	19,328	3,642,307
-	-	-	503	10,385,787
-	-	-	220,793	5,202,603
-	-	-	1,397,270	11,320,737
-	-	-	625,244	1,797,804
-	-	-	1,467,109	37,851,358
-	-	-	659,481	21,171,212
-	-	-	1,443,603	10,377,669
-	-	-	1,632,343	13,151,552
-	-	-	41,363	1,681,641
-	-	-	-	29,805,000
-	-	-	-	16,500,714
-	235,598	-	252,215	670,289
-	8,014	-	-	11,766
51,573,467	3,662,061	67,629,421	8,351,600	134,013,578
<u>51,573,467</u>	<u>3,905,673</u>	<u>67,629,421</u>	<u>16,110,852</u>	<u>297,584,017</u>
<u>(47,417,391)</u>	<u>(597,133)</u>	<u>(63,343,394)</u>	<u>(6,901,155)</u>	<u>(118,059,355)</u>
6,055,592	4,167,259	58,166,656	6,433,371	90,679,697
-	(66,588,640)	(2,591,786)	(628,839)	(89,518,473)
174,230,200	-	10,000,000	-	184,230,200
82,718	-	-	-	82,718
-	80,585,000	-	-	80,585,000
-	227,171	-	-	227,171
-	-	-	8,675,000	8,675,000
-	-	-	34,106	34,106
<u>180,368,510</u>	<u>18,390,790</u>	<u>65,574,870</u>	<u>14,513,638</u>	<u>274,995,419</u>
132,951,119	17,793,657	2,231,476	7,612,483	156,936,064
15,633,919	(27,008,660)	7,777,158	26,690,011	90,020,480
<u>\$ 148,585,038</u>	<u>\$ (9,215,003)</u>	<u>\$ 10,008,634</u>	<u>\$ 34,302,494</u>	<u>\$ 246,956,544</u>

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





**TOWN OF GILBERT, ARIZONA  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2009**

**Net change in fund balances - total governmental funds** **\$ 156,936,064**

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 as depreciation expense.

Capital outlay	134,013,578	
Depreciation expense	<u>(44,559,245)</u>	89,454,333

Issuance of debt and applicable premium are reported as a financing source in the governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Bond premium is deferred and amortized in the statement of activities.

General obligation, revenue and improvement bonds	(273,490,200)	
Premium on general obligation, revenue and improvement bonds	<u>(343,995)</u>	(273,834,195)

Repayment of bond principal and bond issuance costs are reported as expenditures in governmental funds and thus have the effect of reducing fund balance because current financial resources have been used. For the government-wide statements, however, the principal payments reduce the long-term liabilities in the statement of net assets and do not result in an expense in the statement of activities. Bond issuance costs, charge on refunding bonds, and bond premium are deferred and amortized over the life of the bonds.

Principal payments	29,805,000	
Bond issuance costs	670,289	
Amortization of bond issuance costs	(44,709)	
Amortization of deferred charge on refunding bonds	(3,262)	
Amortization of bond premium	<u>151,698</u>	30,579,016

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance and copy services, to the individual funds. The adjustments for internal service funds "close" those funds by charging the additional amounts to participating governmental activities to completely cover the internal services funds' costs for the year.

Operating income	1,003,550	
Investment earnings	25,146	
Gain on sale of capital assets	<u>1,779</u>	1,030,475

Capital assets contributed by developers are not shown on the governmental fund statements, but are included in the assets of the Town. On the statement of activities, these donations are shown as capital contributions.

Capital contributions		18,286,193
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	(1,509,956)	
Arbitrage	<u>(687,295)</u>	(2,197,251)

Certain revenues are deferred in the governmental funds because they do not provide current financial resources due to unavailability but are recognized as revenue in the statement of activities. However, other revenues in the governmental funds that provide current financial resources are not included in the statement of activities because they were recognized in a prior period.

Court revenue	1,219,231	
Sales tax	323,948	
Special assessments	<u>(200,735)</u>	1,342,444

**Change in net assets of governmental activities - statement of activities** **\$ 21,597,079**

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

**TOWN OF GILBERT, ARIZONA**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Sales	\$ 52,284,250	\$ 52,284,250	\$ 48,736,286	\$ (3,547,964)
Franchise	2,593,000	2,593,000	2,543,688	(49,312)
Licenses and permits	3,438,400	3,438,400	2,459,042	(979,358)
Intergovernmental	43,689,230	43,689,230	43,870,618	181,388
Charges for services	7,945,930	7,985,551	7,056,529	(929,022)
Gifts and donations	5,000	5,000	2,210	(2,790)
Fines and forfeitures	4,188,670	4,188,670	3,738,910	(449,760)
Investment earnings	402,240	402,240	260,758	(141,482)
Miscellaneous	1,449,100	1,449,100	453,747	(995,353)
Total revenues	115,995,820	116,035,441	109,121,788	(6,913,653)
<b>Expenditures</b>				
Current:				
General government:				
Management and policy	4,279,300	3,448,920	3,622,979	(174,059)
Support services	11,523,910	10,386,053	10,385,284	769
Legal and court	5,134,100	4,981,844	4,981,810	34
Development services	12,302,000	9,923,647	9,923,467	180
Public works	1,310,230	1,172,603	1,172,560	43
Public safety:				
Police	37,881,950	36,384,626	36,384,249	377
Fire	22,305,750	20,502,695	20,511,731	(9,036)
Community services	12,261,740	11,518,955	11,519,209	(254)
Transportation	1,469,730	1,640,280	1,640,278	2
Capital outlay	157,000	100,790	100,789	1
Contingency	2,762,000	11,162,318	-	11,162,318
Total expenditures	111,387,710	111,222,731	100,242,356	10,980,375
Excess of revenues over expenditures	4,608,110	4,812,710	8,879,432	4,066,722
<b>Other financing sources (uses)</b>				
Transfers in	740,250	740,250	1,045,230	304,980
Transfers out	(9,598,200)	(9,598,200)	(10,440,395)	(842,195)
Total other financing sources and uses	(8,857,950)	(8,857,950)	(9,395,165)	(537,215)
<b>Net change in fund balances</b>	<b>\$ (4,249,840)</b>	<b>\$ (4,045,240)</b>	(515,733)	<b>\$ 3,529,507</b>
<b>Fund balance at beginning of year</b>			54,390,348	
<b>Fund balance at end of year</b>			<b>\$ 53,874,615</b>	

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

**TOWN OF GILBERT, ARIZONA**  
**Streets Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 20,883,920	\$ 20,883,920	\$ 17,963,199	\$ (2,920,721)
Charges for services	-	-	16,682	16,682
Other entities' participation	-	-	5,420	5,420
Fines and forfeitures	-	-	5,419	5,419
Investment earnings	82,950	82,950	25,226	(57,724)
Miscellaneous	70,000	70,000	127,632	57,632
Total revenues	21,036,870	21,036,870	18,143,578	(2,893,292)
<b>Expenditures</b>				
Current:				
Highways and streets	9,861,610	8,931,334	8,934,066	(2,732)
Capital outlay	3,541,300	2,696,241	2,696,240	1
Contingency	456,000	2,231,335	-	2,231,335
Total expenditures	13,858,910	13,858,910	11,630,306	2,228,604
Excess of revenues over expenditures	7,177,960	7,177,960	6,513,272	(664,688)
<b>Other financing sources (uses)</b>				
Transfers in	50,000	50,000	50,000	-
Transfers out	(11,356,010)	(11,356,010)	(9,097,412)	2,258,598
Total other financing sources and uses	(11,306,010)	(11,306,010)	(9,047,412)	2,258,598
<b>Net change in fund balances</b>	\$ (4,128,050)	\$ (4,128,050)	(2,534,140)	\$ 1,593,910
<b>Fund balance at beginning of year</b>			5,253,763	
<b>Fund balance at end of year</b>			\$ 2,719,623	

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

**TOWN OF GILBERT, ARIZONA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

**Business-type Activities - Enterprise Funds**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Irrigation</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 30,474,562	\$ -	\$ 9,623,234	\$ 10,507
Receivables (net):				
Accrued interest	20,342	16,272	6,630	2
Accounts	2,669,342	1,348,695	790,395	552
Due from other governments	1,611,394	1,132,819	-	-
Prepaid items	-	-	-	-
Inventories	132,818	-	-	-
Total current assets	<u>34,908,458</u>	<u>2,497,786</u>	<u>10,420,259</u>	<u>11,061</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	85,052,980	13,977,708	-	-
Accrued interest	44,978	4,895	-	-
Advances to other funds	3,809,196	-	-	-
Deferred charges	1,384,522	1,117,356	-	-
Investment in joint venture	74,907,641	73,559,296	-	-
Capital assets:				
Non-depreciable	19,312,078	13,313,089	-	-
Depreciable, net	232,904,839	169,520,730	5,261,312	-
Total noncurrent assets	<u>417,416,234</u>	<u>271,493,074</u>	<u>5,261,312</u>	<u>-</u>
Total assets	<u>452,324,692</u>	<u>273,990,860</u>	<u>15,681,571</u>	<u>11,061</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,084,590	1,426,845	307,094	8,398
Accrued liabilities	204,226	99,118	176,007	2,173
Current portion of accrued compensated absences	197,896	93,177	173,843	490
Claims payable	-	-	-	-
Accrued interest	1,680,666	339,412	-	-
Bond interest payable	5,875	-	-	-
Bonds payable	3,550,000	-	-	-
Utility deposits	1,591,774	-	10,750	-
Total current liabilities	<u>9,315,027</u>	<u>1,958,552</u>	<u>667,694</u>	<u>11,061</u>
Noncurrent liabilities:				
General obligation bonds payable	8,635,000	-	-	-
Utility revenue bonds payable	150,653,545	32,636,455	-	-
Accrued compensated absences	260,688	126,478	225,307	-
Unamortized bond premium (discount)	418,359	105,708	-	-
Unamortized charge - refunding bonds	(683,623)	(227,874)	-	-
Advances from other funds	-	3,809,196	-	-
Total noncurrent liabilities	<u>159,283,969</u>	<u>36,449,963</u>	<u>225,307</u>	<u>-</u>
Total liabilities	<u>168,598,996</u>	<u>38,408,515</u>	<u>893,001</u>	<u>11,061</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	104,329,490	151,436,886	5,261,312	-
Restricted for debt service	16,056,055	10,088,743	-	-
Restricted for capital projects	57,183,253	-	-	-
Restricted for system repair & maintenance	4,892,178	3,518,258	-	-
Unrestricted	101,264,720	70,538,458	9,527,258	-
Total net assets	<u>\$ 283,725,696</u>	<u>\$ 235,582,345</u>	<u>\$ 14,788,570</u>	<u>\$ -</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Net assets of business-type activities

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 40,108,303	\$ 5,655,233
43,246	4,048
4,808,984	7,522
2,744,213	-
-	25,535
132,818	575,862
<u>47,837,564</u>	<u>6,268,200</u>
99,030,688	-
49,873	-
3,809,196	-
2,501,878	-
148,466,937	-
32,625,167	-
407,686,881	222,821
<u>694,170,620</u>	<u>222,821</u>
<u>742,008,184</u>	<u>6,491,021</u>
3,826,927	231,089
481,524	56,665
465,406	45,697
-	1,269,776
2,020,078	-
5,875	-
3,550,000	-
1,602,524	-
<u>11,952,334</u>	<u>1,603,227</u>
8,635,000	-
183,290,000	-
612,473	46,126
524,067	-
(911,497)	-
3,809,196	-
<u>195,959,239</u>	<u>46,126</u>
<u>207,911,573</u>	<u>1,649,353</u>
261,027,688	222,821
26,144,798	-
57,183,253	-
8,410,436	-
181,330,436	4,618,847
534,096,611	<u>\$ 4,841,668</u>
<u>759,340</u>	
<u>\$ 534,855,951</u>	

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

**TOWN OF GILBERT, ARIZONA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

**Business-type Activities - Enterprise Funds**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Irrigation</u>
<b>Operating revenues</b>				
Charges for services	\$ 33,416,401	\$ 19,721,549	\$ 16,591,602	\$ 18,513
Other	486,480	9,127	233,820	-
Total operating revenues	<u>33,902,881</u>	<u>19,730,676</u>	<u>16,825,422</u>	<u>18,513</u>
<b>Operating expenses</b>				
General and administrative	686,829	571,498	359,717	97,828
Personal services	5,337,885	2,704,545	5,024,805	55,307
Operation and maintenance	11,358,622	8,189,238	6,271,314	4,730
Claims Incurred	-	-	-	-
Depreciation	7,902,342	8,241,501	1,203,055	-
Allocation of indirect expenses	2,281,390	1,488,240	1,271,010	-
Total operating expenses	<u>27,567,068</u>	<u>21,195,022</u>	<u>14,129,901</u>	<u>157,865</u>
<b>Operating income (loss)</b>	<u>6,335,813</u>	<u>(1,464,346)</u>	<u>2,695,521</u>	<u>(139,352)</u>
<b>Nonoperating revenues (expenses)</b>				
Interest expense	(7,847,396)	(1,205,454)	-	-
Investment earnings	813,820	211,004	41,724	4
Amortization of bond issuance costs	(94,160)	(26,942)	-	-
Gain on sale of capital assets	1,482	-	50,331	-
Other	24,200	-	-	-
Total nonoperating revenues (expenses)	<u>(7,102,054)</u>	<u>(1,021,392)</u>	<u>92,055</u>	<u>4</u>
Income (loss) before capital contributions and transfers	(766,241)	(2,485,738)	2,787,576	(139,348)
Capital contributions	10,581,086	8,647,264	-	-
Transfers in	-	758,625	27,352	139,348
Transfers out	(1,547,804)	(530,951)	(7,794)	-
<b>Change in net assets</b>	8,267,041	6,389,200	2,807,134	-
<b>Total net assets, beginning of year</b>	<u>275,458,655</u>	<u>229,193,145</u>	<u>11,981,436</u>	<u>-</u>
<b>Total net assets, end of year</b>	<u>\$ 283,725,696</u>	<u>\$ 235,582,345</u>	<u>\$ 14,788,570</u>	<u>\$ -</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Change in net assets of business-type activities

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 69,748,065	\$ 19,668,577
729,427	98,464
<u>70,477,492</u>	<u>19,767,041</u>
1,715,872	1,099,545
13,122,542	1,617,774
25,823,904	4,963,984
-	10,669,595
17,346,898	39,254
5,040,640	-
<u>63,049,856</u>	<u>18,390,152</u>
<u>7,427,636</u>	<u>1,376,889</u>
(9,052,850)	-
1,066,552	25,146
(121,102)	-
51,813	1,779
24,200	-
<u>(8,031,387)</u>	<u>26,925</u>
(603,751)	1,403,814
19,228,350	-
925,325	-
<u>(2,086,549)</u>	<u>-</u>
17,463,375	1,403,814
	<u>3,437,854</u>
	<u>\$ 4,841,668</u>
373,339	
<u>\$ 17,836,714</u>	

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



**TOWN OF GILBERT, ARIZONA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

**Business-type Activities - Enterprise Funds**

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Irrigation</u>
<b>Cash flows from operating activities:</b>				
Cash receipts from customers	\$ 32,959,923	\$ 19,481,510	\$ 16,480,604	\$ 18,243
Other operating cash receipts	486,480	9,127	233,820	-
Cash receipts from other funds for services	-	-	-	-
Cash receipts from deposits	301,094	-	3,900	-
Cash payments to suppliers for goods and services	(10,663,232)	(8,667,907)	(6,634,201)	(94,940)
Cash payments to employees for services	(5,150,060)	(2,631,795)	(4,965,210)	(54,721)
Cash payments to other funds for services	(2,281,390)	(1,488,240)	(1,271,010)	-
Net cash provided by (used in) operating activities	<u>15,652,815</u>	<u>6,702,695</u>	<u>3,847,903</u>	<u>(131,418)</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash receipts from nonoperating sources	24,200	-	-	-
Changes in advances to/from other funds	89,201	(89,201)	-	-
Transfers from other funds	-	758,625	27,352	139,348
Transfers to other funds	(1,547,804)	(530,951)	(7,794)	-
Net cash provided by (used in) noncapital financing activities	<u>(1,434,403)</u>	<u>138,473</u>	<u>19,558</u>	<u>139,348</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(32,005,487)	(3,686,082)	(888,726)	-
Proceeds from development fees	8,207,888	6,190,815	-	-
Cash paid for interest and fiscal charges	(7,930,558)	(1,417,441)	-	-
Principal payments on bonds	(9,042,068)	(9,512,932)	-	-
Proceeds from intergovernmental agreements	-	495,422	-	-
Disposal of capital assets	1,482	-	50,331	-
Net cash used in capital and related financing activities	<u>(40,768,743)</u>	<u>(7,930,218)</u>	<u>(838,395)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interest received on investments	1,154,753	300,079	57,326	2
Net cash provided by investing activities	<u>1,154,753</u>	<u>300,079</u>	<u>57,326</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	(25,395,578)	(788,971)	3,086,392	7,932
Cash and cash equivalents at beginning of year	140,923,120	14,766,679	6,536,842	2,575
Cash and cash equivalents at end of year	<u>\$ 115,527,542</u>	<u>\$ 13,977,708</u>	<u>\$ 9,623,234</u>	<u>\$ 10,507</u>
<b>Cash and cash equivalents at end of year includes:</b>				
Equity in pooled cash and investments	\$ 30,474,562	\$ -	\$ 9,623,234	\$ 10,507
Restricted cash and investments	85,052,980	13,977,708	-	-
Total cash and cash equivalents	<u>\$ 115,527,542</u>	<u>\$ 13,977,708</u>	<u>\$ 9,623,234</u>	<u>\$ 10,507</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operations:</b>				
Operating income (loss)	\$ 6,335,813	\$ (1,464,346)	\$ 2,695,521	\$ (139,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	7,902,342	8,241,501	1,203,055	-
Provision for uncollectible accounts	46,906	(12,794)	(2,310)	-
Changes in assets and liabilities:				
Increase in accounts receivable	(503,384)	(227,245)	(108,688)	(270)
Increase in prepaid items	-	-	-	-
Decrease in inventories	33,009	-	-	-
Increase (decrease) in accounts payable	1,349,210	92,830	(3,170)	7,618
Increase in claims payable	-	-	-	-
Increase in deposits	301,094	-	3,900	-
Increase in accrued expenses	187,825	72,749	59,595	586
Total adjustments	<u>9,317,002</u>	<u>8,167,041</u>	<u>1,152,382</u>	<u>7,934</u>
Net cash provided by (used in) operating activities	<u>\$ 15,652,815</u>	<u>\$ 6,702,695</u>	<u>\$ 3,847,903</u>	<u>\$ (131,418)</u>
<b>Supplemental disclosures of noncash financing activities:</b>				
Additions to property and equipment:				
Contributions from developers	\$ 2,373,198	\$ 1,961,027	\$ -	\$ -
Total additions to property and equipment	<u>\$ 2,373,198</u>	<u>\$ 1,961,027</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 68,940,280	\$ -
729,427	103,050
-	19,726,558
304,994	-
(26,060,280)	(16,645,667)
(12,801,786)	(1,615,339)
(5,040,640)	-
<u>26,071,995</u>	<u>1,568,602</u>
24,200	-
-	-
925,325	-
(2,086,549)	-
<u>(1,137,024)</u>	<u>-</u>
(36,580,295)	(32,426)
14,398,703	-
(9,347,999)	-
(18,555,000)	-
495,422	-
51,813	1,779
<u>(49,537,356)</u>	<u>(30,647)</u>
1,512,160	34,966
<u>1,512,160</u>	<u>34,966</u>
(23,090,225)	1,572,921
162,229,216	4,082,312
<u>\$ 139,138,991</u>	<u>\$ 5,655,233</u>
\$ 40,108,303	\$ 5,655,233
99,030,688	-
<u>\$ 139,138,991</u>	<u>\$ 5,655,233</u>
\$ 7,427,636	\$ 1,376,889
17,346,898	39,254
31,802	-
(839,587)	62,567
-	(25,535)
33,009	47,900
1,446,488	(207,437)
-	272,529
304,994	-
320,755	2,435
<u>18,644,359</u>	<u>191,713</u>
<u>\$ 26,071,995</u>	<u>\$ 1,568,602</u>
\$ 4,334,225	\$ -
<u>\$ 4,334,225</u>	<u>\$ -</u>

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

**TOWN OF GILBERT, ARIZONA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2009**

	<u>Firemen's Pension Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Accounts receivable, net	\$ -	\$ 196
Restricted cash and investments	106,749	39,499
Restricted accrued interest	88	-
	<u>106,837</u>	<u>39,695</u>
<b>LIABILITIES</b>		
Guaranty and other deposits	-	\$ 674
Medical benefits payable	-	30,270
Dependent care benefits payable	-	8,751
	<u>-</u>	<u>\$ 39,695</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 106,837</u>	

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

**TOWN OF GILBERT, ARIZONA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2009**

	<u><b>Firemen's Pension Trust</b></u>
<b>Additions</b>	
Interest on investments	\$ 796
Total additions	<u>796</u>
<b>Deductions</b>	
Benefits	2,400
Administration	<u>100</u>
Total deductions	<u>2,500</u>
<b>Change in net assets</b>	(1,704)
<b>Net assets - beginning of the year</b>	<u>108,541</u>
<b>Net assets - end of the year</b>	<u><u>\$ 106,837</u></u>

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



**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

The Town of Gilbert, Arizona (Gilbert) was incorporated on July 6, 1920, under the provisions of Article 13, Section 1 of the Constitution of the State of Arizona. Gilbert operates as a general law community, under the provisions of Title 9, Chapter 2, Article 3 (Common Council provision). Gilbert operates under the Council-Manager form of government, as empowered in Chapter 2, Article 2-51 of the Code of the Town of Gilbert, Arizona. There are seven members of the Council, elected to staggered four-year terms. The voters select the Mayor and the Council membership annually elects the Vice Mayor.

**Note 1 - Summary of Significant Accounting Policies**

Gilbert's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

Gilbert's operations include public safety (police, fire, and animal control), community services (parks, recreation, library, culture and arts, and social services), public works, development services (planning, code enforcement, and engineering), and general administration in support of operations. Gilbert also operates four enterprise funds to provide water, wastewater, solid waste, and irrigation services and three internal service funds that provide equipment and fleet maintenance, copy services, and employee self-insurance for medical claims.

The accompanying financial statements present the activities of Gilbert (the primary government) and its component units. Component units are legally separate entities for which Gilbert is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of Gilbert's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town of Gilbert. Each blended and discretely presented component unit discussed below has a June 30 year-end.

**Blended Component Units** - The Water Resources Municipal Property Corporation (Water MPC) is a legally separate, non-profit corporation which exists solely for the purpose of financing the construction or acquisition of water and wastewater capital improvement projects. The Public Facilities Municipal Property Corporation (Public Facilities MPC) is a legally separate, non-profit corporation which exists solely for the purpose of financing construction of municipal facilities. Each is considered a blended component unit because the Council appoints the five-member board of directors of the MPC, the Council must approve any amendments to the articles of incorporation of the MPC, the Council must approve any debt issues of the MPC, and the MPC provides services solely to the Town of Gilbert. At June 30, 2009, the Water MPC bonded debt is reported within the water and wastewater enterprise funds and the Public Facilities MPC bonded debt is reported within the debt service fund (current portion only) and within the governmental activities in the government-wide statement of net assets.

