



Comprehensive Annual Financial Report



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Gilbert
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

**Comprehensive Annual
Financial Report**
Year Ended June 30, 2010



John W. Lewis, Mayor

Les Presmyk, Vice Mayor

Linda Abbott, Council Member

Dave Crozier, Council Member

Jenn Daniels, Council Member

John Sentz, Council Member

Steve Urie, Council Member

Collin DeWitt, Manager

Prepared by the Finance Department

Cindi Mattheisen, Finance Director

**TOWN OF GILBERT, ARIZONA
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For the Year Ended June 30, 2010**

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Introductory Section

Letter of Transmittal

Advisory Organization Chart

Organization Reporting Chart

December 3, 2010

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, 2010. 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, 2010. 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

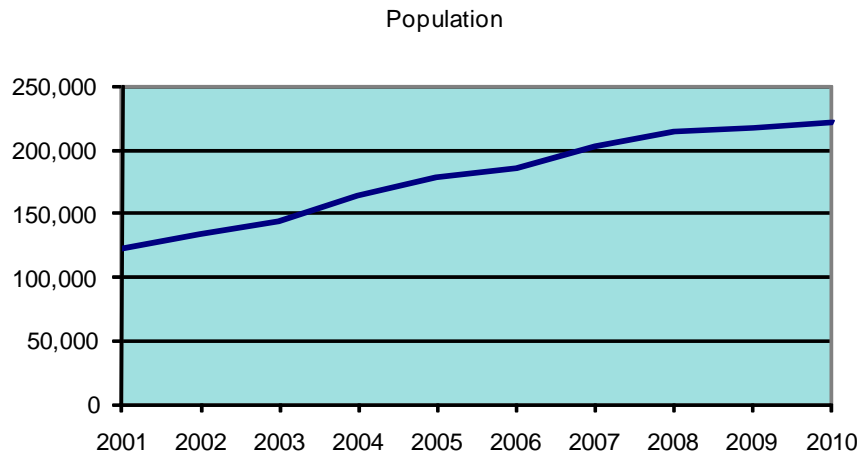
Gilbert is an Arizona Municipal Corporation, operating as a general law community as prescribed in the Arizona Revised Statutes. Gilbert was incorporated July 6, 1920, and operates under the Council-Manager form of government. The Mayor is a member of the Council and is elected by the voters for a four-year 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 2010, the Manager administered Gilbert's operations through a staff of 1,187 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 as of July 1, 2010, was 221,787 (this estimate is from the Development Services Department), an increase of 2% from fiscal year 2009. The following graph depicts the ten-year population trend for Gilbert.



FACTORS AFFECTING FINANCIAL CONDITION

Growth and Construction

Economic growth in fiscal year 2010 increased slightly from fiscal year 2009. There were 1,427 new residential permits and 147 commercial permits issued. The total value of all new construction, including commercial, was \$324 million, up from \$266 million in fiscal year 2009, but down significantly from 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 2010, a total of \$31.5 million was collected in SDF's compared to \$22.8 million in fiscal year 2009.

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 360 industrial/office related jobs and 142 retail/service related jobs in fiscal year 2010. Gilbert's unemployment rate as of September 2010 was 5.0%, which is considerably lower than the Phoenix Metro rate of 8.9%, the State rate of 9.7% and the U.S. rate of 9.6%.

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 by the U.S. Census Bureau (2009). The community was also ranked as the 36th most livable city in the U.S. by *CNN/Money Magazine* in 2010 and the 24th safest city in the U.S. in 2009 as ranked by the FBI Crime Statistics.

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 access to Gilbert-based enterprises

while providing reliable and accessible modes of transportation to local, national and international markets.

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

Nationwide Realty Investors has completed the acquisition of approximately 265 acres on the northeast corner of the Santan Freeway and Gilbert Road. This development is projected to contain roughly 4.2 million square feet of office, retail and hospitality uses. Build-out is expected in the next 15 to 20 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 trade area also hosts other office and industrial parks such as the Gilbert 202 Commerce Center and the Rockefeller Group Crossroads.

Just to the east of this location is the Santan Loop 202 and Val Vista corridor. Many life science and healthcare related businesses occupy this trade area with the 416,000 square feet anchored by the Catholic Healthcare West Mercy Gilbert Medical Campus as the main driver for development in the 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. Adjacent 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 Hyatt Place and newly constructed Hampton Inn and the corporate headquarters for Mountainside Fitness. The former Main Street Commons development with mixed-use residential, retail and office uses remains on hold with a 100,000 square foot grocery store approved by Mayor and Council.