**Discretely Presented Component Unit** - The Industrial Development Authority (IDA) issues industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of eligible industrial and commercial facilities deemed to be in the public interest. The IDA is considered a component unit because the Council appoints the board of directors of the IDA, the Council must approve any amendments to the articles of incorporation of the IDA, and the Council must approve any debt issues of the IDA. The IDA is discretely presented in these combined financial statements because the IDA does not provide services solely to Gilbert. Separate financial statements for the IDA have not been prepared.

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**B. Jointly Governed Organizations**

Williams Gateway Airport Authority (WGAA) is a non-profit corporation established and funded by the Towns of Gilbert and Queen Creek, the Cities of Mesa and Phoenix, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base, which was closed in September 1993 and became Phoenix/Mesa Gateway Airport (formerly known as Williams Gateway Airport). The airport has three runways, a newly remodeled passenger terminal and is positioned to be a reliever airport to Phoenix's Sky Harbor International Airport. The Board of Directors consists of the mayors of the respective communities and the governor of the tribal community. Gilbert contributed \$350,000 in fiscal year 2009 (life to date \$5,774,250) to the WGAA operating and capital budget.

Regional Public Transportation Authority (RPTA) is a voluntary association of local governments, including Maricopa County, Mesa, Tempe, Scottsdale, Glendale, Phoenix, and Gilbert. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those municipalities and a member of the County Board of Supervisors.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on Gilbert and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide Statement of Net Assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions or departments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or department. Interest and fiscal charges on long-term debt are not allocated to the various functions. Program revenues include charges for services, fines and forfeitures, licenses and permit fees, special assessment fees, certain system development fees, intergovernmental grants and other entities participation. Taxes, investment earnings and other revenues not identifiable with a particular function or department are included as general revenues. The general revenues support the net costs of the functions and departments not covered by program revenues.

For the most part, the effect of internal activity has been removed from the government-wide financial statements. Net internal activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. Certain charges between the enterprise funds' utility systems and the various functional activities are not eliminated as this would distort the direct costs and program revenues reported for the various functions concerned.

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Separate financial statements are provided for the governmental funds, proprietary funds and fiduciary funds. The focus of the fund financial statements is on major funds. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements. Other nonmajor governmental funds, as well as the internal service funds, are summarized into a single column on the fund financial statements and are detailed in the combining statements included as supplementary information.

As stated above, the fiduciary funds are presented in the fund financial statements and not included in the government-wide statements. By definition these assets are being held for the benefit of a third party and cannot be used to address Gilbert's activities or obligations.

The internal service funds, which provide services to the other funds of the government, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the governmental activities, the assets and liabilities of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Assets. The costs of the internal service fund services are spread to the appropriate function or department on the government-wide Statement of Activities and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling up effect from these revenues and expenses.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets as well as long-term obligations. 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 revenue 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 grantor or provider have been met.

The 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, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Principal revenue sources considered to be susceptible to accrual are property taxes, sales taxes, franchise taxes, licenses and permits, intergovernmental revenue and investment earnings associated with the current fiscal period.

Charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenue when received as cash because they are generally not measurable until actually received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide presentation.



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The proprietary funds and the pension trust fund are reported using the economic resources measurement focus and the accrual basis of accounting (same basis as the government-wide financial statements).

Gilbert's business-type activities and enterprise funds follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Gilbert has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of Gilbert's internal service funds are charges to user departments for services provided. The principal operating revenue of Gilbert's enterprise funds are user fees and charges to customers for water, wastewater, solid waste and irrigation services. Operating expenses for these funds include the cost of sales and services, administrative and payroll expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus.

#### **E. Fund Accounting**

Gilbert uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses.

Gilbert uses the following fund categories, further divided by fund type:

##### **Governmental Funds**

Governmental funds are those through which most of the governmental functions are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

Gilbert reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The general fund will always be considered a major fund in the basic financial statements.

**Streets Special Revenue Fund** – The streets fund accounts for Gilbert's portion of the Arizona Highway User Revenue Tax, Local Transportation Assistance Funds, and Vehicle License Taxes. The revenue is used exclusively for the maintenance and improvement of highways and streets.

**General Debt Service Fund** – The general debt service fund accounts for the principal and interest requirements of general obligation, highway user revenue and municipal property corporation revenue bonds not recorded in proprietary funds. Financing is provided from the levy of secondary property taxes and revenue-supported transfers.

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**Special Assessments Debt Service Fund** – The special assessments fund accounts for the principal and interest requirements of special assessment bonds not recorded in proprietary funds. Financing is provided by special assessment levies against benefited property owners.

**Streets and Transportation Capital Projects Fund** – The streets and transportation fund accounts for the construction of roadway improvements.

**Municipal Facilities Capital Projects Fund** – The municipal facilities fund accounts for the acquisition and construction of municipal facilities such as municipal buildings, libraries and fire stations.

**Parks, Open Space and Recreation Capital Projects Fund** – The parks, open space and recreation fund accounts for the acquisition and construction of parks and recreation facilities.

**Proprietary Funds**

Proprietary funds are used to account for Gilbert's ongoing activities which are similar to those found in the private sector and where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net assets, financial position and cash flows.

Gilbert reports the following major proprietary funds:

**Water Fund** – The water fund accounts for the revenues and expenses from the operation and maintenance of the domestic water system.

**Wastewater Fund** – The wastewater fund accounts for the revenues and expenses from the operation of the sanitary wastewater collection and treatment and reclaimed water distribution system.

**Solid Waste Fund** – The solid waste fund accounts for the revenues and expenses of operating the solid waste collection system.

**Irrigation Fund** – The irrigation fund accounts for the revenues and expenses of providing irrigation water services in the original town site area.

Additionally, Gilbert reports the following fund types:

**Internal Service Funds** – The internal service funds account for operations that provide services to other departments on a cost-reimbursement basis. These services include maintenance of Gilbert's motorized equipment, operation of centrally located copiers and self-insurance for employee benefit programs.

**Pension Trust Fund** - The pension trust fund accounts for assets held by the government in a trustee capacity. The fund includes the assets and pension payments to retired volunteer firefighters and survivors.

**Agency Funds** – The agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. Gilbert currently maintains agency funds to account for: monies collected from employees to pay medical and dependent care claims; and monies received from citizens that are distributed to non-profit agencies assisting Gilbert low-income residents.

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**F. Budgetary Data**

In January of each year, the Manager's Office prepares a revenue estimate based upon state shared revenue forecasts, historic trends, economic indicators, anticipated growth, and year-to-date revenue performance to develop guidelines for departments to follow in preparing budget requests. The Council is briefed on this information and asked to approve boundaries and priorities for consideration in the preparation of departmental requests.

In February, department directors develop operating budget requests for their departments and submit them to the Manager for review and hearing. Estimates for trust and agency, debt service, maintenance improvement districts, capital projects, and internal service funds are prepared by the Manager's office and submitted for review.

In March, the Council is presented with a working budget request for preliminary review and discussion, and approves a schedule of hearings and dates for approval of the budget. A public hearing is held in May, in anticipation of the adoption of the final budget.

Prior to June 30 of each year, the Council adopts a preliminary budget as the maximum legal expenditure limit for the upcoming year. Council establishes dates for the final public hearing, the final adoption of the budget, and the setting of tax levies. The Council adopts the final tax levy and reports the levy amounts to Maricopa County for collection not later than the third Monday in August.

The Council adopts the budget at the fund level as a total amount of expenditures. Financial control is administered by fund, with budgetary control for operating performance regulated at the departmental level, e.g., finance, municipal court, engineering, police, parks. Grants and restricted appropriations are administered on a line item basis by department. By policy, the Manager is authorized to administer a budget adjustment process within a fund. Council must be notified of any adjustments in excess of twenty percent of the authorized departmental budget. Council action is required to approve any interfund adjustments and any contingency transactions. There were no supplemental appropriations during fiscal year 2009. All annual appropriations lapse at year-end and are considered for inclusion in the subsequent year's budget.

Gilbert prepares its budget on a basis generally consistent with GAAP, with certain exceptions as explained in Note 2. In addition, the financial statements present the budget and actual information for the departments at a summary level by function.

**G. Pooled Cash and Investments**

Gilbert maintains pooled cash and investment accounts for funds that are not legally required to be maintained separately. Each fund's equity in pooled cash and investments represents that fund's position in the consolidated accounts and determines that fund's allocation of interest earned in the pool. The Arizona Revised Statutes regulate the investment of surplus cash. Gilbert limits its investments to the Local Government Investment Pool (managed by the Arizona State Treasurer), U.S. government securities, certificates of deposit, bonds, and money market accounts.

Investments are stated at fair value based on quoted market prices and cash equivalents are stated at amortized cost.

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**H. Inventories**

Inventories are recorded in the general fund, the traffic control capital projects fund, the equipment maintenance internal service fund, and the water enterprise fund. Inventories are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the weighted average method.

**I. Restricted Assets**

Certain bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted on the balance sheet, or statement of net assets, because they are maintained in trust accounts and their use is limited by applicable debt covenants.

**J. Capital Assets**

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and similar assets), are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life greater than one year. All infrastructure, including infrastructure acquired prior to June 30, 1980, is reported. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets (including streets, water and wastewater lines installed by developers) are recorded at the estimated fair market value at the date of donation. Gain or loss is recognized when assets are retired from service or otherwise disposed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

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, if material.

Capital assets are depreciated using the straight-line method based on the following estimated useful lives (land and construction-in-progress are not depreciated):

Buildings	25 to 50 years
Improvements	25 to 50 years
Machinery and equipment	3 to 10 years
Infrastructure	15 to 50 years
Water rights	100 years

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**K. Compensated Absences**

Vacation time is accumulated up to a maximum of 288 hours (404 hours for firefighters), depending upon length of service, and is either taken as time off from work or paid to employees upon separation or retirement. Sick leave accumulated in excess of 520 hours (728 hours for firefighters) is convertible annually to a partial cash benefit. Sick leave is convertible to a cash benefit upon retirement or death of the employee (at 100%) or upon resignation (at 50%) when the employee has ten or more years of service (calculated at a 5 year average hourly rate).

For the governmental funds, a liability for compensated absences is reported only if they have matured, for example, as a result of employee resignations and retirements. For the government-wide financial statements, as well as the proprietary fund financial statements, all of the outstanding compensated absences are recorded as a liability.

**L. 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 applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The debt service funds are specifically established to account for and service the long-term obligations for the governmental funds and special assessment debt. Each enterprise fund individually accounts for and services the applicable bonds that benefit these funds. Long-term obligations are recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**M. Transactions Between Funds**

Transactions that would be recorded as revenues and expenditures/expenses if they involved entities external to the governmental unit are recorded as revenues and expenditures/expenses in the respective funds. Transactions constituting a reimbursement of a fund for expenditures/expenses originally recorded in that fund, but properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of the expenditures/expenses in the fund which is reimbursed, excluding indirect administrative costs which are recorded as revenues and expenditures/expenses in the related funds. Indirect administrative expenses represent overhead costs which have been allocated to the enterprise funds based upon a formula approved with the budget. All other interfund transactions are reported as transfers.

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Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. See Note 5 for further discussion of the interfund receivables/payables at June 30.

**N. Property Tax**

Gilbert's property tax is adopted by the Council each year on or before the third Monday of August, based on the previous year's full cash value as of the lien date (January 1). Maricopa County, at no charge, levies and collects all property taxes. Levies are due and payable in two installments on September 1 and March 1 and become delinquent on November 1 and May 1, respectively.

Public auctions of properties that have delinquent real estate taxes are held in February following the May 1 delinquency of the second installment. The purchaser is given a certificate of purchase, issued by the County Treasurer. Five years from the date of sale, the holder of a certificate of purchase, which has not been redeemed, may demand of the County Treasurer, a County Treasurer's Deed.

Gilbert does not levy property taxes for general operations (primary tax). Secondary property taxes are levied solely for the purpose of retiring the principal, interest, and servicing fees on voter approved general obligation bonded indebtedness. Gilbert may levy the amount deemed necessary to meet its bonded debt service requirements. By Council policy, Gilbert will not issue debt that would require a tax rate of more than \$1.15 per \$100 of assessed valuation.

**O. Reservations and Designations**

The governmental funds financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. At June 30, 2009, amounts were reserved on the governmental funds financial statements for the following purposes: 1) encumbrances – represents purchase obligations outstanding at the end of the fiscal year; 2) advances – see section M. above; 3) debt service – for payment of future amounts of principal and interest due; and 4) development fees – represents the fees collected which are restricted to financing various improvements related to growth. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2009, \$12,500,000 has been designated for the reserve fund (unforeseen events) and \$16,360,288 has been designated for capital replacement.

Reservations and Designations are not shown in the proprietary funds financial statements. Gilbert does, however, reserve or designate portions of net assets in these funds to demonstrate the intended use of net assets. Reservations include construction commitments and are outlined in Note 6. Designations, which are created by administrative policy, include capital equipment replacement. At June 30, 2009, \$25,949,277 of unrestricted net assets has been designated for capital equipment replacement in the Water Fund, \$22,871,099 has been designated in the Wastewater Fund, and \$8,059,769 has been designated in the Solid Waste Fund.

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**P Statement of Cash Flows**

A statement of cash flows classifies cash receipts and payments according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities. For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased are considered cash equivalents.

**Q Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make a number of 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 assets/balance sheet and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Budgetary Basis of Accounting**

Budgetary comparison statements for the general fund and major special revenue funds are presented in the basic financial statements. These statements display original budget, amended budget and actual results. Budgetary comparison schedules are also included as supplementary schedules for the other governmental funds.

The budgets for the proprietary funds are adopted on a basis other than GAAP. For these funds, the budgetary schedules include a reconciliation of the adjustments required to convert budgetary revenues and expenses to GAAP revenues and expenses.

The primary differences between the GAAP and budget basis statements for the proprietary funds are:

1. Obligations for compensated absences and rebatable arbitrage are accrued on the GAAP basis but are not recognized on the budget basis.
2. Capital outlays are not recognized as GAAP expenses but are recognized as expenses on the budget basis.
3. Debt service principal payments are not recorded as expenses on the GAAP basis but are recognized as expenses on the budget basis.
4. Depreciation and amortization of bond issuance costs are expensed on the GAAP basis but are not recognized on the budget basis.
5. Capital assets contributed by developers are recognized as revenue on the GAAP basis but are not recognized on the budget basis.

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**Note 3 - Deposits and Investments**

The investment of public monies is regulated by Title 35 of the Arizona Revised Statutes. Gilbert limits its investments to the Local Government Investment Pool (managed by the Arizona State Treasurer), U.S. government securities, certificates of deposit, bonds, and money market accounts. The majority of Gilbert's investments were in the State Treasurer's Investment Pool. The State Board of Deposit provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

At June 30, 2009, Gilbert's investments were as follows (all of Gilbert's investments have maturities of less than one year):

<u>Investment Type</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	\$334,216,651
Money Market – U.S. Treasuries:	
Wells Fargo	31,026,559
JP Morgan	<u>17,654,199</u>
Total	<u>\$382,897,409</u>

*Interest rate risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, Gilbert's investment policy limits its investment portfolio to maturities of less than three years.

*Credit risk* – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Gilbert addresses credit risk through its investment policy by restricting the allowable investment instruments. As of June 30, 2009, Gilbert's investment in the State Treasurer's Investment Pool did not receive a credit quality rating from a national rating agency.

*Custodial credit risk - deposits* – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of January 2009, the Federal Deposit Insurance Corporation announced a Temporary Liquidity Guarantee Program that fully guaranteed balances in a non-interest bearing transactional account. As of June 30, 2009, Gilbert's bank balance was \$49,680,333. At the end of each day, Gilbert's bank account balance is transferred to a sweep account. This account is invested in U.S. Treasuries only.

*Custodial credit risk - investments* – Gilbert's investment in the State Treasurer's Investment Pool represents a proportionate interest in the Pool's portfolio; however, Gilbert's portion is not identified with specific investments and is not subject to custodial credit risk.



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**Reconciliation of pooled cash and investments as reported on the statement of net assets:**

Primary government:	
Carrying amount of cash/deposits	\$ 47,987,929
Carrying amount of investments	<u>382,897,409</u>
Total cash and investments	<u>\$430,885,338</u>
Pooled cash and investments	\$314,045,236
Restricted cash and investments	<u>116,693,854</u>
Total cash and investments (per Statement of Net Assets)	430,739,090
Pension trust fund	106,749
Agency funds	<u>39,499</u>
Total cash and investments	<u>\$430,885,338</u>

**Note 4 - Taxes Receivable and Due from Other Governments**

The general fund taxes receivable amount at June 30, 2009, includes \$1,150,484 in state shared sales tax and \$3,905,826 in local sales tax due from the State of Arizona. Amounts due from other governments recorded in the streets special revenue fund include \$962,381 in highway user revenues and \$617,774 in vehicle license tax both due from the State of Arizona. Other governmental funds include \$174,708 in federal grants from the U.S. Department of Housing and Urban Development, \$358,056 from the U.S. Department of Transportation, and \$591,736 from the U.S. Department of Homeland Security. The balance of these receivables represents various grants from the state and federal governments.

**Note 5 – Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds are short-term loans that cover cash deficits and are recorded in the following funds:

	<b>Due To</b>	<b>Due From</b>
General fund	\$ -	\$265,357
Municipal facilities capital projects fund	288,613	-
Other governmental funds	<u>265,357</u>	<u>288,613</u>
Total	<u>\$553,970</u>	<u>\$553,970</u>

Advances from/to other funds are long-term loans that cover cash deficits for capital expenditures and are recorded in the following funds:

	<b>Advance from</b>	<b>Advance to</b>
General fund	\$ -	\$17,224,288
Municipal facilities capital projects fund	17,224,288	-
Water fund	-	3,809,196
Wastewater fund	<u>3,809,196</u>	-
Total	<u>\$21,033,484</u>	<u>\$21,033,484</u>

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**Note 6 – Capital Assets**

A summary of changes in capital assets for governmental activities, for the fiscal year ended June 30, 2009, is as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
<b>Non-depreciable assets:</b>				
Land	\$ 79,495,267	13,559,696	-	93,054,963
Construction-in-progress	37,777,317	128,725,845	(51,465,570)	115,037,592
Total non-depreciable assets	<u>117,272,584</u>	<u>142,285,541</u>	<u>(51,465,570)</u>	<u>208,092,555</u>
<b>Depreciable assets:</b>				
Buildings	208,635,453	1,830,081	-	210,465,534
Improvements	53,466,118	15,634,306	-	69,100,424
Machinery and equipment	52,929,191	4,438,183	(965,525)	56,401,849
Infrastructure	727,660,084	39,656,852	-	767,316,936
Total depreciable assets	<u>1,042,690,846</u>	<u>61,559,422</u>	<u>(965,525)</u>	<u>1,103,284,743</u>
Less accumulated depreciation:				
Buildings	(24,978,546)	(8,383,025)	-	(33,361,571)
Improvements	(15,231,058)	(2,582,831)	-	(17,813,889)
Machinery and equipment	(23,129,412)	(6,472,239)	817,445	(28,784,206)
Infrastructure	(246,664,143)	(27,059,518)	-	(273,723,661)
Total accumulated depreciation	<u>(310,003,159)</u>	<u>(44,497,613)</u>	<u>817,445</u>	<u>(353,683,327)</u>
Total depreciable assets, net	<u>732,687,687</u>	<u>17,061,809</u>	<u>(148,080)</u>	<u>749,601,416</u>
<b>Governmental activities capital assets, net</b>	<b>\$ <u>849,960,271</u></b>	<b><u>159,347,350</u></b>	<b><u>(51,613,650)</u></b>	<b><u>957,693,971</u></b>

Governmental activities construction-in-progress and related construction commitments at June 30, 2009, were composed of the following:

	<u>Construction- in-progress</u>	<u>Commitments</u>
Redevelopment	\$ 686,633	\$ 876,964
Municipal facilities	1,716,465	109,826
Parks	56,089,672	1,491,123
Storm water	42,039	81,910
Traffic control	324,352	254,838
Streets	54,518,812	44,119,597
Special assessments	1,659,619	5,019,006
Total	<u>\$ 115,037,592</u>	<u>\$ 51,953,264</u>

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Depreciation expense was charged to governmental functions in the government-wide financial statement as follows:

Management and policy	\$ 49,493
Support services	1,151,964
Legal and court	611,919
Development services	736,024
Public works	642,409
Police	3,988,011
Fire	2,944,090
Highways and streets	28,157,035
Community services	<u>6,177,414</u>
Total depreciation expense not including internal service funds	44,458,359
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>39,254</u>
Total depreciation expense - governmental activities	<u><u>\$44,497,613</u></u>

A summary of changes in capital assets for business-type activities, for the fiscal year ended June 30, 2009, is as follows:

	<u>July 1, 2008<sup>1</sup></u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Non-depreciable assets:				
Land	\$ 17,438,299	2,050,421	-	19,488,720
Construction-in-progress	23,050,720	15,040,831	(24,955,104)	13,136,447
Total non-depreciable assets	<u>40,489,019</u>	<u>17,091,252</u>	<u>(24,955,104)</u>	<u>32,625,167</u>
Depreciable assets:				
Plant and equipment	127,168,568	1,429,893	(460,544)	128,137,917
Water rights	9,146,281	-	-	9,146,281
Infrastructure	351,328,666	27,115,221	-	378,443,887
Total depreciable assets	<u>487,643,515</u>	<u>28,545,114</u>	<u>(460,544)</u>	<u>515,728,085</u>
Less accumulated depreciation:				
Plant and equipment	(25,850,093)	(7,252,166)	1,996,498	(31,105,761)
Water rights	(1,623,677)	(98,292)	-	(1,721,969)
Infrastructure	(65,217,036)	(9,996,438)	-	(75,213,474)
Total accumulated depreciation	<u>(92,690,806)</u>	<u>(17,346,896)</u>	<u>1,996,498</u>	<u>(108,041,204)</u>
Total depreciable assets, net	<u>394,952,709</u>	<u>11,198,218</u>	<u>1,535,954</u>	<u>407,686,881</u>
Business-type activities capital assets, net	<u>\$ 435,441,728</u>	<u>28,289,470</u>	<u>(23,419,150)</u>	<u>440,312,048</u>

<sup>1</sup>The July 1, 2008 beginning balances were adjusted for water rights and infrastructure accumulated depreciation due to depreciation expense inadvertently recorded to infrastructure instead of water rights.

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Business-type activities construction-in-progress and related construction commitments at June 30, 2009, are composed of the following:

	<u>Construction- in-progress</u>	<u>Commitments</u>
Water system	\$ 10,644,419	\$ 5,030,347
Wastewater system	2,492,028	1,791,825
Total	<u>\$ 13,136,447</u>	<u>\$ 6,822,172</u>

**Note 7 - Risk Management**

**Traditional Commercial Insurance Programs**

Gilbert operates with traditional commercial insurance programs against major losses in property, plant, equipment, and liability. Administrative responsibility for the safety program, education, and loss prevention resides with the Personnel Division. Insurance is procured on a competitive quotation basis, using the services of an independent broker as a consultant. Gilbert processes all claims and evaluates their validity to determine if insurance reporting and investigation are warranted, or if the claim can be resolved administratively. Claims settled administratively, which are generally less than the deductibles of the appropriate policy, are paid from the funds where the claims occurred. During fiscal year 2009, there was no reduction in insurance coverage from prior years. Additionally, settlements have not exceeded insurance coverage during any of the last three fiscal years.

**Self-Insurance**

Gilbert has established an employee benefit self-insurance fund (internal service fund) to account for and finance its uninsured risks of loss for medical claims. Gilbert purchases commercial stop loss insurance to limit the claims liability to the employee benefit self-insurance fund. The stop loss insurance provides specific (individual member) coverage for claims incurred in excess of \$150,000 on the plan year and aggregate (plan wide) coverage for claims incurred over \$14,410,323 on the plan year. During fiscal year 2009, the plan did incur and receive recoveries for \$54,756 through specific stop loss coverage. Settlements did not reach the aggregate plan limit during any of the last three fiscal years.

Premiums are paid into the internal service fund by all other funds and are available to pay claims and administrative costs of the program and fund claim reserves. As with any risk retention program, Gilbert is contingently liable with respect to claims beyond those actuarially projected. Interfund premiums are used to fund claim expenditures reported in the internal service fund.

The claims liability of \$1,269,776 reported in the employee benefit self-insurance fund at June 30, 2009, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the fund's claim liability amount in fiscal years 2008 and 2009 were:

<u>Year Ended, June 30</u>	<u>Claim Liability at Beginning of Fiscal Year</u>	<u>Fiscal Year Claims and Changes in Estimates</u>	<u>Fiscal Year Claim Payments</u>	<u>Claim Liability at End of Fiscal Year</u>
2008	\$1,045,280	10,893,659	10,941,692	\$ 997,247
2009	\$ 997,247	10,669,595	10,397,066	\$1,269,776

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**Note 8 - Long-Term Debt**

**General Obligation Bonds**

Gilbert issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of Gilbert.

General obligation bonds outstanding at June 30, 2009, were as follows (the 7/1/09 principal payment was deducted as fiscal year 2009 resources were dedicated):

	<u>Governmental</u>	<u>Business-type</u>
2002 General Obligation Bonds, 3.0% to 5.0%, original amount \$38,975,000, annual retirements due July 1, 2003, through July 1, 2012	\$ 12,025,000	-
2002 General Obligation Refunding Bonds, 3.5% to 5.75%, original amount \$20,960,000, annual retirements due July 1, 2003, through July 1, 2015	3,505,000	\$8,635,000
2005 General Obligation Bonds, 3.0% to 3.5%, original amount \$15,695,000, annual retirements due July 1, 2006, through July 1, 2010	8,600,000	-
2005 General Obligation Refunding Bonds, 3.0% to 5.0%, original amount \$14,115,000, annual retirements due July 1, 2006, through July 1, 2016	13,765,000	-
2008 General Obligation Bonds, 3.0% to 5.0%, original amount \$187,990,000, annual retirements due July 1, 2009, through July 1, 2023	<u>171,200,000</u>	<u>-</u>
Total	<u>\$209,095,000</u>	<u>\$8,635,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 20,890,000	\$ 9,240,911	\$1,520,000	\$ 446,865
2011	13,575,000	8,435,971	1,585,000	384,545
2012	15,165,000	7,877,813	1,660,000	317,975
2013	11,900,000	7,177,000	1,760,000	222,525
2014	12,500,000	6,592,000	1,865,000	121,325
2015-2019	71,265,000	22,725,250	245,000	14,088
2020-2023	<u>63,800,000</u>	<u>5,582,500</u>	-	-
Total	<u>\$209,095,000</u>	<u>\$67,631,445</u>	<u>\$8,635,000</u>	<u>\$1,507,323</u>

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In prior years, Gilbert refinanced various bond issues through the issuance of refunding bonds that are considered an in-substance defeasance of debt. The securities purchased with the proceeds of the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. The amount of principal outstanding on the defeased bonds at June 30, 2009, was:

1990 General Obligation Bonds	\$ 4,000,000
2002 General Obligation Bonds	<u>10,135,000</u>
	<u>\$14,135,000</u>

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, electric, parks and open space, streets, and public safety purposes may not exceed 20% of Gilbert's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of Gilbert's net secondary assessed valuation. In November 2006, voters amended the constitution to move streets, fire, and police from the six percent bond type to the twenty percent bond type. The following is a summary of legal borrowing capacity at June 30, 2009:

<b><u>Water, Wastewater, Electric, Streets, Fire, Police, and Parks and Open Space Purposes Bonds</u></b>		<b><u>All Other General Obligation Bonds</u></b>	
Secondary Assessed Valuation	\$ <u>2,672,949,852</u>	Secondary Assessed Valuation	\$ <u>2,672,949,852</u>
20% constitutional limit	534,590,000	6% constitutional limit	160,377,000
Less general obligation bonds outstanding	<u>(217,730,000)</u>	Less general obligation bonds outstanding	-
Available 20% limitation borrowing capacity	\$ <u>316,860,000</u>	Available 6% limitation borrowing capacity	\$ <u>160,377,000</u>

As of June 30, 2009, Gilbert had authorized, but unissued bonds, approved by the voters as follows:

<b>Revenue bonds</b>	
Water and wastewater	\$ 1,110,000
Electric	<u>27,500,000</u>
Total	<u>\$28,610,000</u>
<b>General obligation bonds</b>	
6% bond type	\$ 290,000
20% bond type	<u>82,769,000</u>
Total	<u>\$83,059,000</u>

Bond authorization elections on October 18, 1988, November 6, 2001, March 14, 2006, and November 6, 2007, authorized the 6% bond type and the 20% bond type to be issued as general obligation or revenue debt.

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**Special Assessment Bonds with Governmental Commitment**

As trustee for the improvement districts, Gilbert is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 2009, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest. Special assessment bonds are collateralized by properties within the districts. In the event of default by the owner, Gilbert may enforce an auction sale to satisfy the debt service requirements of the improvement bonds. Gilbert is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

Special assessment bonds outstanding at June 30, 2009, were as follows (the 7/1/09 principal bond call was deducted as fiscal year 2009 resources were dedicated):

	<b><u>Governmental</u></b>
2002 Improvement District #19 Bonds, 5.2%, original amount \$6,510,000, annual retirements due January 1, 2005 through January 1, 2027	\$ 2,915,000
2009 Improvement District #20 Bonds, 5.1%, original amount \$8,675,000, annual retirements due January 1, 2012 through January 1, 2029	<u>8,675,000</u>
Total	<u>\$11,590,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

<b><u>Year Ending June 30</u></b>	<b><u>Governmental Activities</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2010	\$ 85,000	\$ 601,627
2011	90,000	587,245
2012	400,000	574,655
2013	435,000	553,258
2014	470,000	530,065
2015-2019	2,680,000	2,262,296
2020-2024	3,470,000	1,476,275
2025-2029	<u>3,960,000</u>	<u>485,118</u>
Total	<u>\$11,590,000</u>	<u>\$7,070,539</u>

**Street and Highway User Revenue Bonds**

Street and highway user revenue bonds are issued specifically for the purpose of street and highway construction projects. These bonds are payable solely from the revenues derived from highway user taxes, including motor vehicle fuel taxes and all other taxes; fees and charges relating to registration, operation or use of vehicles on public highways or streets; or to fuels or any other energy source used for the vehicles collected by the State and returned to Gilbert.

Street and highway user revenue bonds outstanding at June 30, 2009, were as follows (the 7/1/09 principal payment was deducted as fiscal year 2009 resources were dedicated):

	<b><u>Governmental</u></b>
2003 Street and Highway User Revenue Bonds, 3.75% to 5.00% original amount \$35,000,000, annual retirements due July 1, 2004, through July 1, 2019	\$27,325,000

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Annual debt service requirements to maturity for street and highway user revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,175,000	\$1,148,562
2011	2,275,000	1,039,813
2012	2,400,000	926,063
2013	2,525,000	806,062
2014	2,650,000	711,375
2015-2019	<u>15,300,000</u>	<u>1,896,000</u>
Total	<u>\$27,325,000</u>	<u>\$6,527,875</u>

**Utility Revenue Bonds**

Water and wastewater revenue bonds are issued as authorized by the voters to provide funds to acquire and construct certain improvements to the water and wastewater systems and to pay the costs incurred in connection with the issuance of the bonds. These bonds are secured by a pledge of revenues from these enterprises, and do not constitute a general obligation of Gilbert backed by the general taxing authority (see also Note 14).

Revenue bonds outstanding at June 30, 2009, were as follows (the 7/1/09 principal payment was deducted as fiscal year 2009 resources were dedicated):

	<u>Business-type</u>
2004 Water and Wastewater Revenue Refunding Bonds, 2.0% to 5.0%, original amount \$25,225,000, annual retirements due July 1, 2004 through July 1, 2022	\$19,465,000

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,315,000	\$ 803,312
2011	1,355,000	763,863
2012	1,385,000	723,212
2013	1,430,000	681,662
2014	1,500,000	610,162
2015-2019	7,805,000	1,923,738
2020-2022	<u>4,675,000</u>	<u>396,938</u>
Total	<u>\$19,465,000</u>	<u>\$5,902,887</u>



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**Municipal Property Corporation (MPC) Revenue Bonds**

The Public Facilities MPC exists solely for the purpose of financing the multipurpose public safety complex (the 2001 issue); the service center facility, a police property facility and a sports complex (the 2006 issue); and the cost of acquisition of certain interests in real property to locate public safety and parks and recreation facilities and the costs of design, construction and outfitting of parks and recreation facilities and a parking facility (the 2009 issue). The Water MPC exists solely for the purpose of financing the construction of water and wastewater capital improvement projects. (See also Note 14 regarding Pledged Revenues.)

Municipal property corporation revenue bonds outstanding at June 30, 2009, were as follows (the 7/1/09 principal payment was deducted as fiscal year 2009 resources were dedicated):

	<u>Governmental</u>	<u>Business-type</u>
2001 Public Facilities Municipal Property Corporation Revenue Bonds, 2.375% to 5.0%, original amount \$39,715,000, retirements due July 1, 2003, through July 1, 2021	\$ 27,500,000	-
2004 Water Resources Municipal Property Corporation, Wastewater System Development Fee and Subordinate Lien Wastewater Utility Revenue Bonds, 3.0% to 5.0%, original amount \$72,950,000, retirements due April 1, 2017 and 2019	-	\$ 27,490,000
2006 Public Facilities Municipal Property Corporation Revenue Bonds, 3.5% to 5.0%, original amount \$73,420,000, retirements due July 1, 2007, through July 1, 2021	62,135,000	-
2007 Water Resources Municipal Property Corporation, Water System Development Fee and Subordinate Lien Water Utility Revenue Bonds, 4.0% to 5.0%, original amount \$146,175,000, retirements due October 1, 2008, through October 1, 2032	-	139,635,000
2009 Public Facilities Municipal Property Corporation Revenue Bonds, 3.0% to 5.5%, original amount \$80,585,000, retirements due July 1, 2009 through July 1, 2028	<u>80,115,000</u>	<u>-</u>
Total	<u>\$169,750,000</u>	<u>\$167,125,000</u>

Annual debt service requirements to maturity for municipal property corporation revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 8,705,000	\$ 8,014,525	\$ 3,300,000	\$ 8,014,313
2011	9,030,000	7,705,188	3,400,000	7,880,313
2012	9,335,000	7,384,188	3,550,000	7,736,875
2013	9,680,000	7,050,175	3,700,000	7,582,813
2014	10,085,000	6,611,900	3,875,000	7,407,313
2015-2019	47,420,000	26,772,162	50,065,000	32,780,062
2020-2024	37,705,000	14,482,375	28,925,000	20,699,312
2025-2029	37,790,000	5,451,850	36,850,000	12,772,500
2030-2033	-	-	33,460,000	3,050,818
Total	<u>\$169,750,000</u>	<u>\$83,472,363</u>	<u>\$167,125,000</u>	<u>\$107,924,319</u>

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During the fiscal year ended June 30, 2009, Gilbert paid \$3,135,000 of the 2004 Water Resources Municipal Property Corporation, Wastewater System Development Fee and Subordinate Lien Wastewater Utility Revenue Bonds and \$3,030,000 of the 2007 Water Resources Municipal Property Corporation, Water System Development Fee and Subordinate Lien Water Utility Revenue Bonds. Proceeds collected from the wastewater and water system development fees were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments of the bonds. Accordingly, the trust account assets and the liability for these bonds are not included in the financial statements. These bonds have been fully defeased.

On November 6, 2008, Gilbert acquired \$6,150,000 of the 2004 Water Resources Municipal Property Corporation, Wastewater System Development Fee and Subordinate Lien Wastewater Utility Revenue Bonds, in the secondary market, at a price of 92.5% of par. In addition, on January 29, 2009, Gilbert acquired \$310,000 of the 2007 Water Resources Municipal Property Corporation, Water System Development Fee and Subordinate Lien Water Utility Revenue Bonds, in the secondary market, at a price of 79% of par. These bonds have been cancelled and accordingly are not included in the financial statements.

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 57,369,800	184,230,200	(15,665,000)	225,935,000	16,840,000
Special assessment bonds with government commitment	2,990,000	8,675,000	(75,000)	11,590,000	85,000
Revenue bonds	131,935,000	80,585,000	(7,335,000)	205,185,000	8,110,000
Unamortized bond premium	3,274,258	343,995	(151,697)	3,466,556	-
Unamortized charge - refunding bonds	(912,138)	-	3,262	(908,876)	-
Total bonds payable	<u>194,656,920</u>	<u>273,834,195</u>	<u>(23,223,435)</u>	<u>445,267,680</u>	<u>25,035,000</u>
Compensated absences	<u>5,940,147</u>	<u>7,554,649</u>	<u>(6,045,696)</u>	<u>7,449,100</u>	<u>3,011,766</u>
Total long-term liabilities	<u>\$200,597,067</u>	<u>281,388,844</u>	<u>(29,269,131)</u>	<u>452,716,780</u>	<u>28,046,766</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 10,335,000	-	(1,450,000)	8,885,000	250,000
Revenue bonds	203,695,000	-	(17,105,000)	186,590,000	3,300,000
Unamortized bond discount	(90,431)	(2,734)	-	(93,165)	-
Unamortized bond premium	659,619	-	(42,387)	617,232	-
Unamortized charge - refunding bonds	(971,792)	-	60,295	(911,497)	-
Total bonds payable	<u>213,627,396</u>	<u>(2,734)</u>	<u>(18,537,092)</u>	<u>195,087,570</u>	<u>3,550,000</u>
Compensated absences	<u>827,275</u>	<u>1,164,944</u>	<u>(914,340)</u>	<u>1,077,879</u>	<u>465,406</u>
Total long-term liabilities	<u>\$214,454,671</u>	<u>1,162,210</u>	<u>(19,451,432)</u>	<u>196,165,449</u>	<u>4,015,406</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$91,823 of internal service funds compensated absences are included in the above amounts.

Long-term compensated absences of governmental activities are expected to be liquidated by the operating funds (primarily the general fund and the streets special revenue fund) as they come due.

**TOWN OF GILBERT, ARIZONA**  
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**Conduit Debt Obligations**

The Industrial Development Authority, a discretely presented component unit of the Town of Gilbert, has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Neither Gilbert, Maricopa County nor the State of Arizona shall in any event be liable for payment of principal, premium or interest on these bonds, and accordingly they have not been reported in the accompanying combined financial statements. At June 30, 2009, Industrial Development Authority Revenue Bonds outstanding were \$3,978,631.

**Note 9 - Retirement and Pension Plans**

**Plan Descriptions and Financial Reports**

Gilbert contributes to three retirement plans described below. Benefits are established by state statute and generally provide retirement, long-term disability, and health insurance premium benefits including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and dependents.

The *Arizona State Retirement System* (ASRS) administers cost-sharing multiple-employer defined benefit pension, health insurance premium, and long-term disability plans that cover employees of the State of Arizona and participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The system issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Arizona State Retirement System, 3300 N. Central Ave., P.O. Box 33910, Phoenix, Arizona, 85067-3910 or by calling (602) 240-2000 or 1 (800) 621-3778.

The *Public Safety Personnel Retirement System* (PSPRS) administers agent multiple-employer defined benefit pension and health insurance premium plans that cover public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016-4416, or by calling (602) 255-5575.

The *Elected Officials' Retirement Plan* (EORP) administers cost-sharing multiple-employer defined benefit pension and health insurance premium plans that cover State of Arizona and County elected officials and judges, and elected officials of participating municipalities. The Fund Manager of the PSPRS is the administrator for the EORP which was established by A.R.S. Title 38, Chapter 5, Article 3. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, it is reported in accordance with GASB Statement No. 45 as an agent multiple-employer plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer plan. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials' Retirement Plan, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016-4416, or by calling (602) 255-5575.

**TOWN OF GILBERT, ARIZONA**  
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**Funding Policy**

The Arizona State Legislature establishes and may amend active plan members' and their employers' contribution rates for all plans of the ASRS, PSPRS, and EORP.

*Cost-sharing plans* - For the year ended June 30, 2009, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45% (8.95% for retirement and 0.5% for long-term disability) of the members' annual covered payroll and Gilbert was required by statute to contribute at the actuarially determined rate of 9.45% (7.99% for retirement, 0.96% for health insurance premium, and 0.5% for long-term disability) of the members' annual covered payroll.

Gilbert's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

Fiscal Year Ended	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2009	\$3,041,813	\$365,474	\$189,790
2008	3,136,977	409,171	194,856
2007	2,575,324	358,158	170,149

*Agent plans* - For the year ended June 30, 2009, active PSPRS members were required by statute to contribute 7.65% of the members' annual covered payroll. Gilbert was required to contribute at the actuarially determined rate of 14.89% for police personnel, of which 0.51% was the health insurance premium portion; and 11.99% for fire personnel, of which 0.39% was the health insurance premium portion. Active EORP members were required by statute to contribute 7% of the members' annual covered payroll; and Gilbert was required to remit a designated portion of certain court fees plus additional contributions at the actuarially determined rate of 28% of the members' annual covered payroll, of which 0.91% was the health insurance premium portion.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2009, were established by the June 30, 2007 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts 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 presented below provides multiyear trend information that shows whether the actuarial value of the plans' assets are 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 Gilbert and plan members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between Gilbert and plan 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 plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2009 contribution requirements, are as follows:

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

Actuarial valuation date	June 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5% - 8.5% for PSPRS and 5.0% for EORP
Inflation rate	5.0%

**Annual Pension/OPEB Cost** – Gilbert’s pension/OPEB cost for the agent plans for the year ended June 30, 2009, and related information follows (actual contributions made were equal to the annual pension/OPEB cost):

	<u><b>PSPRS-Police</b></u>	<u><b>PSPRS-Fire</b></u>	<u><b>EORP</b></u>
Pension	\$2,477,782	\$1,458,031	\$37,378
Health Insurance	87,877	49,020	1,256

**Trend Information**—Annual pension cost information for the current and two preceding years follows for each of the agent plans.

Plan	Fiscal Year Ended	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
<b>PSPRS-Police</b>				
Pension	2009	\$2,613,513	100.0%	-0-
	2008	1,613,519	100.0%	-0-
	2007	1,232,216	100.0%	-0-
Health Insurance	2009	92,690	100.0%	-0-
	2008	76,349	100.0%	-0-
<b>PSPRS-Fire</b>				
Pension	2009	\$1,591,948	100.0%	-0-
	2008	1,072,954	100.0%	-0-
	2007	646,218	100.0%	-0-
Health Insurance	2009	53,522	100.0%	-0-
	2008	45,519	100.0%	-0-
<b>EORP</b>				
Pension	2009	\$ 37,378	100.0%	-0-
	2008	26,839	100.0%	-0-
	2007	19,589	100.0%	-0-
Health Insurance	2009	1,256	100.0%	-0-
	2008	1,471	100.0%	-0-

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Schedule of Funded Status and Funding Progress**—Following are the schedules of funded status and funding progress of the plans as of the most recent valuation date, June 30, 2009, and the previous two fiscal years. The fiscal year 2009 actuarial methods and assumptions used for the schedules are not significantly different than the fiscal year 2007 actuarial methods and assumptions as described on pages 59-60. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for Gilbert, as a participating government, is not available.

**PSPRS - Police**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Funding (Liability) Excess (1)-(2)	Funded Ratio (1)/(2)	Annual Covered Payroll	Funding Excess (Unfunded Liability) As Percentage of Covered Payroll (3)/(5)
<b>Pension and Health Insurance</b>						
2009	\$31,294,341	\$43,418,303	\$(12,123,962)	72.1%	\$17,200,680	(70.5)%
2008	26,760,106	38,660,040	(11,899,934)	69.2%	16,984,351	(70.1)%
2007	22,860,824	35,737,438	(12,876,614)	64.0%	15,091,411	(85.3)%

**PSPRS - Fire**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Funding (Liability) Excess (1)-(2)	Funded Ratio (1)/(2)	Annual Covered Payroll	Funding Excess (Unfunded Liability) As Percentage of Covered Payroll (3)/(5)
<b>Pension and Health Insurance</b>						
2009	\$20,297,098	\$21,920,410	\$(1,623,312)	92.6%	\$12,748,187	(12.7)%
2008	16,375,873	19,813,766	(3,437,893)	82.6%	12,853,768	(26.7)%
2007	13,121,754	16,580,366	(3,458,612)	79.1%	10,805,989	(32.0)%

**Volunteer Firemen's Relief and Pension Fund**

The Volunteer Firemen's Relief and Pension Fund covers retired volunteer firemen and survivors and was established solely upon the provision for such pension and relief funds in the Arizona Revised Statutes. The Statutes grant discretionary powers to Boards of Trustees of such plans related to payment/nonpayment of benefits to qualified retired or disabled volunteer firemen out of the assets of the Fund. These discretionary powers do not extend, however, to the volunteer firemen's right to their own contributions to the Fund. Gilbert has no actuarial liability for pension benefits as individual retirement benefits are not defined in the plan. Reserves for pensions, therefore, have not been established as the amounts are not vested and payment of benefits (if any) are at the discretion of the Board of Trustees of the plan.

Gilbert no longer operates a Volunteer Fire Department. Accordingly, there were no contributions required or made to this plan nor refunds paid for fiscal year 2009. Administrative costs are financed through investment earnings. There is only one remaining pensioner receiving retirement benefits from the Fund.