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.

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 complete construction on a state-of-the-art facility in partnership with the Banner Gateway Medical Center located at the Superstition Freeway and Higley Road in June 2011.

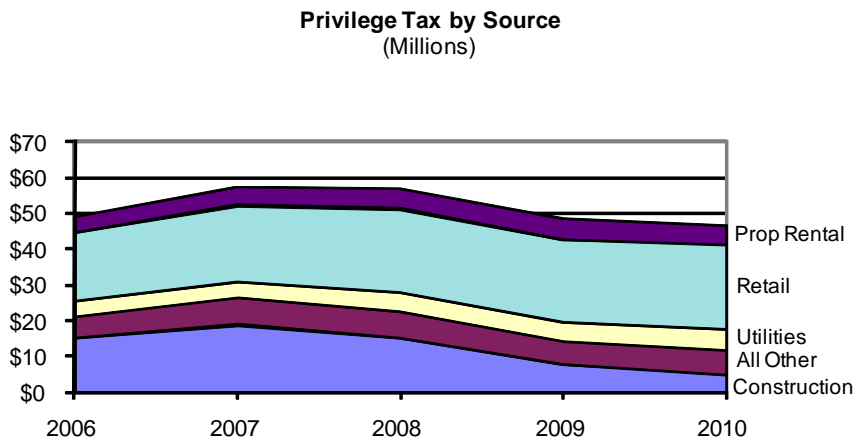
Another growth area of interest in Gilbert includes the Power Road Corridor with the recent activity related to Phoenix-Mesa Gateway Airport, as well as Chandler Gilbert Community College and ASU Polytechnic campuses.

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 46% of General Fund revenues for fiscal year 2010, totaling approximately \$47 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.

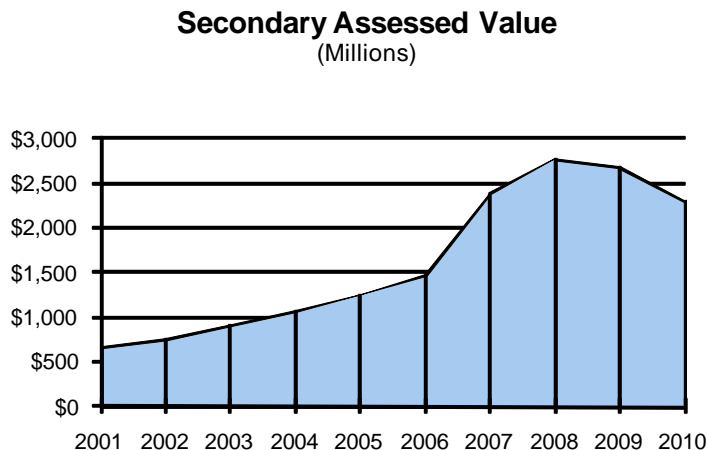


Property Taxes

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 22.5% (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 14% in fiscal year 2010 from \$2.673 billion to \$2.297 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 \$36 million for the General Fund and \$16.6 million for the Streets Special Revenue Fund in fiscal year 2010, representing approximately 35% of total General Fund revenues and 99.5% 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 2010 Census which has not been released as of the date of this report.

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, 2009. This was the 19th 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 eleven consecutive years.

ACKNOWLEDGMENTS

The completion of this report is the result of the efficient and dedicated services of the entire staff of the Finance Department. 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.