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 10 - Capital Contributions**

During the year ended June 30, 2009, the Enterprise funds external capital contributions consisted of the following:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Intergovernmental	\$ -	\$ 495,422	\$ 495,422
Contributions from developers	2,373,198	1,961,027	4,334,225
Development fees	8,207,888	6,190,815	14,398,703
Total	<u>\$10,581,086</u>	<u>\$8,647,264</u>	<u>\$19,228,350</u>

**Note 11 – Interfund Transfers**

As of June 30, 2009, interfund transfers were as follows:

	<u>Transfers-In</u>	<u>Transfers-Out</u>
Governmental funds:		
General fund	\$ 1,045,230	\$10,440,395
Streets special revenue	50,000	9,097,412
General debt service	14,761,589	-
Special assessments	-	171,401
Streets and transportation	6,055,592	-
Municipal facilities	4,167,259	66,588,640
Parks, open space and recreation	58,166,656	2,591,786
Other governmental funds	<u>6,433,371</u>	<u>628,839</u>
Total governmental funds	<u>90,679,697</u>	<u>89,518,473</u>
Enterprise funds:		
Water	-	1,547,804
Wastewater	758,625	530,951
Solid waste	27,352	7,794
Irrigation	<u>139,348</u>	<u>-</u>
Total enterprise funds	<u>925,325</u>	<u>2,086,549</u>
Total transfers	<u>\$91,605,022</u>	<u>\$91,605,022</u>

The interfund transfers generally fall within one of the following categories: 1) subsidy transfers; 2) transfers to cover debt service payments; 3) transfers for the town match for grants; or 4) transfers to fund capital projects or capital replacement.

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 12 - Individual Fund Disclosures**

Individual funds with deficiencies in fund balance/net assets at June 30, 2009, were as follows:

<u>Special revenue funds</u>	
Street light improvement district	\$109,345
<u>Capital projects funds</u>	
Municipal facilities	9,215,003
Flood control and storm water	91,611

The deficiency in the street light improvement district fund of the special revenue funds will be eliminated through property tax levies against benefited property owners.

The deficiency in the municipal facilities fund of the capital projects funds will be eliminated through the future collection of system development fees. The deficiency in the flood control and storm water fund of the capital projects funds will be eliminated through a general fund transfer.

Individual funds with an excess of expenditures over appropriations for the year ended June 30, 2009, were as follows:

<u>Special revenue funds</u>	
Other special revenue	\$ 929,166
Street light improvement district	30,183
Parkway maintenance district	15,079
<u>Capital projects funds</u>	
Traffic control	267,487
Parks, open space and recreation	21,172,421
<u>Enterprise funds</u>	
Water	975,042
Wastewater	6,594,385

The excess of expenditures over appropriations in the other special revenue and parkway maintenance district funds were funded by available fund balance. The excess of expenditures over appropriations in the street light improvement district will be funded through future property tax levies against benefited property owners.

The excess of expenditures over appropriations in the traffic control and parks, open space and recreation funds were funded by available fund balance.

The excess of expenditures over appropriations in the water and wastewater funds was funded by available revenue.

**Note 13 – Contingent Liabilities**

Gilbert is contingently liable with respect to several lawsuits and other claims incidental to its normal operations. Management, with concurrence of the Town's Attorney, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on Gilbert's financial condition, results of operations or liquidity.



**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 14 – Pledged Revenues**

Gilbert has pledged future water and wastewater revenues, net of specified operating expenses, to repay \$25,225,000 in water and wastewater revenue refunding bonds issued in 2004. Proceeds from the bonds refunded various other revenue bonds which provided financing for the construction of and improvements to the water and wastewater systems. The bonds are payable solely from water and wastewater net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 11 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$25,367,888. Principal and interest paid for the current year was \$2,115,313, and total customer net revenues were \$21,015,310.

Gilbert has pledged future water and wastewater connection development fees revenue to repay \$219,125,000 in utility revenue bonds issued since 2004. Proceeds from the bonds provided financing for the construction of a joint use wastewater treatment plant; and for the acquisition of additional water production and distribution capacity for the combined water and wastewater system. The bonds are payable solely from water and wastewater connection development fees revenue and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 88 percent of revenue. The total principal and interest remaining to be paid on the bonds is \$275,049,319. Principal and interest paid for the current year was \$23,633,650 (of which \$12,625,000 in principal was an advance defeasance) and total water and wastewater connection development fees revenue was \$12,520,612.

Gilbert has pledged future street and highway revenues to repay \$35,000,000 in highway user revenue bonds issued in 2003. Proceeds from the bonds provided financing for the purpose of street and highway construction projects. The bonds are payable solely from street and highway revenues (see note 8 for the detail of the sources of these revenues) and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 29 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$33,852,875. Principal and interest paid for the current year was \$3,301,063, and the total street and highway revenues were \$11,512,555.

Gilbert has pledged future excise taxes and state-shared revenues to repay \$193,720,000 in public facilities municipal property corporation revenue bonds issued since 2001. Proceeds from the bonds provided financing of the multipurpose public safety complex, the service center facility, a police property facility, a sports complex, various other parks and recreation facilities, and a parking facility. The bonds are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 12 percent of excise taxes and state-shared revenues. The total principal and interest remaining to be paid on the bonds is \$253,222,363. Principal and interest paid for the current year was \$11,464,460, and the total excise taxes and state-shared revenues were \$97,901,565.

**TOWN OF GILBERT, ARIZONA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 15 - Investment in Joint Venture**

Construction of a joint water reclamation plant with the City of Mesa and the Town of Queen Creek was completed during fiscal year 2007. Mesa is the lead agent and is responsible for the operation and maintenance of the plant. Mesa, Gilbert and Queen Creek participate in ownership of the plant and are charged for operating expenses based on gallons of flow. Gilbert's investment in the joint venture is reflected as a separate line item in the proprietary funds financial statements. Separate financial statements for the joint venture are not prepared.

Total investment as of June 30, 2009, was:

Mesa's Share	\$ 75,085,379
Gilbert's Share	73,559,296
Queen Creek's Share	<u>31,280,399</u>
Total	<u>\$179,925,074</u>

Construction began in fiscal year 2007 for a joint water treatment plant with the City of Chandler. Gilbert is the lead agent on this project. Construction was completed during fiscal year 2009 and the plant will treat 12 million gallons per day each for Gilbert and Chandler. Gilbert's investment to date is included in the water fund.

Total investment as of June 30, 2009, was:

Gilbert's Share	\$ 74,907,641
Chandler's Share	<u>75,192,765</u>
Total	<u>\$150,100,406</u>

**Note 16 - Subsequent Events**

Gilbert advance defeased \$1,170,000 of Water Resources MPC Wastewater System Development Fee and Subordinate Lien Wastewater Utility Revenue Bonds on October 1, 2009.



## NONMAJOR FUNDS

### OTHER GOVERNMENTAL FUNDS

#### Special Revenue Funds

Special Revenue Funds are used to account for revenues and expenditures from specific taxes or other earmarked sources. Such funds are usually required by statute or ordinance to finance particular functions or activities.

**Grants** - accounts for miscellaneous grants received from Federal, State and local governments that require segregation of revenues and expenditures.

**Other Special Revenue** - accounts for revenues received from various agencies and sources, including seized funds from law enforcement agencies that are required to be used for specific purposes.

**Downtown Redevelopment** - accounts for all operating activities relating to the Heritage District funded by the General Fund.

**Community Development Block Grants (CDBG)** – accounts for a series of ongoing entitlements received directly from the U.S. Department of Housing and Urban Development (HUD) and used for affordable housing and redevelopment activities. **HOME Program** accounts for HUD monies received from Maricopa County for affordable housing activities including housing rehabilitation.

**Street Light Improvement District** - accounts for taxes received from and expenditures of the street light maintenance improvement districts.

**Parkway Maintenance District** - accounts for taxes received from and expenditures of the parkway maintenance improvement districts.

**Capital Replacement** - accounts for the accumulation of transfers from other funds to be used for the sole purpose of replacing equipment and vehicles.

#### Capital Projects Funds

Capital Projects Funds are established to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Traffic Control** - accounts for the acquisition and installation of traffic signals.

**Flood Control and Storm Water** - accounts for the construction of flood control retention basins and storm drains.

**Special Assessments** – accounts for Gilbert’s capital construction of improvement districts.

**Redevelopment** - accounts for the construction of capital improvements in the Heritage District.

**TOWN OF GILBERT, ARIZONA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2009**

	Special Revenue				
	Grants	Other Special Revenue	Downtown Redevelopment	CDBG/HOME	Street Light Improvement District
<b>ASSETS</b>					
Pooled cash and investments	\$ 4,643,317	\$ 1,723,636	\$ 352,957	\$ 12,489	\$ -
Receivables, net:					
Taxes	-	-	-	-	39,518
Accrued interest	3,096	788	232	8	-
Accounts	65	133,059	-	-	-
Due from other governments	669,524	305,898	-	174,708	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 5,316,002</u>	<u>\$ 2,163,381</u>	<u>\$ 353,189</u>	<u>\$ 187,205</u>	<u>\$ 39,518</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 30,066	\$ 210,811	\$ 5,494	\$ 54,189	\$ -
Accrued liabilities	-	58,653	-	3,938	-
Deposits held for others	-	-	-	-	-
Due to other funds	-	-	-	116,494	148,863
Total liabilities	<u>30,066</u>	<u>269,464</u>	<u>5,494</u>	<u>174,621</u>	<u>148,863</u>
Fund Balances:					
Reserved for:					
Encumbrances	508,049	4,900	-	189,965	-
Development fees-necessary public services	-	-	-	-	-
Unreserved, designated for capital replacement	-	-	-	-	-
Unreserved, undesignated	4,777,887	1,889,017	347,695	(177,381)	(109,345)
Total fund balances	<u>5,285,936</u>	<u>1,893,917</u>	<u>347,695</u>	<u>12,584</u>	<u>(109,345)</u>
Total liabilities and fund balances	<u>\$ 5,316,002</u>	<u>\$ 2,163,381</u>	<u>\$ 353,189</u>	<u>\$ 187,205</u>	<u>\$ 39,518</u>

**Capital Projects**

<b>Parkway Maintenance District</b>	<b>Capital Replacement</b>	<b>Traffic Control</b>	<b>Flood Control and Storm Water</b>	<b>Special Assessments</b>	<b>Redevelopment</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 241,276	\$ 16,631,002	\$ 11,929	\$ 198,996	\$ 7,177,527	\$ 3,187,003	\$ 34,180,132
6,895	-	-	-	-	-	46,413
132	10,824	823	123	2,230	2,071	20,327
-	-	43,131	124,956	-	-	301,211
-	-	358,056	-	-	-	1,508,186
-	-	-	-	-	288,613	288,613
-	-	8,335	-	-	-	8,335
<u>\$ 248,303</u>	<u>\$ 16,641,826</u>	<u>\$ 422,274</u>	<u>\$ 324,075</u>	<u>\$ 7,179,757</u>	<u>\$ 3,477,687</u>	<u>\$ 36,353,217</u>
\$ 96,848	\$ 281,538	\$ 82,105	\$ -	\$ 373,203	\$ 172,336	\$ 1,306,590
499	-	-	-	-	-	63,090
-	-	-	415,686	-	-	415,686
-	-	-	-	-	-	265,357
<u>97,347</u>	<u>281,538</u>	<u>82,105</u>	<u>415,686</u>	<u>373,203</u>	<u>172,336</u>	<u>2,050,723</u>
72,519	-	254,838	81,910	5,019,006	876,964	7,008,151
-	-	85,331	-	-	-	85,331
-	16,360,288	-	-	-	-	16,360,288
78,437	-	-	(173,521)	1,787,548	2,428,387	10,848,724
<u>150,956</u>	<u>16,360,288</u>	<u>340,169</u>	<u>(91,611)</u>	<u>6,806,554</u>	<u>3,305,351</u>	<u>34,302,494</u>
<u>\$ 248,303</u>	<u>\$ 16,641,826</u>	<u>\$ 422,274</u>	<u>\$ 324,075</u>	<u>\$ 7,179,757</u>	<u>\$ 3,477,687</u>	<u>\$ 36,353,217</u>

**TOWN OF GILBERT, ARIZONA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2009**

	Special Revenue				
	Grants	Other Special Revenue	Downtown Redevelopment	CDBG/HOME	Street Light Improvement District
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 1,432,039
Intergovernmental	1,841,808	-	-	478,971	-
Charges for services	-	1,522,805	-	-	-
Other entities' participation	-	-	-	-	-
System development fees	-	-	-	-	-
Gifts and donations	-	111,917	-	-	-
Fines and forfeitures	-	477,822	-	-	-
Investment earnings	18,269	13,086	7,994	60	-
Miscellaneous	-	151	25,450	-	-
Total revenues	<u>1,860,077</u>	<u>2,125,781</u>	<u>33,444</u>	<u>479,031</u>	<u>1,432,039</u>
<b>Expenditures</b>					
Current:					
General government:					
Management and policy	-	19,328	-	-	-
Support services	-	503	-	-	-
Legal and court	-	220,793	-	-	-
Development services	-	839,190	79,447	478,633	-
Public works	-	49,884	-	-	-
Public safety:					
Police	138,257	1,328,852	-	-	-
Fire	643,729	15,752	-	-	-
Highways and streets	-	-	-	-	1,443,603
Community services	-	525,834	-	-	-
Transportation	41,363	-	-	-	-
Debt service:					
Bond issuance costs	-	-	-	-	-
Capital outlay	720,112	-	-	-	-
Total expenditures	<u>1,543,461</u>	<u>3,000,136</u>	<u>79,447</u>	<u>478,633</u>	<u>1,443,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,616</u>	<u>(874,355)</u>	<u>(46,003)</u>	<u>398</u>	<u>(11,564)</u>
<b>Other financing sources (uses)</b>					
Transfers in	379,499	1,331,298	-	-	-
Transfers out	(43,538)	(145,752)	-	(51,391)	-
Improvement bonds issued	-	-	-	-	-
Premium on improvement bonds	-	-	-	-	-
Total other financing sources and uses	<u>335,961</u>	<u>1,185,546</u>	<u>-</u>	<u>(51,391)</u>	<u>-</u>
<b>Net change in fund balances</b>	652,577	311,191	(46,003)	(50,993)	(11,564)
<b>Fund balances at beginning of year</b>	<u>4,633,359</u>	<u>1,582,726</u>	<u>393,698</u>	<u>63,577</u>	<u>(97,781)</u>
<b>Fund balances at end of year</b>	<u>\$ 5,285,936</u>	<u>\$ 1,893,917</u>	<u>\$ 347,695</u>	<u>\$ 12,584</u>	<u>\$ (109,345)</u>

<b>Capital Projects</b>						
<b>Parkway Maintenance District</b>	<b>Capital Replacement</b>	<b>Traffic Control</b>	<b>Flood Control and Storm Water</b>	<b>Special Assessments</b>	<b>Redevelopment</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 862,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,294,329
-	-	661,187	16,593	-	317,331	3,315,890
-	-	-	-	-	-	1,522,805
-	-	-	-	-	1,546	1,546
-	-	1,121,948	-	-	-	1,121,948
-	-	-	-	-	-	111,917
-	704	-	-	-	-	478,526
33	86,278	4,228	900	2,502	5,025	138,375
-	198,641	-	-	-	119	224,361
<u>862,323</u>	<u>285,623</u>	<u>1,787,363</u>	<u>17,493</u>	<u>2,502</u>	<u>324,021</u>	<u>9,209,697</u>
-	-	-	-	-	-	19,328
-	-	-	-	-	-	503
-	-	-	-	-	-	220,793
-	-	-	-	-	-	1,397,270
-	-	-	-	575,360	-	625,244
-	-	-	-	-	-	1,467,109
-	-	-	-	-	-	659,481
-	-	-	-	-	-	1,443,603
1,106,509	-	-	-	-	-	1,632,343
-	-	-	-	-	-	41,363
-	-	-	-	252,215	-	252,215
-	1,770,593	2,406,487	718	1,145,005	2,308,685	8,351,600
<u>1,106,509</u>	<u>1,770,593</u>	<u>2,406,487</u>	<u>718</u>	<u>1,972,580</u>	<u>2,308,685</u>	<u>16,110,852</u>
<u>(244,186)</u>	<u>(1,484,970)</u>	<u>(619,124)</u>	<u>16,775</u>	<u>(1,970,078)</u>	<u>(1,984,664)</u>	<u>(6,901,155)</u>
-	-	465,498	8,168	-	4,248,908	6,433,371
-	-	(388,158)	-	-	-	(628,839)
-	-	-	-	8,675,000	-	8,675,000
-	-	-	-	34,106	-	34,106
-	-	<u>77,340</u>	<u>8,168</u>	<u>8,709,106</u>	<u>4,248,908</u>	<u>14,513,638</u>
(244,186)	(1,484,970)	(541,784)	24,943	6,739,028	2,264,244	7,612,483
395,142	17,845,258	881,953	(116,554)	67,526	1,041,107	26,690,011
<u>\$ 150,956</u>	<u>\$ 16,360,288</u>	<u>\$ 340,169</u>	<u>\$ (91,611)</u>	<u>\$ 6,806,554</u>	<u>\$ 3,305,351</u>	<u>\$ 34,302,494</u>





**BUDGETARY COMPARISON SCHEDULES**

**TOWN OF GILBERT, ARIZONA**  
**Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 2,282,000	\$ 2,282,000	\$ 1,841,808	\$ (440,192)
Investment earnings	-	-	18,269	18,269
Total revenues	2,282,000	2,282,000	1,860,077	(421,923)
<b>Expenditures</b>				
Current:				
Public safety:				
Police	103,660	103,660	138,257	(34,597)
Fire	-	-	643,729	(643,729)
Transportation	-	-	41,363	(41,363)
Capital outlay	-	-	720,112	(720,112)
Contingency	2,000,000	1,878,000	-	1,878,000
Total expenditures	2,103,660	1,981,660	1,543,461	438,199
Excess of revenues over expenditures	178,340	300,340	316,616	16,276
<b>Other financing sources (uses)</b>				
Transfers in	282,000	282,000	379,499	97,499
Transfers out	-	-	(43,538)	(43,538)
Total other financing sources and uses	282,000	282,000	335,961	53,961
<b>Net change in fund balances</b>	\$ 460,340	\$ 582,340	652,577	\$ 70,237
<b>Fund balance at beginning of year</b>			4,633,359	
<b>Fund balance at end of year</b>			\$ 5,285,936	

**TOWN OF GILBERT, ARIZONA**  
**Other Special Revenue Funds**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 1,260,000	\$ 1,260,000	\$ 1,522,805	\$ 262,805
Gifts and donations	75,000	75,000	111,917	36,917
Fines and forfeitures	285,000	285,000	477,822	192,822
Investment earnings	19,700	19,700	13,086	(6,614)
Miscellaneous	-	-	151	151
Total revenues	1,639,700	1,639,700	2,125,781	486,081
<b>Expenditures</b>				
Current:				
General government:				
Management and policy	78,520	78,520	19,328	59,192
Support services	-	-	503	(503)
Legal and court	193,130	193,130	220,793	(27,663)
Development services	-	-	839,190	(839,190)
Public works	50,000	50,000	49,884	116
Public safety:				
Police	1,020,930	1,140,930	1,328,852	(187,922)
Fire	2,000	2,000	15,752	(13,752)
Community services	599,390	606,390	525,834	80,556
Total expenditures	1,943,970	2,070,970	3,000,136	(929,166)
Deficiency of revenues under expenditures	(304,270)	(431,270)	(874,355)	(443,085)
<b>Other financing sources (uses)</b>				
Transfers in	486,890	486,890	1,331,298	844,408
Transfers out	(100,000)	(100,000)	(145,752)	(45,752)
Total other financing sources and uses	386,890	386,890	1,185,546	798,656
<b>Net change in fund balances</b>	\$ 82,620	\$ (44,380)	311,191	\$ 355,571
<b>Fund balance at beginning of year</b>			1,582,726	
<b>Fund balance at end of year</b>			\$ 1,893,917	

**TOWN OF GILBERT, ARIZONA  
Downtown Redevelopment Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual - Budgetary Basis  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 70,000	\$ 70,000	\$ 7,994	\$ (62,006)
Miscellaneous	-	-	25,450	25,450
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>33,444</u>	<u>(36,556)</u>
<b>Expenditures</b>				
Current:				
General government:				
Development services	<u>156,730</u>	<u>156,730</u>	<u>79,447</u>	<u>77,283</u>
Total expenditures	<u>156,730</u>	<u>156,730</u>	<u>79,447</u>	<u>77,283</u>
Deficiency of revenues under expenditures	<u>(86,730)</u>	<u>(86,730)</u>	<u>(46,003)</u>	<u>40,727</u>
<b>Other financing sources</b>				
Transfers in	<u>150,000</u>	<u>150,000</u>	-	(150,000)
Total other financing sources	<u>150,000</u>	<u>150,000</u>	-	(150,000)
<b>Net change in fund balances</b>	<u>\$ 63,270</u>	<u>\$ 63,270</u>	(46,003)	<u>\$ (109,273)</u>
<b>Fund balance at beginning of year</b>			<u>393,698</u>	
<b>Fund balance at end of year</b>			<u>\$ 347,695</u>	

**TOWN OF GILBERT, ARIZONA**  
**CDBG/HOME Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 958,620	\$ 958,620	\$ 478,971	\$ (479,649)
Investment earnings	-	-	60	60
Total revenues	958,620	958,620	479,031	(479,589)
<b>Expenditures</b>				
Current:				
General government:				
Development services	958,620	958,620	478,633	479,987
Total expenditures	958,620	958,620	478,633	479,987
Excess of revenues over expenditures	-	-	398	398
<b>Other financing uses</b>				
Transfers out	-	-	(51,391)	(51,391)
Total other financing uses	-	-	(51,391)	(51,391)
<b>Net change in fund balances</b>	\$ -	\$ -	(50,993)	\$ (50,993)
<b>Fund balance at beginning of year</b>			63,577	
<b>Fund balance at end of year</b>			\$ 12,584	

**TOWN OF GILBERT, ARIZONA**  
**Street Light Improvement District Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,447,110	\$ 1,447,110	\$ 1,432,039	\$ (15,071)
Total revenues	1,447,110	1,447,110	1,432,039	(15,071)
<b>Expenditures</b>				
Current:				
Highways and streets	1,413,420	1,413,420	1,443,603	(30,183)
Total expenditures	1,413,420	1,413,420	1,443,603	(30,183)
Excess (deficiency) of revenues over (under) expenditures	33,690	33,690	(11,564)	(45,254)
<b>Net change in fund balances</b>	\$ 33,690	\$ 33,690	(11,564)	\$ (45,254)
<b>Fund deficit at beginning of year</b>			(97,781)	
<b>Fund deficit at end of year</b>			\$ (109,345)	

**TOWN OF GILBERT, ARIZONA**  
**Parkway Maintenance District Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 869,780	\$ 869,780	\$ 862,290	\$ (7,490)
Investment earnings	-	-	33	33
Total revenues	869,780	869,780	862,323	(7,457)
<b>Expenditures</b>				
Current:				
Community services	1,061,430	1,061,430	1,106,509	(45,079)
Contingency	30,000	30,000	-	30,000
Total expenditures	1,091,430	1,091,430	1,106,509	(15,079)
Deficiency of revenues under expenditures	(221,650)	(221,650)	(244,186)	(22,536)
<b>Net change in fund balances</b>	<b>\$ (221,650)</b>	<b>\$ (221,650)</b>	(244,186)	<b>\$ (22,536)</b>
<b>Fund balance at beginning of year</b>			395,142	
<b>Fund balance at end of year</b>			<b>\$ 150,956</b>	



**TOWN OF GILBERT, ARIZONA**  
**Capital Replacement Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 704	\$ 704
Investment earnings	327,900	327,900	86,278	(241,622)
Miscellaneous	-	-	198,641	198,641
Total revenues	<u>327,900</u>	<u>327,900</u>	<u>285,623</u>	<u>(42,277)</u>
<b>Expenditures</b>				
Capital outlay	4,017,000	4,017,000	1,770,593	2,246,407
Total expenditures	<u>4,017,000</u>	<u>4,017,000</u>	<u>1,770,593</u>	<u>2,246,407</u>
Deficiency of revenues under expenditures	<u>(3,689,100)</u>	<u>(3,689,100)</u>	<u>(1,484,970)</u>	<u>2,204,130</u>
<b>Other financing sources</b>				
Transfers in	1,573,760	1,573,760	-	(1,573,760)
Total other financing sources	<u>1,573,760</u>	<u>1,573,760</u>	<u>-</u>	<u>(1,573,760)</u>
<b>Net change in fund balances</b>	<u>\$ (2,115,340)</u>	<u>\$ (2,115,340)</u>	(1,484,970)	<u>\$ 630,370</u>
<b>Fund balance at beginning of year</b>			<u>17,845,258</u>	
<b>Fund balance at end of year</b>			<u>\$ 16,360,288</u>	

**TOWN OF GILBERT, ARIZONA**  
**General Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 31,836,500	\$ 31,836,500	\$ 30,836,167	\$ (1,000,333)
Investment earnings	-	-	40,895	40,895
Total revenues	31,836,500	31,836,500	30,877,062	(959,438)
<b>Expenditures</b>				
Debt service:				
Principal	26,150,000	30,246,860	29,730,000	516,860
Interest	8,780,140	17,585,680	16,347,184	1,238,496
Bond issuance costs	-	-	182,476	(182,476)
Fiscal and other charges	10,800	8,400	3,402	4,998
Total expenditures	34,940,940	47,840,940	46,263,062	1,577,878
Deficiency of revenues under expenditures	(3,104,440)	(16,004,440)	(15,386,000)	618,440
<b>Other financing sources</b>				
Transfers in	18,185,220	14,972,470	14,761,589	(210,881)
Total other financing sources	18,185,220	14,972,470	14,761,589	(210,881)
<b>Net change in fund balances</b>	\$ 15,080,780	\$ (1,031,970)	(624,411)	\$ 407,559
<b>Fund balance at beginning of year</b>			7,279,915	
<b>Fund balance at end of year</b>			\$ 6,655,504	

**TOWN OF GILBERT, ARIZONA**  
**Special Assessments Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 356,000	\$ 356,000	\$ 421,894	\$ 65,894
Total revenues	356,000	356,000	421,894	65,894
<b>Expenditures</b>				
Debt service:				
Principal	135,000	135,000	75,000	60,000
Interest	217,490	217,490	153,530	63,960
Fiscal and other charges	1,200	1,200	350	850
Total expenditures	353,690	353,690	228,880	124,810
Excess of revenues over expenditures	2,310	2,310	193,014	190,704
<b>Other financing uses</b>				
Transfers out	-	-	(171,401)	(171,401)
Total other financing uses	-	-	(171,401)	(171,401)
<b>Net change in fund balances</b>	\$ 2,310	\$ 2,310	21,613	\$ 19,303
<b>Fund balance at beginning of year</b>			4,026	
<b>Fund balance at end of year</b>			\$ 25,639	

**TOWN OF GILBERT, ARIZONA**  
**Streets and Transportation Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 9,636,000	\$ 9,636,000	\$ 1,903,769	\$ (7,732,231)
Other entities' participation	-	-	950,000	950,000
Investment earnings	90,000	90,000	1,302,103	1,212,103
Miscellaneous	-	-	204	204
Total revenues	9,726,000	9,726,000	4,156,076	(5,569,924)
<b>Expenditures</b>				
Capital outlay	89,896,000	89,896,000	51,573,467	38,322,533
Total expenditures	89,896,000	89,896,000	51,573,467	38,322,533
Deficiency of revenues under expenditures	(80,170,000)	(80,170,000)	(47,417,391)	32,752,609
<b>Other financing sources</b>				
Transfers in	6,086,000	6,086,000	6,055,592	(30,408)
General obligation bonds issued	175,571,000	175,571,000	174,230,200	(1,340,800)
Premium on general obligation bonds	400,000	400,000	82,718	(317,282)
Total other financing sources	182,057,000	182,057,000	180,368,510	(1,688,490)
<b>Net change in fund balances</b>	\$ 101,887,000	\$ 101,887,000	132,951,119	\$ 31,064,119
<b>Fund balance at beginning of year</b>			15,633,919	
<b>Fund balance at end of year</b>			\$ 148,585,038	

**TOWN OF GILBERT, ARIZONA  
Traffic Control Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual - Budgetary Basis  
For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 210,000	\$ 210,000	\$ 661,187	\$ 451,187
System development fees	1,922,000	1,922,000	1,121,948	(800,052)
Investment earnings	-	-	4,228	4,228
Total revenues	<u>2,132,000</u>	<u>2,132,000</u>	<u>1,787,363</u>	<u>(344,637)</u>
<b>Expenditures</b>				
Capital outlay	<u>2,139,000</u>	<u>2,139,000</u>	<u>2,406,487</u>	<u>(267,487)</u>
Total expenditures	<u>2,139,000</u>	<u>2,139,000</u>	<u>2,406,487</u>	<u>(267,487)</u>
Deficiency of revenues under expenditures	<u>(7,000)</u>	<u>(7,000)</u>	<u>(619,124)</u>	<u>(612,124)</u>
<b>Other financing sources (uses)</b>				
Transfers in	280,000	280,000	465,498	185,498
Transfers out	(526,000)	(526,000)	(388,158)	137,842
Total other financing sources and uses	<u>(246,000)</u>	<u>(246,000)</u>	<u>77,340</u>	<u>323,340</u>
<b>Net change in fund balances</b>	<u>\$ (253,000)</u>	<u>\$ (253,000)</u>	<u>(541,784)</u>	<u>\$ (288,784)</u>
<b>Fund balance at beginning of year</b>			<u>881,953</u>	
<b>Fund balance at end of year</b>			<u>\$ 340,169</u>	

**TOWN OF GILBERT, ARIZONA**  
**Municipal Facilities Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other entities' participation	\$ 1,717,000	\$ 1,717,000	\$ -	\$ (1,717,000)
System development fees	3,698,000	3,698,000	3,190,683	(507,317)
Investment earnings	130,000	130,000	106,187	(23,813)
Miscellaneous	-	-	11,670	11,670
Total revenues	5,545,000	5,545,000	3,308,540	(2,236,460)
<b>Expenditures</b>				
Debt service:				
Bond issuance costs	-	-	235,598	(235,598)
Fiscal and other charges	-	-	8,014	(8,014)
Capital outlay	4,754,000	4,754,000	3,662,061	1,091,939
Total expenditures	4,754,000	4,754,000	3,905,673	848,327
Excess (deficiency) of revenues over (under) expenditures	791,000	791,000	(597,133)	(1,388,133)
<b>Other financing sources (uses)</b>				
Transfers in	2,734,000	2,734,000	4,167,259	1,433,259
Transfers out	(50,908,910)	(50,908,910)	(66,588,640)	(15,679,730)
Revenue bonds issued	58,292,000	58,292,000	80,585,000	22,293,000
Premium on revenue bonds	-	-	227,171	227,171
Total other financing sources and uses	10,117,090	10,117,090	18,390,790	8,273,700
<b>Net change in fund balances</b>	<b>\$ 10,908,090</b>	<b>\$ 10,908,090</b>	17,793,657	<b>\$ 6,885,567</b>
<b>Fund deficit at beginning of year</b>			(27,008,660)	
<b>Fund deficit at end of year</b>			<b>\$ (9,215,003)</b>	

**TOWN OF GILBERT, ARIZONA**  
**Flood Control and Storm Water Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 16,593	\$ 16,593
Investment earnings	-	-	900	900
Total revenues	-	-	17,493	17,493
<b>Expenditures</b>				
Capital outlay	1,047,000	1,047,000	718	1,046,282
Total expenditures	1,047,000	1,047,000	718	1,046,282
Excess (deficiency) of revenues over (under) expenditures	(1,047,000)	(1,047,000)	16,775	1,063,775
<b>Other financing sources</b>				
Transfers in	1,047,000	1,047,000	8,168	(1,038,832)
Total other financing sources	1,047,000	1,047,000	8,168	(1,038,832)
<b>Net change in fund balances</b>	\$ -	\$ -	24,943	\$ 24,943
<b>Fund deficit at beginning of year</b>			(116,553)	
<b>Fund deficit at end of year</b>			\$ (91,610)	

**TOWN OF GILBERT, ARIZONA**  
**Parks, Open Space and Recreation Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,654,000	\$ 1,654,000	\$ -	\$ (1,654,000)
Other entities' participation	453,000	453,000	98,450	(354,550)
System development fees	2,524,000	2,524,000	4,081,931	1,557,931
Investment earnings	-	-	104,546	104,546
Miscellaneous	-	-	1,100	1,100
Total revenues	4,631,000	4,631,000	4,286,027	(344,973)
<b>Expenditures</b>				
Capital outlay	46,457,000	46,457,000	67,629,421	(21,172,421)
Total expenditures	46,457,000	46,457,000	67,629,421	(21,172,421)
Deficiency of revenues under expenditures	(41,826,000)	(41,826,000)	(63,343,394)	(21,517,394)
<b>Other financing sources (uses)</b>				
Transfers in	33,396,000	33,396,000	58,166,656	24,770,656
Transfers out	(2,260,310)	(2,260,310)	(2,591,786)	(331,476)
General obligation bonds issued	10,000,000	10,000,000	10,000,000	-
Total other financing sources	41,135,690	41,135,690	65,574,870	24,439,180
<b>Net change in fund balances</b>	<b>\$ (690,310)</b>	<b>\$ (690,310)</b>	2,231,476	<b>\$ 2,921,786</b>
<b>Fund balance at beginning of year</b>			7,777,158	
<b>Fund balance at end of year</b>			<b>\$ 10,008,634</b>	



**TOWN OF GILBERT, ARIZONA**  
**Special Assessments Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 2,502	\$ 2,502
Total revenues	<u>-</u>	<u>-</u>	<u>2,502</u>	<u>2,502</u>
<b>Expenditures</b>				
Public works	-	-	575,360	(575,360)
Debt service:				
Bond issuance costs	-	-	252,215	(252,215)
Capital outlay	<u>11,863,000</u>	<u>11,863,000</u>	<u>1,145,005</u>	<u>10,717,995</u>
Total expenditures	<u>11,863,000</u>	<u>11,863,000</u>	<u>1,972,580</u>	<u>9,890,420</u>
Deficiency of revenues over under expenditures	<u>(11,863,000)</u>	<u>(11,863,000)</u>	<u>(1,970,078)</u>	<u>9,892,922</u>
<b>Other financing sources</b>				
Special assessment bonds issued	13,500,000	13,500,000	8,675,000	(4,825,000)
Premium on special assessment debt	-	-	34,106	34,106
Total other financing sources	<u>13,500,000</u>	<u>13,500,000</u>	<u>8,709,106</u>	<u>(4,790,894)</u>
<b>Net change in fund balances</b>	<u>\$ 1,637,000</u>	<u>\$ 1,637,000</u>	6,739,028	<u>\$ 5,102,028</u>
<b>Fund balance at beginning of year</b>			<u>67,526</u>	
<b>Fund balance at end of year</b>			<u>\$ 6,806,554</u>	

**TOWN OF GILBERT, ARIZONA**  
**Redevelopment Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,135,000	\$ 1,135,000	\$ 317,331	\$ (817,669)
Other entities' participation	50,000	50,000	1,546	(48,454)
Investment earnings	-	-	5,025	5,025
Miscellaneous	-	-	119	119
Total revenues	1,185,000	1,185,000	324,021	(860,979)
<b>Expenditures</b>				
Capital outlay	10,622,000	10,727,000	2,308,685	8,418,315
Total expenditures	10,622,000	10,727,000	2,308,685	8,418,315
Deficiency of revenues under expenditures	(9,437,000)	(9,542,000)	(1,984,664)	7,557,336
<b>Other financing sources</b>				
Transfers in	10,320,000	10,320,000	4,248,908	(6,071,092)
General obligation bonds issued	2,415,000	2,415,000	-	(2,415,000)
Total other financing sources	12,735,000	12,735,000	4,248,908	(8,486,092)
<b>Net change in fund balances</b>	\$ 3,298,000	\$ 3,193,000	2,264,244	\$ (928,756)
<b>Fund balance at beginning of year</b>			1,041,107	
<b>Fund balance at end of year</b>			\$ 3,305,351	

**TOWN OF GILBERT, ARIZONA**  
**Water Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 34,412,000	\$ 34,412,000	\$ 33,416,401	\$ (995,599)
Other	826,000	826,000	486,480	(339,520)
Total operating revenues	35,238,000	35,238,000	33,902,881	(1,335,119)
<b>Operating expenses</b>				
General and administrative	753,060	698,663	686,829	11,834
Personal services	5,656,290	5,190,190	5,190,117	73
Operation and maintenance	12,252,870	11,435,677	11,358,622	77,055
Capital outlay	180,000	175,976	175,976	-
Allocation of indirect expenses	2,492,670	2,492,670	2,281,390	211,280
Debt service:				
Principal	5,244,510	5,244,510	8,584,508	(3,339,998)
Contingency	723,000	2,064,714	-	2,064,714
Total operating expenses	27,302,400	27,302,400	28,277,442	(975,042)
<b>Operating income</b>	7,935,600	7,935,600	5,625,439	(2,310,161)
<b>Nonoperating revenues (expenses)</b>				
Interest expense	(8,063,420)	(8,063,420)	(7,847,396)	216,024
Investment earnings	1,037,000	1,037,000	813,820	(223,180)
Gain on sale of capital assets	-	-	1,482	1,482
Other	-	-	24,200	24,200
Total nonoperating revenues (expenses)	(7,026,420)	(7,026,420)	(7,007,894)	18,526
Income (loss) before capital contributions and transfers	909,180	909,180	(1,382,455)	(2,291,635)
Capital contributions	4,580,000	4,580,000	8,207,888	6,001,086
Transfers in	-	-	-	-
Transfers out	(156,000)	(156,000)	(1,547,804)	(1,391,804)
<b>Change in net assets</b>	\$ 5,333,180	\$ 5,333,180	5,277,629	\$ 2,317,647

Explanation of difference between budgetary change in net assets at June 30, 2009, and GAAP change in net assets:

Obligations for compensated absences are accrued on the GAAP basis but are not recognized on the budget basis:

Add compensated absences at June 30, 2008	310,816
Less compensated absences at June 30, 2009	(458,584)

Capital outlays are not recognized as GAAP expenses but are recognized as expenses on the budget basis.	175,976
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Debt service principal payments are not recognized as expenses on the GAAP basis but are recognized as expenses on the budget basis.	8,584,508
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Capital assets contributed by developers are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.	2,373,198
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Depreciation is recognized as an expense for GAAP purposes but is not recognized for budgetary purposes.	(7,902,342)
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Amortization of bond issuance costs is recognized as an expense for GAAP purposes but not recognized for budgetary purposes.	(94,160)
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Change in net assets as reported on the statement of revenues, expenses and changes in fund net assets	\$ 8,267,041
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**TOWN OF GILBERT, ARIZONA**  
**Wastewater Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets- Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating revenues</b>				
Charges for services	\$ 20,029,000	\$ 20,029,000	\$ 19,721,549	\$ (307,451)
Other	-	-	9,127	9,127
Total operating revenues	<u>20,029,000</u>	<u>20,029,000</u>	<u>19,730,676</u>	<u>(298,324)</u>
<b>Operating expenses</b>				
General and administrative	765,740	574,514	571,498	3,016
Personal services	2,736,320	2,645,532	2,645,495	37
Operation and maintenance	8,814,470	8,187,613	8,189,238	(1,625)
Capital outlay	360,000	569,175	48,762	520,413
Allocation of indirect expenses	1,648,310	1,648,310	1,488,240	160,070
Debt service:				
Principal	435,500	435,500	9,720,492	(9,284,992)
Contingency	1,311,000	2,008,696	-	2,008,696
Total operating expenses	<u>16,071,340</u>	<u>16,069,340</u>	<u>22,663,725</u>	<u>(6,594,385)</u>
<b>Operating income (loss)</b>	<u>3,957,660</u>	<u>3,959,660</u>	<u>(2,933,049)</u>	<u>(6,892,709)</u>
<b>Nonoperating revenues (expenses)</b>				
Interest expense	(2,628,120)	(2,628,120)	(1,205,454)	1,422,666
Investment earnings	616,700	616,700	211,004	(405,696)
Total nonoperating revenues (expenses)	<u>(2,011,420)</u>	<u>(2,011,420)</u>	<u>(994,450)</u>	<u>1,016,970</u>
Income (loss) before capital contributions and transfers	1,946,240	1,948,240	(3,927,499)	(5,875,739)
Capital contributions	3,883,000	3,883,000	6,686,237	2,803,237
Transfers in	-	-	758,625	758,625
Transfers out	(379,710)	(379,710)	(530,951)	(151,241)
<b>Change in net assets</b>	<u>\$ 5,449,530</u>	<u>\$ 5,451,530</u>	2,986,412	<u>\$ (2,465,118)</u>

Explanation of difference between budgetary change in net assets at June 30, 2009, and GAAP change in net assets:

Obligations for compensated absences are accrued on the GAAP basis but are not recognized on the budget basis:

Add compensated absences at June 30, 2008	160,604
Less compensated absences at June 30, 2009	(219,654)

Capital outlays are not recognized as GAAP expenses but are recognized as expenses on the budget basis.	48,762
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Debt service principal payments are not recognized as expenses on the GAAP basis but are recognized as expenses on the budget basis.	9,720,492
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Capital assets contributed by developers are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.	1,961,027
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Depreciation is recognized as an expense for GAAP purposes but is not recognized for budgetary purposes.	(8,241,501)
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Amortization of bond issuance costs is recognized as an expense for GAAP purposes but is not recognized for budgetary purposes.	(26,942)
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Change in net assets as reported on the statement of revenues, expenses and changes in fund net assets	<u>\$ 6,389,200</u>
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**TOWN OF GILBERT, ARIZONA**  
**Solid Waste Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 16,771,400	\$ 16,771,400	\$ 16,591,602	\$ (179,798)
Other	40,000	40,000	233,820	193,820
Total operating revenues	16,811,400	16,811,400	16,825,422	14,022
<b>Operating expenses</b>				
General and administrative	411,140	370,210	359,717	10,493
Personal services	5,285,190	4,981,196	4,981,122	74
Operation and maintenance	7,256,560	6,271,370	6,271,314	56
Capital outlay	1,398,000	1,170,097	888,726	281,371
Allocation of indirect expenses	1,370,090	1,370,090	1,271,010	99,080
Contingency	491,000	1,787,647	-	1,787,647
Total operating expenses	16,211,980	15,950,610	13,771,889	2,178,721
<b>Operating income</b>	599,420	860,790	3,053,533	2,192,743
<b>Nonoperating revenues</b>				
Investment earnings	158,000	158,000	41,724	(116,276)
Gain on sale of capital assets	-	-	50,331	50,331
Total nonoperating revenues	158,000	158,000	92,055	(65,945)
Income before transfers	757,420	1,018,790	3,145,588	2,126,798
Transfers in	-	-	27,352	27,352
Transfers out	(96,000)	(96,000)	(7,794)	88,206
<b>Change in net assets</b>	\$ 661,420	\$ 922,790	3,165,146	\$ 2,242,356

Explanation of difference between budgetary change in net assets at June 30, 2009,  
and GAAP change in net assets:

Obligations for compensated absences are accrued on the GAAP basis but  
are not recognized on the budget basis:

Add compensated absences at June 30, 2008	355,467
Less compensated absences at June 30, 2009	(399,150)

Capital outlays are not recognized as GAAP expenses but are recognized  
as expenses on a budget basis.

888,726

Depreciation is recognized as an expense for GAAP purposes but  
is not recognized for budgetary purposes.

(1,203,055)

Change in net assets as reported on the statement of revenues, expenses  
and changes in fund net assets

\$ 2,807,134

**TOWN OF GILBERT, ARIZONA**  
**Irrigation Enterprise Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 17,000	\$ 17,000	\$ 18,513	\$ 1,513
Total operating revenues	<u>17,000</u>	<u>17,000</u>	<u>18,513</u>	<u>1,513</u>
<b>Operating expenses</b>				
General and administrative	1,330	98,340	97,828	512
Personal services	52,590	55,610	55,307	303
Operation and maintenance	13,100	9,670	4,730	4,940
Total operating expenses	<u>67,020</u>	<u>163,620</u>	<u>157,865</u>	<u>5,755</u>
<b>Operating loss</b>	<u>(50,020)</u>	<u>(146,620)</u>	<u>(139,352)</u>	<u>7,268</u>
<b>Nonoperating revenues</b>				
Investment earnings	-	-	4	4
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Loss before transfers	(50,020)	(146,620)	(139,348)	7,272
Transfers in	<u>50,020</u>	<u>50,020</u>	<u>139,348</u>	<u>89,328</u>
<b>Change in net assets</b>	<u>\$ -</u>	<u>\$ (96,600)</u>	<u>\$ -</u>	<u>\$ 96,600</u>



## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis.

**Equipment Maintenance** - to account for the revenues and expenses from the maintenance of Gilbert's motorized equipment.

**Copy Services** - to account for the revenues and expenses from the operation of centrally located copiers within Gilbert.