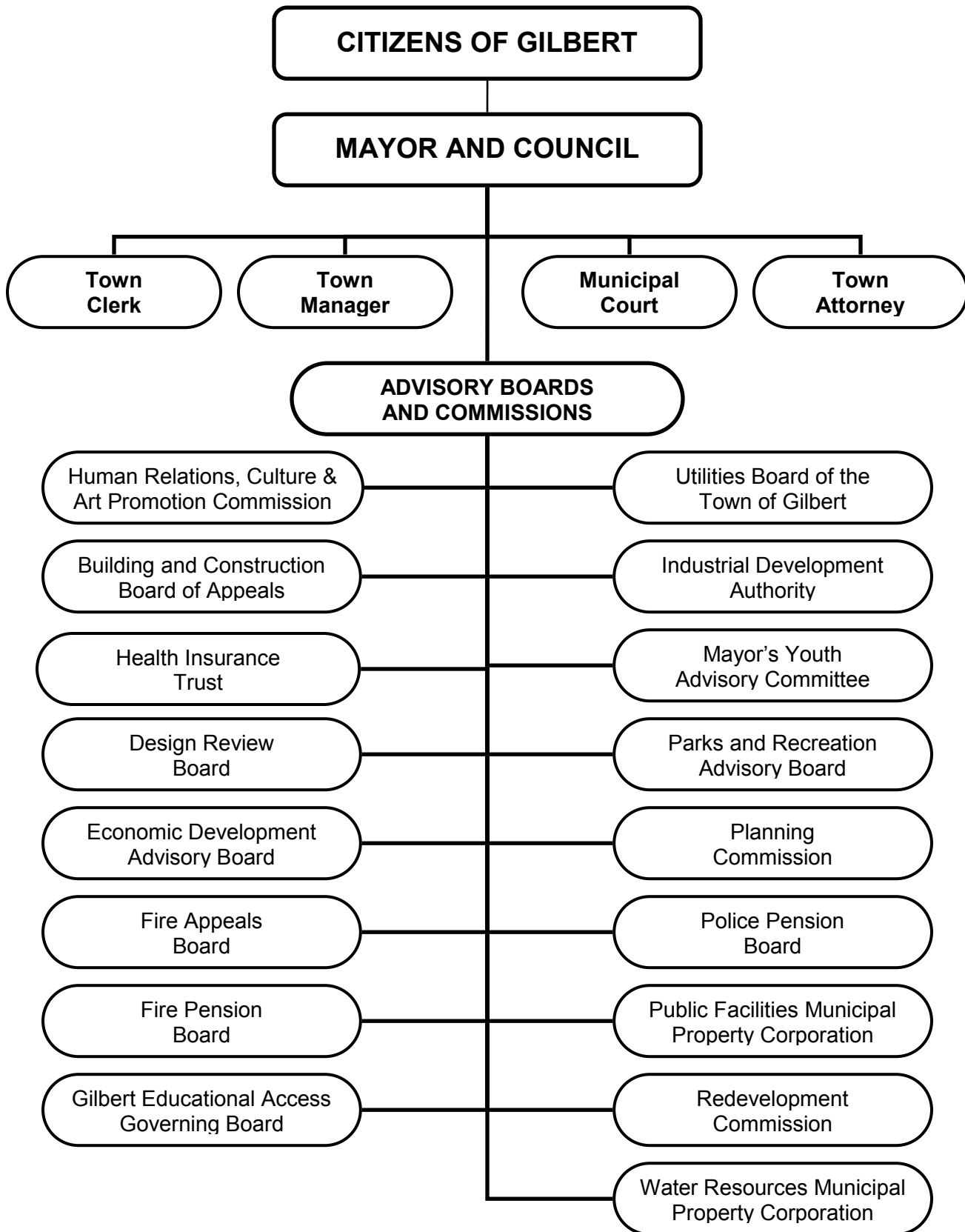
Respectfully submitted,



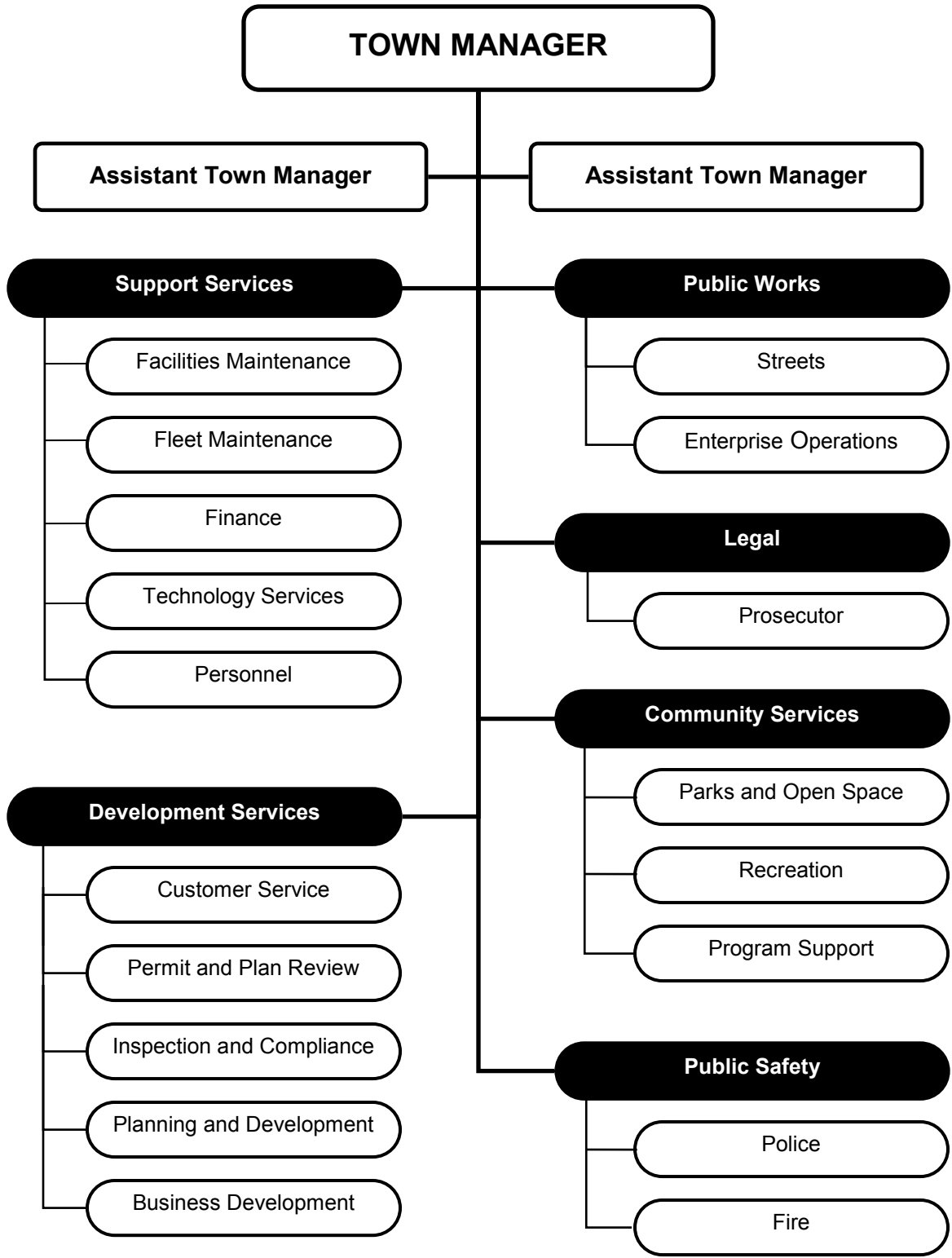
Cindi Mattheisen
Finance Director



Advisory Organization Chart



Organization Report Chart





Financial Section

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town'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, 2010, 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 3, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying supplementary information such as 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 financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co. P.C.

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

December 3, 2010

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, 2010. 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 \$1.4 billion. Included in this amount defined as net assets is \$262 million of unrestricted net assets, of which \$147 million is invested in joint ventures with the Cities of Mesa and Chandler and the Town of Queen Creek, and \$115 million which may be used to fund ongoing operations in future years.
- Net assets includes a \$707 million net investment in capital assets such as streets, park land, and municipal buildings and a \$276 million net investment in water, wastewater and solid waste infrastructure and equipment.
- The combined fund balance for all governmental funds is \$214 million, of which \$147 million is unreserved.
- The General Fund unreserved fund balance is \$33 million, of which \$10.5 million is designated as a reserve fund not to be appropriated for ongoing operations.
- The remaining General Fund unreserved undesignated balance of \$23 million is approximately 24% of the total fund expenditures.