**Employee Benefit Self-Insurance** - to account for and finance Gilbert's uninsured risks of loss for medical claims.



**TOWN OF GILBERT, ARIZONA**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2009**

	<u>Equipment Maintenance</u>	<u>Copy Services</u>	<u>Employee Benefit Self- Insurance</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Pooled cash and investments	\$ 368,267	\$ 447,225	\$ 4,839,741	\$ 5,655,233
Receivables (net):				
Accrued interest	213	264	3,571	4,048
Accounts	4,822	-	2,700	7,522
Prepaid items	-	-	25,535	25,535
Inventories	575,862	-	-	575,862
Total current assets	<u>949,164</u>	<u>447,489</u>	<u>4,871,547</u>	<u>6,268,200</u>
Noncurrent assets:				
Capital assets:				
Property, plant and equipment	223,224	217,575	-	440,799
Less accumulated depreciation	<u>(139,602)</u>	<u>(78,376)</u>	<u>-</u>	<u>(217,978)</u>
Total capital assets (net)	<u>83,622</u>	<u>139,199</u>	<u>-</u>	<u>222,821</u>
Total assets	<u>1,032,786</u>	<u>586,688</u>	<u>4,871,547</u>	<u>6,491,021</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	208,353	21,799	937	231,089
Accrued liabilities	56,665	-	-	56,665
Current portion of compensated absences	45,697	-	-	45,697
Claims payable	-	-	1,269,776	1,269,776
Total current liabilities	<u>310,715</u>	<u>21,799</u>	<u>1,270,713</u>	<u>1,603,227</u>
Long-term portion of compensated absences	46,126	-	-	46,126
Total liabilities	<u>356,841</u>	<u>21,799</u>	<u>1,270,713</u>	<u>1,649,353</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	83,622	139,199	-	222,821
Unrestricted	592,323	425,690	3,600,834	4,618,847
Total net assets	<u>\$ 675,945</u>	<u>\$ 564,889</u>	<u>\$ 3,600,834</u>	<u>\$ 4,841,668</u>

**TOWN OF GILBERT, ARIZONA**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended June 30, 2009**

	<u>Equipment Maintenance</u>	<u>Copy Services</u>	<u>Employee Benefit Self- Insurance</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 6,790,816	\$ 404,928	\$ 12,472,833	\$ 19,668,577
Other	4,079	-	94,385	98,464
Total operating revenues	<u>6,794,895</u>	<u>404,928</u>	<u>12,567,218</u>	<u>19,767,041</u>
<b>Operating expenses</b>				
General and administrative	70,086	-	1,029,459	1,099,545
Personal services	1,617,774	-	-	1,617,774
Operation and maintenance	4,664,667	299,317	-	4,963,984
Claims Incurred	-	-	10,669,595	10,669,595
Depreciation	19,623	19,631	-	39,254
Total operating expenses	<u>6,372,150</u>	<u>318,948</u>	<u>11,699,054</u>	<u>18,390,152</u>
<b>Operating income</b>	<u>422,745</u>	<u>85,980</u>	<u>868,164</u>	<u>1,376,889</u>
<b>Nonoperating revenues</b>				
Investment earnings	1,289	1,733	22,124	25,146
Gain on sale of capital assets	1,779	-	-	1,779
Total nonoperating revenues	<u>3,068</u>	<u>1,733</u>	<u>22,124</u>	<u>26,925</u>
<b>Change in net assets</b>	425,813	87,713	890,288	1,403,814
<b>Total net assets, beginning of year</b>	<u>250,132</u>	<u>477,176</u>	<u>2,710,546</u>	<u>3,437,854</u>
<b>Total net assets, end of year</b>	<u>\$ 675,945</u>	<u>\$ 564,889</u>	<u>\$ 3,600,834</u>	<u>\$ 4,841,668</u>

**TOWN OF GILBERT, ARIZONA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2009**

	<u>Equipment Maintenance</u>	<u>Copy Services</u>	<u>Employee Benefit Self- Insurance</u>	<u>Total</u>
Cash flows from operating activities:				
Other operating cash receipts	\$ 4,079	\$ -	\$ 98,971	\$ 103,050
Cash receipts from other funds for services	6,848,797	404,928	12,472,833	19,726,558
Cash payments to suppliers for goods and services	(4,901,073)	(293,472)	(11,451,122)	(16,645,667)
Cash payments to employees for services	<u>(1,615,339)</u>	<u>-</u>	<u>-</u>	<u>(1,615,339)</u>
Net cash provided by operating activities	<u>336,464</u>	<u>111,456</u>	<u>1,120,682</u>	<u>1,568,602</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(32,426)	-	-	(32,426)
Proceeds from sales of capital assets	<u>1,779</u>	<u>-</u>	<u>-</u>	<u>1,779</u>
Net cash used in capital and related financing activities	<u>(30,647)</u>	<u>-</u>	<u>-</u>	<u>(30,647)</u>
Cash flows from investing activities:				
Interest received on investments	<u>1,490</u>	<u>2,397</u>	<u>31,079</u>	<u>34,966</u>
Net cash provided by investing activities	<u>1,490</u>	<u>2,397</u>	<u>31,079</u>	<u>34,966</u>
Net increase in cash and cash equivalents	307,307	113,853	1,151,761	1,572,921
Cash and cash equivalents at beginning of year	<u>60,960</u>	<u>333,372</u>	<u>3,687,980</u>	<u>4,082,312</u>
Cash and cash equivalents at end of year	<u>\$ 368,267</u>	<u>\$ 447,225</u>	<u>\$ 4,839,741</u>	<u>\$ 5,655,233</u>
Reconciliation of operating income to net cash provided by operations:				
Operating income	<u>\$ 422,745</u>	<u>\$ 85,980</u>	<u>\$ 868,164</u>	<u>\$ 1,376,889</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	19,623	19,631	-	39,254
Changes in assets and liabilities:				
Decrease in accounts receivable	57,981	-	4,586	62,567
Increase in prepaid items	-	-	(25,535)	(25,535)
Decrease in inventories	47,900	-	-	47,900
Increase (decrease) in accounts payable	(214,220)	5,845	938	(207,437)
Increase in claims payable	-	-	272,529	272,529
Increase in accrued expenses	<u>2,435</u>	<u>-</u>	<u>-</u>	<u>2,435</u>
Total adjustments	<u>(86,281)</u>	<u>25,476</u>	<u>252,518</u>	<u>191,713</u>
Net cash provided by operating activities	<u>\$ 336,464</u>	<u>\$ 111,456</u>	<u>\$ 1,120,682</u>	<u>\$ 1,568,602</u>

**TOWN OF GILBERT, ARIZONA**  
**Equipment Maintenance Internal Service Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 7,368,680	\$ 7,368,680	\$ 6,790,816	\$ (577,864)
Other	-	-	4,079	4,079
Total operating revenues	7,368,680	7,368,680	6,794,895	(573,785)
<b>Operating expenses</b>				
General and administrative	83,640	75,098	70,086	5,012
Personal services	1,911,000	1,618,790	1,618,778	12
Operation and maintenance	5,249,330	4,639,247	4,664,667	(25,420)
Capital outlay	141,000	117,427	32,426	85,001
Depreciation	-	-	19,623	(19,623)
Contingency	-	934,408	-	934,408
Total operating expenses	7,384,970	7,384,970	6,405,580	979,390
<b>Operating income (loss)</b>	(16,290)	(16,290)	389,315	405,605
<b>Nonoperating revenues</b>				
Investment earnings	5,000	5,000	1,289	(3,711)
Gain on sale of capital assets	-	-	1,779	1,779
Total nonoperating revenues	5,000	5,000	3,068	(1,932)
<b>Change in net assets</b>	\$ (11,290)	\$ (11,290)	392,383	\$ 403,673

Explanation of difference between budgetary change in net assets at June 30, 2009,  
and GAAP change in net assets:

Capital outlays are not recognized as GAAP expenses but are recognized  
as expenses on the budget basis.

32,426

Obligations for compensated absences are accrued on the GAAP basis but  
are not recognized on the budget basis:

Add compensated absences at June 30, 2008

92,827

Less compensated absences at June 30, 2009

(91,823)

Change in net assets as reported on the statement of revenues, expenses  
and changes in fund net assets

\$ 425,813

**TOWN OF GILBERT, ARIZONA**  
**Copy Services Internal Service Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 375,000	\$ 375,000	\$ 404,928	\$ 29,928
Total operating revenues	375,000	375,000	404,928	29,928
<b>Operating expenses</b>				
Operation and maintenance	323,130	323,130	299,317	23,813
Capital outlay	30,000	30,000	-	30,000
Depreciation	-	-	19,631	(19,631)
Total operating expenses	353,130	353,130	318,948	34,182
<b>Operating income</b>	21,870	21,870	85,980	64,110
<b>Nonoperating revenues</b>				
Investment earnings	7,000	7,000	1,733	(5,267)
Total nonoperating revenues	7,000	7,000	1,733	(5,267)
<b>Change in net assets</b>	\$ 28,870	\$ 28,870	\$ 87,713	\$ 58,843

**TOWN OF GILBERT, ARIZONA**  
**Employee Benefit Self-Insurance Internal Service Fund**  
**Schedule of Revenues, Expenses and Changes**  
**in Net Assets - Budget and Actual - Budgetary Basis**  
**For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for services	\$ 12,805,000	\$ 12,805,000	\$ 12,472,833	\$ (332,167)
Other	130,000	130,000	94,385	(35,615)
Total operating revenues	12,935,000	12,935,000	12,567,218	(367,782)
<b>Operating expenses</b>				
General and administrative	1,097,300	1,097,300	1,029,459	67,841
Claims Incurred	11,500,800	11,500,800	10,669,595	831,205
Total operating expenses	12,598,100	12,598,100	11,699,054	899,046
<b>Operating income</b>	336,900	336,900	868,164	531,264
<b>Nonoperating revenues</b>				
Investment earnings	140,000	140,000	22,124	(117,876)
Total nonoperating revenues	140,000	140,000	22,124	(117,876)
<b>Change in net assets</b>	\$ 476,900	\$ 476,900	\$ 890,288	\$ 413,388



## AGENCY FUNDS

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

**Flexible Spending** - accounts for monies received from employees for medical and dependent care expenses under Internal Revenue Code Section 125.

**Utility Donation Program** - accounts for monies received from citizens that are distributed to non-profit agencies assisting Gilbert low-income residents.





**TOWN OF GILBERT, ARIZONA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2009**

<b>Flexible Spending</b>	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assets</u>				
Restricted cash and investments	\$ 29,820	281,876	272,675	39,021
Total assets	<u>\$ 29,820</u>	<u>281,876</u>	<u>272,675</u>	<u>39,021</u>
<u>Liabilities</u>				
Accounts payable	\$ -	512	512	-
Medical benefits payable	23,037	224,765	217,532	30,270
Dependent care benefits payable	6,783	57,111	55,143	8,751
Total liabilities	<u>\$ 29,820</u>	<u>282,388</u>	<u>273,187</u>	<u>39,021</u>
 <b>Utility Donation Program</b>				
<u>Assets</u>				
Accounts receivable, net	\$ -	682	486	196
Restricted cash and investments	-	478	-	478
Total assets	<u>\$ -</u>	<u>1,160</u>	<u>486</u>	<u>674</u>
<u>Liabilities</u>				
Other deposits	\$ -	682	8	674
Total liabilities	<u>\$ -</u>	<u>682</u>	<u>8</u>	<u>674</u>
 <b>Total-All Agency Funds</b>				
<u>Assets</u>				
Accounts receivable, net	\$ -	682	486	196
Restricted cash and investments	29,820	282,354	272,675	39,499
Total assets	<u>\$ 29,820</u>	<u>283,036</u>	<u>273,161</u>	<u>39,695</u>
<u>Liabilities</u>				
Accounts payable	\$ -	512	512	-
Other deposits	-	682	8	674
Medical benefits payable	23,037	224,765	217,532	30,270
Dependent care benefits payable	6,783	57,111	55,143	8,751
Total liabilities	<u>\$ 29,820</u>	<u>283,070</u>	<u>273,195</u>	<u>39,695</u>



## **Statistical Section**

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**Financial Trends**

**Revenue Capacity**

**Debt Capacity**

**Demographic and Economic Information**

**Operating Information**

**Other Information**

## STATISTICAL SECTION

This part of Gilbert's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Town's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	109
<i>These schedules contain trend information to help the reader understand how Gilbert's financial performance and well-being have changed over time.</i>	
Revenue Capacity	116
<i>These schedules contain information to help the reader assess Gilbert's most significant local revenue source, sales tax.</i>	
Debt Capacity	119
<i>These schedules present information to help the reader assess the affordability of Gilbert's current levels of outstanding debt and Gilbert's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	124
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Gilbert's financial activities take place.</i>	
Operating information	126
<i>These schedules contain service and infrastructure data to help the reader understand how the information in Gilbert's financial report relates to the services Gilbert provides and the activities it performs.</i>	
Other information	129

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.



**Town of Gilbert, Arizona**  
**Net Assets by Component**  
**Last Seven Fiscal Years <sup>a</sup>**  
*(accrual basis of accounting)*

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 365,957,419	\$ 414,678,279	\$ 463,258,205	\$ 513,996,466	\$ 596,974,293	\$ 688,393,175	\$ 704,908,142
Restricted	46,572,913	51,872,071	49,646,029	47,715,687	42,681,149	34,925,873	24,035,677
Unrestricted	17,099,202	19,536,802	38,750,945	48,970,671	67,609,797	48,021,680	63,993,988
Total governmental activities net assets	<u>\$ 429,629,534</u>	<u>\$ 486,087,152</u>	<u>\$ 551,655,179</u>	<u>\$ 610,682,824</u>	<u>\$ 707,265,239</u>	<u>\$ 771,340,728</u>	<u>\$ 792,937,807</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 189,063,010	\$ 222,199,341	\$ 269,420,086	\$ 347,212,432	\$ 386,129,911	\$ 273,512,939	\$ 261,027,688
Restricted	29,201,609	44,404,210	52,594,128	62,356,255	103,425,180	106,871,117	91,738,487
Unrestricted	46,364,812	42,045,208	46,529,937	17,926,973	9,480,280	136,635,181	182,089,776
Total business-type activities net assets	<u>\$ 264,629,431</u>	<u>\$ 308,648,759</u>	<u>\$ 368,544,151</u>	<u>\$ 427,495,660</u>	<u>\$ 499,035,371</u>	<u>\$ 517,019,237</u>	<u>\$ 534,855,951</u>
Primary government							
Invested in capital assets, net of related debt	\$ 555,020,429	\$ 636,877,620	\$ 732,678,291	\$ 861,208,898	\$ 983,104,204	\$ 961,906,114	\$ 965,935,830
Restricted	75,774,522	96,276,281	102,240,157	110,071,942	146,106,329	141,796,990	115,774,164
Unrestricted	63,464,014	61,582,010	85,280,882	66,897,644	77,090,077	184,656,861	246,083,764
Total primary government net assets	<u>\$ 694,258,965</u>	<u>\$ 794,735,911</u>	<u>\$ 920,199,330</u>	<u>\$ 1,038,178,484</u>	<u>\$ 1,206,300,610</u>	<u>\$ 1,288,359,965</u>	<u>\$ 1,327,793,758</u>

<sup>a</sup> Gilbert implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003, therefore only seven years are shown.

**Town of Gilbert, Arizona**  
**Changes in Net Assets**  
**Last Seven Fiscal Years <sup>a</sup>**  
*(accrual basis of accounting)*

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Expenses</b>							
Governmental activities:							
General government:							
Management and policy	\$ 2,655,906	\$ 1,884,140	\$ 2,155,340	\$ 2,900,380	\$ 3,070,422	\$ 3,166,667	\$ 3,068,178
Support services	4,217,564	5,760,253	7,138,828	8,854,240	9,827,763	10,351,241	10,137,539
Legal and court	2,686,277	2,875,580	3,685,456	4,352,048	5,316,211	5,848,004	5,838,172
Development services	7,454,599	7,790,502	8,824,753	11,231,950	13,394,123	14,500,727	12,242,742
Public works	4,271,868	3,229,684	2,621,289	4,280,669	914,339	978,662	1,451,083
Public safety:							
Police	17,176,875	19,374,504	22,908,779	29,764,753	34,021,950	39,640,802	42,109,036
Fire	8,370,833	9,898,603	11,288,467	15,377,613	18,872,416	22,563,858	24,255,563
Highways and streets	19,765,224	19,613,335	25,100,705	24,852,381	31,052,006	36,385,215	38,540,677
Community services	8,552,036	8,526,959	10,114,095	11,238,766	15,925,776	16,175,710	19,349,722
Transportation	1,512,844	1,461,861	1,548,928	1,621,910	1,438,736	1,562,754	1,681,640
Interest and fiscal charges on long-term debt	5,378,449	6,415,295	6,555,140	7,943,561	9,531,956	8,893,365	17,096,048
Total governmental activities expenses	<u>82,042,475</u>	<u>86,830,716</u>	<u>101,941,780</u>	<u>122,418,271</u>	<u>143,365,698</u>	<u>160,067,005</u>	<u>175,770,400</u>
Business-type activities:							
Water	17,026,176	18,414,133	20,460,920	25,234,199	24,029,873	34,277,527	35,450,601
Wastewater	9,575,779	10,129,148	13,023,131	19,061,223	19,873,117	23,507,048	22,398,407
Solid waste	7,788,527	8,044,860	9,372,049	11,359,522	12,978,271	14,782,904	13,843,596
Irrigation	51,158	37,071	40,356	38,615	29,956	66,626	157,865
Total business-type activities expenses	<u>34,441,640</u>	<u>36,625,212</u>	<u>42,896,456</u>	<u>55,693,559</u>	<u>56,911,217</u>	<u>72,634,105</u>	<u>71,850,469</u>
Total primary government expenses	<u>\$ 116,484,115</u>	<u>\$ 123,455,928</u>	<u>\$ 144,838,236</u>	<u>\$ 178,111,830</u>	<u>\$ 200,276,915</u>	<u>\$ 232,701,110</u>	<u>\$ 247,620,869</u>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
Development services	\$ 6,307,197	\$ 8,212,207	\$ 11,917,811	\$ 11,432,135	\$ 10,227,269	\$ 7,385,200	\$ 3,773,261
Police	3,092,598	2,430,266	2,972,598	3,749,728	6,014,921	6,358,381	6,594,319
Fire	320,401	499,102	881,962	794,767	100,360	71,807	100,218
Highways and streets	1,075,907	865,437	1,111,282	1,258,182	1,396,499	1,265,289	1,454,141
Community services	1,947,932	2,149,622	2,222,258	2,464,365	2,954,876	3,129,436	3,192,962
Other activities	217,220	435,406	491,167	542,843	502,682	707,251	702,607
Operating grants and contributions	13,321,723	14,351,688	15,251,531	17,078,782	22,465,988	22,630,806	21,183,148
Capital grants and contributions	52,693,604	53,754,550	61,048,198	43,855,523	70,075,655	45,821,379	31,493,349
Total governmental activities program revenues	<u>78,976,582</u>	<u>82,698,278</u>	<u>95,896,807</u>	<u>81,176,325</u>	<u>113,738,250</u>	<u>87,369,549</u>	<u>68,494,005</u>



**Business-type activities:**

**Charges for services:**

Water	17,034,216	17,967,291	20,418,403	24,126,163	28,244,561	32,320,937	33,416,401
Wastewater	10,357,032	11,139,203	12,105,571	13,989,496	16,173,220	18,440,258	19,721,549
Solid waste	8,752,299	9,324,084	10,255,707	11,307,240	13,885,607	15,642,418	16,591,602
Irrigation	15,020	16,646	18,775	16,634	17,622	17,500	18,513
Capital grants and contributions	<u>29,756,827</u>	<u>41,129,808</u>	<u>49,378,551</u>	<u>59,182,705</u>	<u>64,673,795</u>	<u>34,555,868</u>	<u>19,228,350</u>
Total business-type activities program revenues	<u>65,915,394</u>	<u>79,577,032</u>	<u>92,177,007</u>	<u>108,622,238</u>	<u>122,994,805</u>	<u>100,976,981</u>	<u>88,976,415</u>
Total primary government program revenues	<u>\$ 144,891,976</u>	<u>\$ 162,275,310</u>	<u>\$ 188,073,814</u>	<u>\$ 189,798,563</u>	<u>\$ 236,733,055</u>	<u>\$ 188,346,530</u>	<u>\$ 157,470,420</u>

**Net (Expense)/Revenue**

Governmental activities <sup>b</sup>	\$ (3,065,893)	\$ (4,132,438)	\$ (6,044,973)	\$ (41,241,946)	\$ (29,627,448)	\$ (72,697,456)	\$ (107,276,395)
Business-type activities	<u>31,473,754</u>	<u>42,951,820</u>	<u>49,280,551</u>	<u>52,928,679</u>	<u>66,083,588</u>	<u>28,342,876</u>	<u>17,125,946</u>
Total primary government net revenue (expense)	<u>\$ 28,407,861</u>	<u>\$ 38,819,382</u>	<u>\$ 43,235,578</u>	<u>\$ 11,686,733</u>	<u>\$ 36,456,140</u>	<u>\$ (44,354,580)</u>	<u>\$ (90,150,449)</u>

**General Revenues and Other Changes in Net Assets**

**Governmental activities:**

**Taxes:**

Sales taxes	\$ 29,645,140	\$ 34,972,908	\$ 43,159,583	\$ 49,198,256	\$ 57,697,496	\$ 56,979,907	\$ 49,060,234
Property taxes, levied for debt service	8,731,953	10,407,422	12,026,288	14,053,737	16,499,669	26,345,117	30,836,167
In-Lieu property taxes	235,068	304,844	378,782	372,682	376,101	831,159	948,510
Franchise taxes	1,331,249	1,532,695	1,711,290	2,010,931	2,360,909	2,595,154	2,543,688
Unrestricted state shared sales taxes	8,579,161	9,228,830	10,162,364	12,088,197	16,594,671	16,316,998	14,125,962
Unrestricted state shared income taxes	11,675,179	9,891,309	10,084,177	11,485,210	19,761,466	24,985,772	26,434,943
Unrestricted grants and contributions	1,367,303	2,196,572	2,491,151	3,157,577	3,157,008	2,195,293	939,018
Unrestricted investment earnings	1,571,868	1,181,254	2,314,665	7,018,569	8,508,485	4,462,545	2,003,235
Decrease in fair value of investments	(2,606,351)	-	-	-	-	-	-
Gain on sale of capital assets	69,119	161,390	55,232	215,647	23,880	260,422	151,709
Miscellaneous	414,353	319,327	602,281	614,602	620,185	543,818	668,784
Transfers	<u>36,636</u>	<u>48,382</u>	<u>679,314</u>	<u>54,183</u>	<u>609,993</u>	<u>1,256,760</u>	<u>1,161,224</u>
Total governmental activities	<u>61,050,678</u>	<u>70,244,933</u>	<u>83,665,127</u>	<u>100,269,591</u>	<u>126,209,863</u>	<u>136,772,945</u>	<u>128,873,474</u>
<b>Business-type activities:</b>							
Investment earnings	1,247,691	812,801	2,835,377	5,144,180	5,287,992	7,509,250	1,066,552
Decrease in fair value of investments	(2,365,647)	-	-	-	-	-	-
(Loss)/Gain on sale of capital assets	-	-	59,994	131,387	(376,397)	55,471	51,813
Miscellaneous	167,189	303,089	626,001	801,446	405,850	400,069	753,627
Transfers	<u>(36,636)</u>	<u>(48,382)</u>	<u>(679,314)</u>	<u>(54,183)</u>	<u>(609,993)</u>	<u>(1,256,760)</u>	<u>(1,161,224)</u>
Total business-type activities	<u>(987,403)</u>	<u>1,067,508</u>	<u>2,842,058</u>	<u>6,022,830</u>	<u>4,707,452</u>	<u>6,708,030</u>	<u>710,768</u>
Total primary government	<u>\$ 60,063,275</u>	<u>\$ 71,312,441</u>	<u>\$ 86,507,185</u>	<u>\$ 106,292,421</u>	<u>\$ 130,917,315</u>	<u>\$ 143,480,975</u>	<u>\$ 129,584,242</u>

**Change in Net Assets**

Governmental activities	\$ 57,984,785	\$ 66,112,495	\$ 77,620,154	\$ 59,027,645	\$ 96,582,415	\$ 64,075,489	\$ 21,597,079
Business-type activities	<u>30,486,351</u>	<u>44,019,328</u>	<u>52,122,609</u>	<u>58,951,509</u>	<u>70,791,040</u>	<u>35,050,906</u>	<u>17,836,714</u>
Total primary government	<u>\$ 88,471,136</u>	<u>\$ 110,131,823</u>	<u>\$ 129,742,763</u>	<u>\$ 117,979,154</u>	<u>\$ 167,373,455</u>	<u>\$ 99,126,395</u>	<u>\$ 39,433,793</u>

<sup>a</sup> Gilbert implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003, therefore only seven years are shown.

<sup>b</sup> The increase in Net Expense for Governmental activities in fiscal year 2006 is due to a 32% increase in public safety expenses (hiring more police and fire personnel - see Schedule 16 for details) and a 28% decrease in capital grants and contributions (developer contributions).  
 The increase in Net Expense for Governmental activities in fiscal year 2008 is due to a 18% increase in public safety expenses (hiring more police and fire personnel - see Schedule 16 for details) and a 35% decrease in capital grants and contributions (developer contributions).  
 The increase in Net Expense for Governmental activities in fiscal year 2009 is due to a 92% increase in interest and fiscal charges on long-term debt (interest and principal payments on general obligation bonds issued at end of 2008) and a 31% decrease in capital grants and contributions (developer contributions).

**Town of Gilbert, Arizona**  
**Program Revenues by Function**  
**Last Seven Fiscal Years <sup>a</sup>**  
*(accrual basis of accounting)*

Function/Program	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:							
General government:							
Management and policy	\$ 35,860	\$ 44,198	\$ 29,848	\$ 66,402	\$ 70,147	\$ 46,632	\$ 11,140
Support services	20,646	163,215	197,938	236,754	1,132,587	1,183,621	128,102
Legal and court	183,004	268,998	306,429	343,835	412,084	674,849	585,944
Development services	7,866,338	9,359,374	12,331,975	12,326,494	11,661,699	8,100,907	4,571,108
Public works <sup>b</sup>	7,407,290	3,080,949	1,122,359	1,976,224	5,837,055	1,948,470	901,345
Public Safety:							
Police	5,143,496	5,225,499	6,018,763	7,139,932	9,629,340	8,491,397	7,838,153
Fire	1,363,644	2,838,497	4,576,385	5,196,579	5,286,529	4,223,014	4,385,765
Highways and streets <sup>c</sup>	51,320,127	52,716,860	57,449,518	40,427,704	65,949,321	52,536,064	39,125,537
Community services	5,593,179	8,817,868	13,477,053	13,312,782	13,248,549	9,861,396	10,538,978
Transportation	42,998	182,820	386,539	149,619	510,939	303,199	407,933
Subtotal governmental activities	<u>78,976,582</u>	<u>82,698,278</u>	<u>95,896,807</u>	<u>81,176,325</u>	<u>113,738,250</u>	<u>87,369,549</u>	<u>68,494,005</u>
Business-type activities:							
Water	34,368,450	41,402,414	47,216,223	55,933,046	64,313,182	52,172,311	43,997,487
Wastewater	22,779,625	28,833,888	34,669,529	41,365,318	44,778,394	33,144,752	28,368,813
Solid waste	8,752,299	9,324,084	10,272,480	11,307,240	13,885,607	15,642,418	16,591,602
Irrigation	15,020	16,646	18,775	16,634	17,622	17,500	18,513
Subtotal business-type activities	<u>65,915,394</u>	<u>79,577,032</u>	<u>92,177,007</u>	<u>108,622,238</u>	<u>122,994,805</u>	<u>100,976,981</u>	<u>88,976,415</u>
Total primary government	<u>\$ 144,891,976</u>	<u>\$ 162,275,310</u>	<u>\$ 188,073,814</u>	<u>\$ 189,798,563</u>	<u>\$ 236,733,055</u>	<u>\$ 188,346,530</u>	<u>\$ 157,470,420</u>

<sup>a</sup> Gilbert implemented GASB Statement No. 34 for the fiscal year ended June 30, 2003, therefore only seven years are shown.

<sup>b</sup> In fiscal year 2003, the Town received \$6,510,000 in improvement bonds for the construction & installation of certain water and sewer improvements.

<sup>c</sup> The decrease in governmental activities revenue in fiscal years 2008 and 2009 is mainly due to decreased developer contributions.

**Town of Gilbert, Arizona**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General fund</b>										
Reserved	\$ 313,260	\$ 2,029,973	\$ 64,148	\$ 133,315	\$ 1,258,466	\$ 233,555	\$ 441,157	\$ 16,082,035	\$ 16,015,075	\$ 17,630,101
Unreserved	<u>6,603,648</u>	<u>7,816,100</u>	<u>14,339,030</u>	<u>16,432,986</u>	<u>19,486,079</u>	<u>39,220,868</u>	<u>37,670,366</u>	<u>33,431,047</u>	<u>38,375,273</u>	<u>36,244,514</u>
Total general fund	<u>\$ 6,916,908</u>	<u>\$ 9,846,073</u>	<u>\$ 14,403,178</u>	<u>\$ 16,566,301</u>	<u>\$ 20,744,545</u>	<u>\$ 39,454,423</u>	<u>\$ 38,111,523</u>	<u>\$ 49,513,082</u>	<u>\$ 54,390,348</u>	<u>\$ 53,874,615</u>
<b>All other governmental funds</b>										
Reserved <sup>a</sup>	\$ 16,459,945	\$ 15,474,998	\$ 27,459,253	\$ 24,845,638	\$ 70,452,920	\$ 56,413,890	\$ 108,785,039	\$ 69,735,445	\$ 42,862,953	\$ 67,625,941
Unreserved, reported in:										
Special revenue funds	3,222,169	3,982,546	10,701,877	15,445,596	16,265,034	16,737,129	28,238,612	28,546,101	29,347,664	25,886,221
Debt service funds	(118,790)	-	(1,575,022)	(2,454,188)	(3,221,527)	(4,744,264)	(4,500,716)	-	-	-
Capital projects funds <sup>b</sup>	<u>(250,330)</u>	<u>(321,016)</u>	<u>36,230,486</u>	<u>20,694,169</u>	<u>(9,047,787)</u>	<u>(6,395,978)</u>	<u>(3,626,775)</u>	<u>(17,761,932)</u>	<u>(36,580,485)</u>	<u>99,569,767</u>
Total all other governmental funds	<u>\$ 19,312,994</u>	<u>\$ 19,136,528</u>	<u>\$ 72,816,594</u>	<u>\$ 58,531,215</u>	<u>\$ 74,448,640</u>	<u>\$ 62,010,777</u>	<u>\$ 128,896,160</u>	<u>\$ 80,519,614</u>	<u>\$ 35,630,132</u>	<u>\$ 193,081,929</u>

<sup>a</sup> In fiscal year 2004, the increase in reserved fund balance was due to unspent bond proceeds that were encumbered during the period for various streets capital projects. In fiscal year 2006, the increase in reserved fund balance was also due to unspent bond proceeds that were encumbered for the South Area Service Center municipal facilities capital project and the Elliot Road District Park capital project.

<sup>b</sup> The increase in fund balance in fiscal year 2009 was due to Public Facilities Municipal Property Corporation bonds that were issued during the year.

**Town of Gilbert, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years <sup>a</sup>**  
*(modified accrual basis of accounting)*

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>							
Taxes:							
Sales	\$ 29,645,140	\$ 34,972,908	\$ 43,159,583	\$ 49,198,256	\$ 57,697,496	\$ 56,979,907	\$ 48,736,286
Property	10,275,524	11,609,075	13,482,146	15,671,497	18,528,637	28,302,870	33,130,496
Franchise	1,331,249	1,532,695	1,711,290	2,010,931	2,360,909	2,595,154	2,543,688
Licenses and permits	4,867,861	6,281,477	9,192,849	8,539,210	6,818,495	4,734,163	2,459,042
Intergovernmental	43,926,179	34,440,730	40,149,322	46,258,664	65,758,839	73,255,188	67,053,476
Special assessments	1,242,492	1,924,451	1,552,289	1,425,857	355,124	2,121,038	421,894
Charges for services	5,912,088	7,135,507	8,479,154	9,536,324	9,391,341	9,593,874	8,596,016
Other entities' participations	1,242,755	2,156,627	2,845,785	2,325,967	6,081,523	1,619,694	1,055,416
System development fees	8,245,450	14,662,061	21,773,077	22,959,373	23,014,785	15,566,498	8,394,562
Gifts and donations	54,641	122,861	150,652	341,965	502,490	176,612	114,127
Fines and forfeitures	1,844,637	2,115,055	2,417,453	2,832,536	4,094,156	4,563,842	4,222,855
Investment earnings	1,569,227	1,173,164	2,277,133	6,933,872	8,386,063	4,344,980	1,978,090
Decrease in fair value of investments	(2,601,898)	-	-	-	-	-	-
Miscellaneous	478,059	480,717	651,072	799,218	669,913	800,050	818,714
Total revenues	<u>108,033,404</u>	<u>118,607,328</u>	<u>147,841,805</u>	<u>168,833,670</u>	<u>203,659,771</u>	<u>204,653,870</u>	<u>179,524,662</u>
<b>Expenditures</b>							
Current:							
General government:							
Management and policy	2,928,570	2,182,793	2,461,684	3,229,903	3,821,539	3,919,054	3,642,307
Support services	5,609,746	6,821,426	7,460,561	8,722,221	9,770,935	10,813,606	10,385,787
Legal and court	2,679,223	2,850,975	3,070,512	3,714,232	4,681,581	5,222,500	5,202,603
Development services	7,400,086	7,694,887	8,614,412	10,966,867	12,693,286	14,023,620	11,320,737
Public works	1,896,109	1,540,331	1,231,658	1,411,727	1,254,628	1,328,552	1,797,804
Public safety:							
Police	16,596,031	18,772,923	21,197,065	27,835,183	31,534,516	36,126,310	37,851,358
Fire	7,650,531	9,359,511	10,491,040	13,982,418	17,223,948	20,521,025	21,171,212
Highways and streets	6,923,040	5,592,356	9,149,173	7,505,334	9,423,732	10,631,061	10,377,669
Community services	6,757,017	6,770,499	7,675,098	8,513,797	12,724,944	12,567,656	13,151,552
Transportation	1,512,844	1,461,861	1,548,928	1,621,910	1,438,736	1,562,754	1,681,641
Debt service:							
Principal	7,564,758	12,171,072	14,964,964	15,100,000	20,305,000	36,350,000	29,805,000
Interest	5,280,505	6,392,593	6,540,937	7,906,095	9,578,451	8,961,189	16,500,714
Bond issuance costs	150,678	166,468	59,572	424,807	-	98,263	670,289
Fiscal and other charges	97,944	22,054	11,851	49,079	45,054	28,809	11,766
Capital outlay	54,272,427	69,663,246	65,598,244	83,798,196	106,748,401	87,528,247	134,013,578
Total expenditures	<u>127,319,509</u>	<u>151,462,995</u>	<u>160,075,699</u>	<u>194,781,769</u>	<u>241,244,751</u>	<u>249,682,646</u>	<u>297,584,017</u>
Deficiency of revenues under expenditures	(19,286,105)	(32,855,667)	(12,233,894)	(25,948,099)	(37,584,980)	(45,028,776)	(118,059,355)

<b>Other financing sources (uses)</b>								
Transfers in	19,569,427	24,334,654	19,512,534	45,391,786	77,501,538	45,661,293	90,679,697	
Transfers out	(19,532,791)	(24,286,272)	(18,833,220)	(45,337,603)	(76,891,545)	(44,404,533)	(89,518,473)	
Bonds issued	6,510,000	52,300,000	18,750,000	103,230,000	-	3,759,800	273,490,200	
Premium on bonds	21,032	602,954	51,095	3,078,293	-	-	343,995	
Payment to refunded bond escrow agent	-	-	-	(14,871,894)	-	-	-	
<b>Total other financing sources and uses</b>	<u>6,567,668</u>	<u>52,951,336</u>	<u>19,480,409</u>	<u>91,490,582</u>	<u>609,993</u>	<u>5,016,560</u>	<u>274,995,419</u>	
<b>Net change in fund balances</b>	<u>\$ (12,718,437)</u>	<u>\$ 20,095,669</u>	<u>\$ 7,246,515</u>	<u>\$ 65,542,483</u>	<u>\$ (36,974,987)</u>	<u>\$ (40,012,216)</u>	<u>\$ 156,936,064</u>	
<b>Debt service as a percentage of noncapital expenditures</b>	17.6%	22.7%	22.8%	20.7%	22.2%	27.9%	28.3%	

<sup>a</sup> Comparative prior years' information is not available because when the Town implemented GASB 34 in fiscal year 2003, it was then decided to present revenues and expenditures in more detail.

**Town of Gilbert, Arizona  
Taxable Sales by Category  
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Construction	\$ 4,011,607	\$ 6,515,778	\$ 7,905,096	\$ 8,218,206	\$ 8,549,076	\$ 15,314,209	\$ 15,127,922	\$ 18,805,837	\$ 14,969,597	\$ 7,711,641
Manufacturing	196,930	313,411	279,396	248,006	461,330	643,826	734,423	684,148	789,804	650,179
Utilities	1,221,129	2,147,997	2,532,813	2,692,309	2,748,392	3,630,952	4,028,971	4,548,528	5,269,633	5,303,338
Wholesale	215,678	354,440	444,998	509,324	556,862	335,857	446,597	483,943	577,086	527,933
Retail	6,693,783	10,952,405	12,528,922	11,956,454	14,317,055	15,861,398	19,598,312	21,385,004	23,550,094	23,305,081
Restaurants	583,914	1,074,397	1,180,852	1,318,717	1,673,327	2,045,005	2,501,237	2,972,678	3,228,910	3,509,671
Property Rental	796,897	1,510,286	1,866,040	1,905,276	3,153,884	3,383,290	4,299,410	5,276,563	5,538,416	5,751,120
Services	1,385,890	2,123,013	2,349,017	2,429,195	2,018,946	818,873	945,003	973,552	1,729,464	1,039,678
Other <sup>a</sup>	83,230	123,421	107,150	91,533	1,022,984	346,103	711,618	1,491,268	319,810	243,510
Transportation <sup>a</sup>	-	-	-	-	29,060	7,773	9,906	17,264	13,347	12,575
Finance & Insurance <sup>a</sup>	-	-	-	-	100,986	61,734	63,851	73,410	93,008	100,490
Public Administration <sup>a</sup>	-	-	-	-	6,214	5,900	9,819	11,416	8,272	4,748
Arts & Entertainment <sup>a</sup>	-	-	-	-	106,019	348,650	391,459	405,765	446,057	483,123
Audit Program	151,561	320,734	268,578	276,120	228,773	356,013	329,728	568,120	446,409	93,199
Adjustment	-	571,591	45,391	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 15,340,619</b>	<b>\$ 26,007,473</b>	<b>\$ 29,508,253</b>	<b>\$ 29,645,140</b>	<b>\$ 34,972,908</b>	<b>\$ 43,159,583</b>	<b>\$ 49,198,256</b>	<b>\$ 57,697,496</b>	<b>\$ 56,979,907</b>	<b>\$ 48,736,286</b>
Gilbert's local sales tax rate	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Arizona Department of Revenue

<sup>a</sup> Beginning in January 2004, the Arizona Department of Revenue began using a new reporting software system for classifying business establishments called the North American Industry Classification System (NAICS). Under the new system, the category may be defined a little differently. In addition, more categories were established. When NAICS reporting began, many businesses checked the "Other" category due to uncertainty. This problem is being remedied and therefore, the "Other" category will decrease as more businesses will be classified under their proper category.

Schedule 7

**Town of Gilbert, Arizona  
Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gilbert Direct Rate</b>	<b>Arizona Rate</b>	<b>Maricopa County Rate</b>	<b>Total Rate</b>
2000	1.00%	5.00%	0.70%	6.70%
2001	1.50%	5.00%	0.70%	7.20%
2002	1.50%	5.60%	0.70%	7.80%
2003	1.50%	5.60%	0.70%	7.80%
2004	1.50%	5.60%	0.70%	7.80%
2005	1.50%	5.60%	0.70%	7.80%
2006	1.50%	5.60%	0.70%	7.80%
2007	1.50%	5.60%	0.70%	7.80%
2008	1.50%	5.60%	0.70%	7.80%
2009	1.50%	5.60%	0.70%	7.80%

Source: Gilbert Development Services Department

Note: Gilbert sales tax rate may be changed with the approval of Council.

**Town of Gilbert, Arizona  
Principal Transaction Privilege Taxpayers by Type of Business  
Current Fiscal Year and Nine Years Ago**

<u>Type of Business</u>	<u>Fiscal Year 2009</u>			<u>Fiscal Year 2000</u>		
	<u>Privilege Tax Collected</u>	<u>Rank</u>	<u>As % of Total Collections</u>	<u>Privilege Tax Collected</u>	<u>Rank</u>	<u>As % of Total Collections</u>
Retail Sales	\$ 3,120,050	1	6.40 %	\$ ---		--- %
Utilities	2,593,501	2	5.32	543,843	5	3.45
Retail Sales	2,484,681	3	5.10	795,406	3	5.05
Retail Sales	1,578,315	4	3.24	---		---
Retail Sales	1,356,722	5	2.78	284,906	7	1.81
Retail Sales	1,296,190	6	2.66	645,598	4	4.10
Retail Sales	636,596	7	1.31	---		---
Retail Sales	592,877	8	1.22	1,348,680	1	8.55
Retail Sales	543,383	9	1.11	---		---
Government	495,380	10	1.02	---		---
Retail Sales	---		---	435,258	6	2.76
Retail Sales	---		---	961,601	2	6.10
Retail Sales	---		---	280,545	8	1.78
Construction	---		---	237,382	9	1.51
Construction	---		---	230,625	10	1.46
Total	<u>\$ 14,697,695</u>		<u>30.16 %</u>	<u>\$ 5,763,844</u>		<u>36.57 %</u>

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Source: Arizona Department of Revenue



**Town of Gilbert, Arizona  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Street and Highway Revenue Bonds	Municipal Property Corporation Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	Water and Wastewater Revenue Bonds	Municipal Property Corporation Revenue Bonds			
2000	\$ 37,285,000	\$ 10,900,527	\$ 5,195,000	\$ -	\$ 17,350,000	\$ 649,473	\$ 26,675,000	\$ 7,755,000	\$ 105,810,000	3.98 %	\$ 986
2001	33,885,000	8,245,972	4,830,000	-	17,040,000	539,028	26,450,000	23,950,000	114,940,000	3.68	939
2002	64,175,000	5,640,795	4,450,000	39,715,000	16,665,000	419,205	25,290,000	20,585,000	176,940,000	5.03	1,324
2003	62,130,000	10,406,037	3,810,000	38,340,000	16,320,000	288,963	25,140,000	15,400,000	171,835,000	4.39	1,190
2004	75,735,000	8,544,965	38,125,000	36,900,000	15,080,000	150,035	26,685,000	8,575,000	209,795,000	4.52	1,274
2005	87,195,000	5,825,000	36,555,000	35,450,000	14,600,000	-	25,540,000	72,950,000	278,115,000	5.43	1,562
2006	90,715,000	4,505,000	34,095,000	107,370,000	13,080,000	-	23,225,000	60,590,000	333,580,000	6.12	1,796
2007	79,450,000	4,380,000	32,300,000	105,845,000	11,725,000	-	21,995,000	194,685,000	450,380,000	7.41	2,216
2008	57,369,800	2,990,000	31,300,000	100,635,000	10,335,000	-	20,745,000	182,950,000	406,324,800	6.19	1,891
2009	225,935,000	11,590,000	29,375,000	175,810,000	8,885,000	-	19,465,000	167,125,000	638,185,000	8.57	2,934

See Schedule 14 for personal income and population data.

Note: Details regarding Gilbert's outstanding debt can be found in the notes to the financial statements.

**Town of Gilbert, Arizona  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding</u>	<u>Less Amount Available in Debt Service Fund</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Secondary Assessed Property Value <sup>a</sup></u>	<u>Percentage of Secondary Assessed Property Value <sup>b</sup></u>	<u>Per Capita</u>
2000	\$ 54,635,000	\$ 5,833,231	\$ 48,801,769	\$ 593,732,571	8.22 %	\$ 454.71
2001	50,925,000	2,038,732	48,886,268	670,664,757	7.29	399.53
2002	80,840,000	4,446,191	76,393,809	749,581,043	10.19	571.64
2003	78,450,000	6,441,465	72,008,535	906,389,287	7.94	498.67
2004	90,815,000	6,697,401	84,117,599	1,052,321,817	7.99	510.78
2005	101,795,000	7,427,782	94,367,218	1,251,765,751	7.54	529.94
2006	103,795,000	10,224,408	93,570,592	1,466,841,566	6.38	503.83
2007	91,175,000	11,087,607	80,087,393	2,370,134,999	3.38	394.01
2008	67,704,800	7,279,915	60,424,885	2,768,391,194	2.18	281.28
2009	234,820,000	6,655,504	228,164,496	2,672,949,852	8.54	1048.93

<sup>a</sup> Maricopa County Assessor's Office

<sup>b</sup> General Obligations bonds principal and interest payments are paid for with secondary property taxes.

See Schedule 14 for population data.

**Town of Gilbert, Arizona  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Maricopa County	\$ None	4.75%	\$ None
Maricopa County Community College District	727,390,000	4.75%	34,551,025
Maricopa County Hospital District No. 1	None	4.75%	None
Gilbert Unified School District No. 41	216,630,000	69.21%	149,929,623
Higley Elementary School District No. 60	75,210,000	84.10%	63,251,610
Chandler Unified School District No. 80	218,225,000	10.26%	22,389,885
Mesa Unified School District No. 4	316,770,000	0.37%	1,172,049
East Valley Institute of Technology District No. 401 <sup>b</sup>	None	11.50%	None
<b>Other debt</b>			
Maricopa County <sup>c</sup>	212,020,000	4.75%	10,070,950
Maricopa County Community College District - revenue bonds	15,905,000	4.75%	755,488
Maricopa County Hospital District No. 1	None	4.75%	None
Gilbert Unified School District No. 41	None	69.21%	None
Higley Elementary School District No. 60	None	84.10%	None
Chandler Unified School District No. 80	None	10.26%	None
Mesa Unified School District No. 4	None	0.37%	None
East Valley Institute of Technology District No. 401 <sup>b</sup>	None	11.50%	None
Subtotal, overlapping debt			282,120,630
Town of Gilbert direct debt	442,710,000	100.00%	442,710,000
Total direct and overlapping debt			<u>\$ 724,830,630</u>

Source: The various jurisdictions

<sup>a</sup> Proportion applicable to Town of Gilbert, Arizona is computed on the ratio of secondary assessed valuation for fiscal year 2009.

<sup>b</sup> Based on the East Valley Institute of Technology's secondary assessed valuation and does not include amount of secondary assessed valuation in Pinal County.