- Gilbert's total bonded debt outstanding at the end of the fiscal year was \$600 million, as compared to \$640 million at the end of fiscal year 2009.

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, 2010 and 2009.

Town of Gilbert Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 286,684,576	\$ 320,336,871	\$ 302,185,776	\$ 298,646,280	\$ 588,870,352	\$ 618,983,151
Capital assets	981,040,210	957,693,971	452,103,204	440,312,048	1,433,143,414	1,398,006,019
Total assets	1,267,724,786	1,278,030,842	754,288,980	738,958,328	2,022,013,766	2,016,989,170
Long-term liabilities	393,699,583	425,357,309	182,682,049	192,150,043	576,381,632	617,507,352
Other liabilities	57,128,870	59,735,726	12,802,378	11,952,334	69,931,248	71,688,060
Total liabilities	450,828,453	485,093,035	195,484,427	204,102,377	646,312,880	689,195,412
Net assets:						
Invested in capital assets, net of related debt	707,099,883	704,908,142	276,058,613	261,027,688	983,158,496	965,935,830
Restricted	43,766,457	24,035,677	86,942,759	91,738,487	130,709,216	115,774,164
Unrestricted	66,029,993	63,993,988	195,803,181	182,089,776	261,833,174	246,083,764
Total net assets	\$ 816,896,333	\$ 792,937,807	\$ 558,804,553	\$ 534,855,951	\$ 1,375,700,886	\$ 1,327,793,758

Net assets consist of three components. The largest portion of Gilbert's net assets (71%) 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 (10%) represents resources that are subject to external restrictions on how they may be used. The remaining \$262 million of unrestricted net assets (19%) includes \$147 million which is invested in joint ventures with the Cities of Mesa and Chandler and the Town of Queen Creek and \$115 million which may be used to meet the government's ongoing obligations to citizens, customers, and creditors.