<sup>c</sup> Includes certificates of participation outstanding in the aggregate principal amount of \$3,850,000; Public Finance Corporation lease revenue bonds outstanding in the aggregate principal amount of \$163,900,000 and Stadium District revenue bonds outstanding in the aggregate principal amount of \$44,270,000.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of Gilbert. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Gilbert. This process recognizes that, when considering Gilbert's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government

**Town of Gilbert, Arizona  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>20% Limitation</u></b>										
Debt limit equal to 20% of assessed valuation	\$ 96,921,617	\$ 118,746,514	\$ 134,132,951	\$ 149,916,209	\$ 210,464,363	\$ 250,353,150	\$ 293,368,313	\$ 474,027,000	\$ 553,678,000	\$ 534,590,000
Total net debt applicable to 20% limit	<u>33,805,000</u>	<u>29,830,000</u>	<u>39,795,000</u>	<u>38,300,000</u>	<u>35,075,000</u>	<u>32,570,000</u>	<u>31,215,000</u>	<u>78,050,000</u>	<u>51,705,000</u>	<u>217,730,000</u>
Legal 20% debt margin (available borrowing capacity)	<u>\$ 63,116,617</u>	<u>\$ 88,916,514</u>	<u>\$ 94,337,951</u>	<u>\$ 111,616,209</u>	<u>\$ 175,389,363</u>	<u>\$ 217,783,150</u>	<u>\$ 262,153,313</u>	<u>\$ 395,977,000</u>	<u>\$ 501,973,000</u>	<u>\$ 316,860,000</u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	34.88%	25.12%	29.67%	25.55%	16.67%	13.01%	10.64%	16.47%	9.34%	40.73%
<b><u>6% Limitation</u></b>										
Debt limit equal to 6% of assessed valuation	\$ 29,076,485	\$ 35,623,954	\$ 40,239,885	\$ 44,974,863	\$ 63,139,309	\$ 75,105,945	\$ 88,010,494	\$ 142,208,100	\$ 166,103,000	\$ 160,377,000
Total net debt applicable to 6% limit	<u>17,120,000</u>	<u>11,225,000</u>	<u>38,655,000</u>	<u>36,085,000</u>	<u>47,970,000</u>	<u>60,030,000</u>	<u>64,870,000</u>	<u>3,550,000</u>	<u>855,000</u>	<u>0</u>
Legal 6% debt margin (available borrowing capacity)	<u>\$ 11,956,485</u>	<u>\$ 24,398,954</u>	<u>\$ 1,584,885</u>	<u>\$ 8,889,863</u>	<u>\$ 15,169,309</u>	<u>\$ 15,075,945</u>	<u>\$ 23,140,494</u>	<u>\$ 138,658,100</u>	<u>\$ 165,248,000</u>	<u>\$ 160,377,000</u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	58.88%	31.51%	96.06%	80.23%	75.97%	79.93%	73.71%	2.50%	0.51%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Net secondary assessed valuation as of June 30, 2009	\$ 2,672,949,852
<b><u>20% Limitation</u></b>	
Debt limit equal to 20% of assessed valuation	534,590,000
Debt applicable to limit:	
General obligation bonds	<u>217,730,000</u>
Legal 20% debt margin (available borrowing capacity)	<u>\$ 316,860,000</u>
<b><u>6% Limitation</u></b>	
Debt limit equal to 6% of assessed valuation	160,377,000
Debt applicable to limit:	
General obligation bonds	<u>0</u>
Legal 6% debt margin (available borrowing capacity)	<u>\$ 160,377,000</u>

**Note:** The Constitution of the State of Arizona establishes two levels of bonded indebtedness limits based upon the type of improvement constructed with the debt. The twenty percent bond type is restricted to water, wastewater, electric, parks and open space improvements, streets, public safety, and fire and emergency facilities. The six percent bond type is all other general purpose improvements. In November 2006, voters amended the constitution to move streets, public safety and fire and emergency facilities from the six percent bond type to the twenty percent bond type.

Town of Gilbert, Arizona  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Highway User Revenue Bonds				Public Facilities Municipal Property Corp. Revenue Bonds			
	Special Assessment Collections	Debt Service		Coverage	Highway User Tax Revenue	Debt Service		Coverage	Excise Taxes & State-Shared Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2000	\$ 2,791,663	\$ 2,905,807	\$ 908,564	0.73	\$ 4,794,748	\$ 365,000	\$ 264,338	7.62	\$ -	\$ -	\$ -	-
2001	1,380,780	1,559,555	691,262	0.61	5,185,202	380,000	237,863	8.39	-	-	-	-
2002	1,232,600	2,605,177	530,425	0.39	7,420,953	640,000	211,375	8.72	56,674,585	1,375,000	1,245,023	21.63
2003	1,242,492	1,744,758	608,054	0.53	7,771,916	685,000	180,975	8.97	63,934,377	1,440,000	1,630,813	20.82
2004	1,924,451	1,861,072	564,126	0.79	8,303,686	1,570,000	1,425,365	2.77	64,525,103	1,450,000	1,596,612	21.18
2005	1,552,289	3,274,964	398,660	0.42	8,753,941	1,660,000	1,604,050	2.68	69,209,221	1,500,000	1,553,113	22.67
2006	1,425,857	765,000	262,458	1.39	9,600,919	1,750,000	1,522,950	2.93	79,497,344	1,525,000	3,155,681	16.98
2007	355,124	125,000	231,010	1.00	13,209,138	1,845,000	1,437,450	4.02	102,525,938	5,210,000	4,753,688	10.29
2008	2,121,038	1,390,000	191,620	1.34	13,182,950	1,925,000	1,347,313	4.03	107,273,375	5,410,000	4,567,400	10.75
2009	421,894	75,000	153,530	1.85	11,512,555	2,050,000	1,251,063	3.49	97,901,565	6,060,000	5,404,460	8.54

Fiscal Year	Water and Wastewater Revenue Bonds						Water Resources Municipal Property Corp. Revenue Bonds				
	Operating Revenues <sup>a</sup>	Less: Operating Expenses <sup>a</sup>	Net Available Revenue	Debt Service		Coverage	Water System Dev't Fee	Wastewater System Dev't Fee	Debt Service		Coverage
		Principal	Interest	Principal	Interest				Principal	Interest	
2000	\$ 22,583,582	\$ 10,943,027	\$ 11,640,555	\$ 225,000	\$ 2,597,642	4.12	\$ -	\$ 7,884,602	\$ 5,565,000	\$ 737,285	1.25
2001	24,730,683	12,064,015	12,666,668	640,000	1,965,799	4.86	-	6,818,920	7,755,000	290,289	0.85
2002	26,619,520	13,331,093	13,288,427	670,000	1,627,785	5.78	9,464,291	-	3,365,000	1,441,525	1.97
2003	27,488,811	16,259,036	11,229,775	725,000	1,586,230	4.86	10,898,905	-	5,185,000	1,134,525	1.72
2004	29,326,860	18,940,817	10,386,043	1,045,000	1,045,563	4.97	14,803,415	-	6,825,000	766,180	1.95
2005	32,977,355	21,010,668	11,966,687	1,135,000	954,994	5.73	15,184,009	-	8,575,000	274,400	1.72
2006	38,518,047	28,439,547	10,078,500	1,180,000	927,263	4.78	-	20,491,288	12,360,000	4,332,600	1.23
2007	44,698,632	28,173,011	16,525,621	1,230,000	897,913	7.77	-	17,033,202	12,080,000	2,629,122	1.16
2008	51,061,203	32,100,716	18,960,487	1,250,000	866,563	8.96	11,697,125	10,923,733	11,735,000	9,130,452	1.08
2009	53,633,557	32,618,247	21,015,310	1,280,000	835,313	9.93	6,329,797	6,190,815	15,825,000	7,808,650	0.53

<sup>a</sup> Combined operating revenues and expenses for the Water and Wastewater Funds, as applicable.

Note: Details regarding Gilbert's outstanding debt can be found in the notes to the financial statements.

**Town of Gilbert, Arizona  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(in thousands)</i> <i>(estimate)</i>	<b>Per Capita Income</b> <i>(estimate)</i>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2000	107,326	2,661,000	24,795	29.7	27,283	2.1%
2001	122,360	3,125,000	25,538	29.7	29,505	1.9%
2002	133,640	3,515,000	26,304	29.7	31,442	3.3%
2003	144,400	3,912,000	27,093	30.1	33,322	3.1%
2004	164,685	4,640,000	28,177	30.1	35,410	3.5%
2005	178,070	5,121,000	28,759	30.1	37,194	2.9%
2006	185,720	5,448,000	29,334	30.1	37,662	2.2%
2007	203,262	6,080,000	29,920	31.3	37,979	2.0%
2008	214,820	6,560,000	30,518	31.3	38,662	2.4%
2009	217,521	7,450,000	30,416	30.4	39,142	4.6%

Sources: Population figures obtained from the Maricopa Association of Governments. Median age, school enrollment, and unemployment rate were obtained from Gilbert's Development Services Department. The 2000 per capita income figure was obtained from the U.S. Census. The 2005 per capita income figure was obtained from the American Community Survey. The 2001 through 2004 and 2006 per capita income figures are estimates. The personal income amounts were estimated based on population and per capita income.

**Town of Gilbert, Arizona  
Principal Employers  
Current Fiscal Year and Nine Years Ago**

<b>Employer</b>	<b>Fiscal Year 2009</b>			<b>Fiscal Year 2000</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Gilbert Unified School District	5,000	1	10.12%	3,371	1	15.46%
Wal-Mart Stores, Inc.	1,535	2	3.11%	---		---
Banner Health	1,485	3	3.00%	---		---
Town of Gilbert	1,318	4	2.67%	682	3	3.13%
Target Stores, Inc	1,075	5	2.17%	---		---
Mercy Gilbert Medical Center	817	6	1.65%	---		---
Go Daddy Software, Inc.	707	7	1.43%	---		---
Fry's Food and Drug	675	8	1.37%	600	6	2.75%
Costco Wholesale	600	9	1.21%	---		---
Dillard's	590	10	1.19%	411	7	1.88%
InteSys Technologies	---		---	1,019	2	4.67%
Earnhardt Auto Center	---		---	650	4	2.98%
Casa Blanca Clinic	---		---	650	5	2.98%
Dillard's National Bank	---		---	400	8	1.83%
McGee/Walpole Consolidated	---		---	400	9	1.83%
Chandler Ready Mix	---		---	346	10	1.59%
<b>Total</b>	<b>13,802</b>		<b>27.92%</b>	<b>8,529</b>		<b>39.11%</b>

Source: Maricopa Association of Governments

**Town of Gilbert, Arizona**  
**Full-time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Governmental Funds</u>										
General government:										
Management and policy	71.0	73.9	81.6	83.6	82.5	91.5	100.5	30.8	32.0	32.2
Support services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	91.0	92.8	91.3
Legal and court	21.8	21.8	25.5	28.0	31.5	31.6	35.1	51.3	53.3	52.3
Development services	75.9	81.9	86.2	89.7	93.2	97.2	98.4	115.6	99.1	70.5
Public works	15.5	16.5	19.5	27.0	25.5	26.0	28.0	17.3	18.0	17.5
Public safety:										
Police	190.2	190.2	198.7	207.5	270.0	276.0	309.0	330.0	352.5	347.0
Fire	72.0	78.0	83.5	102.5	110.8	122.5	139.0	173.8	193.0	199.5
Highways and streets	24.8	29.3	35.3	41.3	40.5	45.0	47.5	54.5	55.3	55.3
Community services	91.0	92.2	107.4	120.3	111.0	109.1	113.2	114.4	120.0	120.7
<u>Enterprise Funds</u>										
Water	42.5	45.0	50.5	56.0	58.0	60.0	63.5	69.0	72.0	79.0
Wastewater	11.0	14.0	19.0	22.0	26.0	26.0	30.0	33.0	35.0	37.0
Solid Waste	36.5	41.0	43.5	51.5	52.0	57.5	63.1	71.3	77.1	79.0
Irrigation	0.7	0.7	0.7	0.7	0.5	0.5	0.5	0.5	0.7	0.7
<u>Internal Service Funds</u>										
Equipment maintenance	12.0	15.0	17.0	19.0	19.0	21.0	21.0	24.0	26.0	26.0
<b>Total</b>	<u>664.9</u>	<u>699.5</u>	<u>768.4</u>	<u>849.1</u>	<u>920.5</u>	<u>963.9</u>	<u>1,048.8</u>	<u>1,176.5</u>	<u>1,226.8</u>	<u>1,208.0</u>

Source: Manager's Office

During fiscal year 2007, the organization structure was changed to reflect a new support services function to include areas previously reported under management and policy and public works.



Town of Gilbert, Arizona  
 Operating Indicators by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government:										
Management and policy										
% of population satisfied with value received from tax dollar	82%	84%	85%	81%	81%	88%	88%	90%	90%	92%
Support services										
Number of recruitments	127	146	116	117	129	131	171	246	107	90
Employee turnover	NA	11.0%	12.0%	8.3%	9.2%	12.5%	13.1%	9.5%	9.2%	8.5%
Legal and court										
Case filings	19,444	23,865	21,871	23,329	28,080	23,034	29,175	38,315	37,821	38,000
% of cases charged after review	NA	NA	75%	62%	67%	62%	61%	66%	61%	62%
Development services										
Building permits issued	5,915	6,980	5,797	5,891	7,457	7,348	6,750	5,322	3,663	2,054
Value of permits issued (in millions)	\$ 566.2	\$ 811.2	\$ 755.1	\$ 745.1	\$1,004.1	\$1,121.6	\$ 983.3	\$ 825.5	\$ 539.6	\$ 266.3
Public works										
Number of utility locates	31,547	31,250	29,936	32,510	37,085	35,621	35,265	26,616	16,451	13,000
Public Safety:										
Police										
Number of arrests	4,404	4,532	4,089	4,331	5,361	6,237	8,845	13,324	10,528	9,969
Crimes per 1,000 population	NA	37.0	38.4	35.7	37.0	27.4	28.3	26.6	32.2	30.2
Fire										
Number of emergency calls	6,417	6,980	7,774	8,490	9,870	10,225	11,718	12,260	13,259	13,500
Response time average from time of alert at station to on-scene	5 min 35 sec	5 min 35 sec	5 min 32 sec	5 min 29 sec	5 min 33 sec	5 min 39 sec	5 min 17 sec	5 min 2 sec	5 min 8 sec	5 min 5 sec
Highways and streets										
Average pavement condition index	NA	NA	NA	88	88	89	89	90	91	91
Community services										
Facility reservation requests	8,223	11,998	8,046	9,997	9,983	11,346	15,505	17,434	18,691	20,500
Participants in recreation programs	52,628	54,350	59,283	57,771	46,499	49,262	57,122	45,516	54,815	56,000
Transportation										
Average daily ridership	105	85	152	179	222	247	323	229	329	531
Water										
Daily average water production (mg)	25	26	29	34	36	38	40	44	42	44
Average # of meters read per month	35,950	40,650	46,000	49,300	54,160	58,420	60,190	64,320	68,447	70,000
Wastewater										
Daily average wastewater influent (mg)	6.85	7.32	7.89	8.54	9.46	10.46	10.71	11.71	12.32	12.40
Annual effluent produced/reused (mg)	2,197	2,347	2,404	2,502	2,627	2,596	2,599	3,417	4,174	3,820
Solid waste										
Solid waste tonnage	65,989	70,275	72,901	79,503	85,779	91,278	101,168	112,880	113,777	110,500
Recycle tonnage	11,337	13,764	12,766	13,229	14,421	16,538	17,084	18,388	19,055	19,500
Irrigation										
Cost per house irrigated	\$ 360	\$ 366	\$ 406	\$ 415	\$ 294	\$ 323	\$ 309	\$ 309	\$ 318	\$ 330

Source: Manager's Office and the various departments.  
 NA = not available

**Town of Gilbert, Arizona  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public safety:										
Police										
Number of police cars	55	69	87	107	109	126	142	150	151	162
Fire										
Fire stations	5	6	6	6	6	8	9	9	9	9
Highways and streets										
Street center line miles (estimate)	645	703	742	766	806	883	986	1,013	1,017	872
Traffic control signals	51	55	56	57	80	89	111	137	159	169
Community services										
Total acres of park land, trails, open space, municipal areas and support facilities, operated and maintained	NA	719	755	767	767	735	735	716	716	716
Water										
Miles of water main	NA	448	503	554	591	642	825	900	1,067	1,137
Wastewater										
Miles of wastewater main	330	367	416	426	455	480	487	770	809	843
Solid waste										
Garbage trucks	30	31	39	44	46	55	51	52	52	54

Source: Manager's Office and the various departments.

Note: No capital asset statistics are available for the general government, transportation or irrigation functions.

NA: Not available

**Town of Gilbert, Arizona  
Property Value, Construction and Bank Deposits  
Last Ten Fiscal Years**

Fiscal Year	Residential Construction <sup>a</sup>		Commercial Construction <sup>a</sup>		Other Construction <sup>a</sup>		Secondary Assessed Property Value <sup>b</sup>	Maricopa County Bank Deposits
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value		
2000	2,961	\$ 445,875,204	143	\$ 70,029,174	2,811	\$ 50,302,954	\$ 593,732,571	\$ 26,490,225,000 <sup>c</sup>
2001	4,083	661,983,951	137	79,873,913	2,760	69,390,477	670,664,757	28,379,815,000 <sup>c</sup>
2002	3,472	570,781,981	106	132,489,648	2,219	51,781,132	749,581,043	29,293,209,000 <sup>c</sup>
2003	3,505	563,512,928	176	130,728,289	2,210	50,878,249	906,389,287	34,753,406,000 <sup>c</sup>
2004	4,769	753,517,139	274	189,583,027	2,414	61,006,431	1,052,321,817	39,014,589,000 <sup>c</sup>
2005	4,006	727,496,972	432	297,406,547	2,910	96,709,861	1,251,765,751	46,392,368,000 <sup>d</sup>
2006	3,638	589,698,508	500	304,955,513	2,612	88,679,208	1,466,841,566	54,925,528,000 <sup>d</sup>
2007	2,896	474,991,497	430	252,353,478	1,997	98,134,107	2,370,134,999	55,663,285,000 <sup>d</sup>
2008	1,536	268,197,375	349	180,776,005	1,778	90,605,562	2,768,391,194	55,054,948,000 <sup>d</sup>
2009	1,038	161,128,906	151	60,768,344	865	44,414,870	2,672,949,852	55,358,822,000 <sup>d</sup>

<sup>a</sup> Development Services Department

<sup>b</sup> Maricopa County Assessor's Office

<sup>c</sup> Arizona Banker's Association

<sup>d</sup> Federal Deposit Insurance Corporation

**Town of Gilbert, Arizona  
System Development Fees  
Fiscal Year 2009**

	<u>Beginning Balance</u>	<u>System Development Fees Collected</u>	<u>Other Revenue</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Traffic signal system development fee	\$ 852,807	1,121,948	100,966	(1,829,589)	\$ 246,132
Police system development fee	5,059,544	822,441	218,746	(2,718,625)	3,382,106
Fire system development fee	(20,685,044)	1,429,223	302,405	(639,318)	(19,592,734) <sup>b</sup>
General government system development fee	305,421	939,018	212,128	(2,565,203)	(1,108,636) <sup>b</sup>
Parks and recreation system development fee	6,941,219	4,081,931	948,671	(3,841,051)	8,130,770
Water system development fee	29,508,090	6,329,797	317,901	(11,743,748)	24,412,040
Water resources system development fee	29,526,327	1,878,090	138,774	(5,114,234)	26,428,957
Wastewater system development fee	(27,053,892)	6,190,815	577,202	(10,374,968)	(30,660,843) <sup>c</sup>
Totals	<u>\$ 24,454,472</u>	<u>22,793,263</u>	<u>2,816,793</u>	<u>(38,826,736)</u>	<u>\$ 11,237,792</u>

**Equivalent Residential Unit**

Water system development fee	4,724 <sup>a</sup>
Wastewater system development fee	5,445 <sup>a</sup>

Source: Gilbert Finance Department

<sup>a</sup> Equivalent Residential Unit is calculated based on actual collections during the fiscal year and does not include accruals. Actual collections for the water system development fee were \$6,404,563 and for the wastewater system development fee were \$6,260,842.

<sup>b</sup> The negative ending balances for the fire and general government system development fees are funded by the general fund. The general fund had a cash balance of \$36,167,379 at June 30, 2009.

<sup>c</sup> The negative ending balance for the wastewater system development fee is funded by the wastewater operating fund and the wastewater equipment replacement fund. These funds had a combined cash balance of \$31,165,651 at June 30, 2009.

**Town of Gilbert, Arizona  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Adopted Tax Levy</u>	<u>County Resolutions</u>	<u>Net Tax Levy</u>	<u>Current Collections</u>	<u>Percent Of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Levy</u>
2000	\$ 5,851,608	\$ (23,748)	\$ 5,827,860	\$ 5,718,381	98.12%	\$ 109,432	\$ 5,827,813	100.00%
2001	7,215,340	(25,427)	7,189,913	7,011,611	97.52%	178,298	7,189,909	100.00%
2002	8,022,152	(9,176)	8,012,976	7,803,729	97.39%	207,598	8,011,327	99.98%
2003	8,790,761	(101,804)	8,688,957	8,524,015	98.10%	162,425	8,686,440	99.97%
2004	10,423,960	(21,510)	10,402,450	10,192,801	97.98%	207,445	10,400,246	99.98%
2005	12,110,279	(112,123)	11,998,156	11,796,111	98.32%	199,682	11,995,793	99.98%
2006	14,395,693	(182,475)	14,213,218	13,928,035	97.99%	283,476	14,211,511	99.99%
2007	16,913,578	(274,187)	16,639,391	16,226,531	97.52%	410,883	16,637,414	99.99%
2008	27,315,101	(429,412)	26,885,689	25,797,060	95.95%	1,003,181	26,800,241	99.68%
2009	31,332,659	(134,438)	31,198,221	29,744,757	95.34%	-	29,744,757	95.34%

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Source: Maricopa County Treasurer's Office

**Town of Gilbert, Arizona  
Principal Property Taxpayers  
Fiscal Year 2009**

<u>Principal Taxpayer</u>	<u>Type of Business</u>	<u>Secondary Assessed Valuation</u>	<u>As % of Town's Total Secondary Assessed Valuation</u>
Discovery Health System	Healthcare	\$ 29,177,729	1.09%
Westcor Santan Village LLC	Shopping Center	18,987,520	0.71%
Catholic Healthcare West	Healthcare	17,284,971	0.65%
Taro Properties Arizona LLC	Residential	8,520,560	0.32%
Target Corporation	Shopping Center	8,231,770	0.31%
Qwest Corporation	Communications	7,644,974	0.29%
Vestar CTC Phase 1 LLC	Shopping Center	7,359,757	0.28%
Verizon Wireless	Communications	7,254,585	0.27%
LH-EH Layton Lakes Estates LLC	Residential	7,219,249	0.27%
Fulton Homes Corporation	Residential	7,029,910	0.26%
Power & Ray LLC	Commercial	6,960,846	0.26%
Macerich Santan Phase 2 Spe LLC	Shopping Center	6,608,054	0.25%
Donahue Schriber Realty Group Lp	Shopping Center	6,362,311	0.24%
Mountainwood Development Inc.	Vacant Land	6,131,438	0.23%
Vestar CTC-Gilbert Phase II LLC	Shopping Center	5,400,566	0.20%
Dillard Store Services Inc.	Shopping Center	5,271,275	0.20%
Gilbert LLC/ETAL	Shopping Center	5,116,516	0.19%
Gilbert Commons Financial Group LLC	Shopping Center	5,045,378	0.19%
Southwest Gas Corporation	Utility	4,865,401	0.18%
Sunnyvale Business Square LLC	Shopping Center	4,520,792	0.17%
		<u>\$ 174,993,602</u>	<u>6.56%</u>

Source: Maricopa County Treasurer's Office

Information included for current fiscal year only as this is what is required for continuing disclosure requirements for Gilbert's bond issues.