Governmental Activities

Governmental activities in fiscal year 2010 increased Gilbert's net assets by \$24 million, accounting for 50% 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 \$117 million, a decrease of \$7 million (6%) from the prior year. Program revenues were \$76 million, an increase of \$7 million from the prior year which was due mostly to the \$8 million increase in capital grants and contributions. It should be noted that \$11 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 37%, and highways and streets which represented 22% of total governmental activities expenses. Total expenses decreased \$4 million (2%) over the prior fiscal year. The largest changes were a \$2 million decrease in development services expenses and a \$2 million decrease in public safety expenses.

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	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 16,662,737	\$ 15,817,508	\$ 72,217,153	\$ 69,748,065	\$ 88,879,890	\$ 85,565,573
Operating grants and contributions	19,206,066	21,183,148	-	-	19,206,066	21,183,148
Capital grants and contributions	39,631,744	31,493,349	22,026,098	19,228,350	61,657,842	50,721,699
General revenues:						
Sales taxes	47,118,885	49,060,234	-	-	47,118,885	49,060,234
Property taxes	30,116,881	30,836,167	-	-	30,116,881	30,836,167
State-shared sales taxes	13,029,141	14,125,962	-	-	13,029,141	14,125,962
State-shared income taxes	22,922,794	26,434,943	-	-	22,922,794	26,434,943
Other taxes	3,776,269	3,492,198	-	-	3,776,269	3,492,198
Grants and contributions not restricted to specific programs						
	1,235,571	939,018	-	-	1,235,571	939,018
Unrestricted investment earnings	1,300,903	2,003,235	739,124	1,066,552	2,040,027	3,069,787
Other	753,545	820,493	1,692,276	805,440	2,445,821	1,625,933
Total revenues	195,754,536	196,206,255	96,674,651	90,848,407	292,429,187	287,054,662
Expenses						
Management and policy	2,830,563	3,068,178	-	-	2,830,563	3,068,178
Support services	9,297,428	10,137,539	-	-	9,297,428	10,137,539
Legal and court	5,937,288	5,838,172	-	-	5,937,288	5,838,172
Development services	10,084,501	12,242,742	-	-	10,084,501	12,242,742
Public works	2,782,252	1,451,083	-	-	2,782,252	1,451,083
Police	41,327,582	42,109,036	-	-	41,327,582	42,109,036
Fire	22,871,289	24,255,563	-	-	22,871,289	24,255,563
Highways and streets	36,905,783	38,540,677	-	-	36,905,783	38,540,677
Community services	19,825,728	19,349,722	-	-	19,825,728	19,349,722
Transportation	1,170,305	1,681,640	-	-	1,170,305	1,681,640
Interest and fiscal charges on long-term debt						
	18,417,745	17,096,048	-	-	18,417,745	17,096,048
Water	-	-	36,163,481	35,450,601	36,163,481	35,450,601
Wastewater	-	-	23,002,202	22,398,407	23,002,202	22,398,407
Solid waste	-	-	13,852,222	13,843,596	13,852,222	13,843,596
Irrigation	-	-	53,690	157,865	53,690	157,865
Total expenses	171,450,464	175,770,400	73,071,595	71,850,469	244,522,059	247,620,869
Increase in net assets before transfers	24,304,072	20,435,855	23,603,056	18,997,938	47,907,128	39,433,793
Transfers	(345,546)	1,161,224	345,546	(1,161,224)	-	-
Increase in net assets	23,958,526	21,597,079	23,948,602	17,836,714	47,907,128	39,433,793
Net assets, beginning of year	792,937,807	771,340,728	534,855,951	517,019,237	1,327,793,758	1,288,359,965
Net assets, end of year	\$ 816,896,333	\$ 792,937,807	\$ 558,804,553	\$ 534,855,951	\$ 1,375,700,886	\$ 1,327,793,758

Business-type Activities

Development related growth increased Gilbert’s net assets for business-type activities in fiscal year 2010 by \$24 million through \$20 million in system development fee collections and \$2 million in water and wastewater infrastructure contributed by developers. The revenues for business-type activities increased \$6 million (6%) from the prior fiscal year mostly due to a \$5 million increase in system development fee revenue. Expenses increased \$1 million (2%) 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 2010, the governmental funds reported combined ending fund balances of \$214 million, a decrease of \$33 million in comparison with the prior fiscal year. The majority of the decrease occurred in the streets and transportation capital projects fund. This fund had a decrease of \$30 million from prior year and is attributable to the spending of bond proceeds.

**Town of Gilbert
Governmental Funds - Fund Balances
As of June 30, 2010**

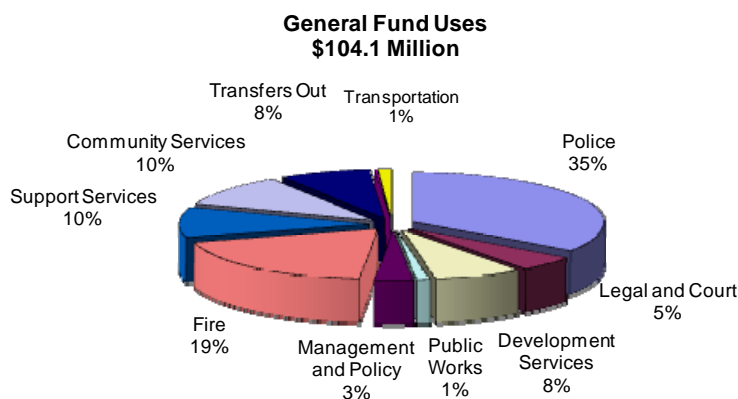
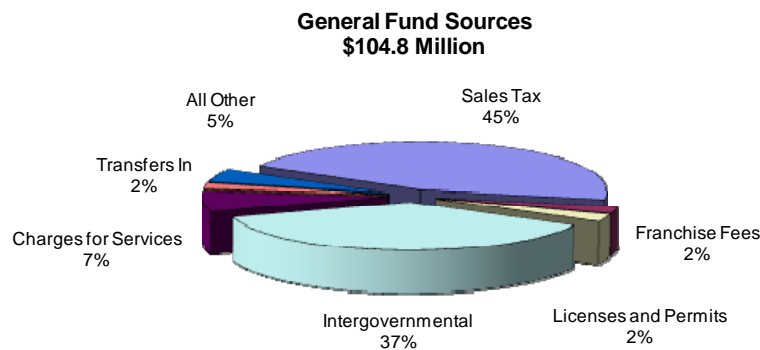
	Reserved	Unreserved	Total
General	\$ 21,382,756	\$ 33,168,053	\$ 54,550,809
Streets Special Revenue	-	4,653,254	4,653,254
General Debt Service	6,720,588	-	6,720,588
Special Assessments Debt Service	39,063	-	39,063
Streets and Transportation Capital Projects	25,860,248	92,780,125	118,640,373
Municipal Facilities Capital Projects	3,767	(10,598,068)	(10,594,301)
Parks, Open Space and Recreation Capital Projects	9,464,998	435,066	9,900,064
Other Governmental Funds	3,058,491	26,846,351	29,904,842
Total Fund Balances	\$ 66,529,911	\$ 147,284,781	\$ 213,814,692

General Fund

The General Fund is the primary operating fund. At the end of fiscal year 2010, the fund balance of the General Fund was \$54.6 million, an increase of \$0.7 million from the prior year. The unreserved and undesignated portion of the fund balance was \$23 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 for both the current and prior year.

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

- Overall, revenues exceeded expenditures in the General Fund by \$6.7 million; however, transfers to other funds (net) were \$6 million resulting in an increase in fund balance of \$0.7 million. The transfers out included \$1 million to capital projects funds and \$5.8 million for general debt obligations.
- Local sales tax and intergovernmental revenues are the largest revenue sources for the General Fund accounting for 84% of the total revenues.
- Local sales tax, which accounts for almost half of total General Fund revenues, decreased \$1.9 million (4%) from the prior fiscal year due to the economic recession.
- Public safety expenditures which comprise over half of the total General Fund expenditures decreased \$0.8 million (1%) over the prior fiscal year.
- Development services expenditures decreased \$2.1 million (21%) mostly due to the layoffs of 29 positions in February 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 \$1.4 million (8%) from the prior year due to decreases in highway user revenues of \$0.6 million, auto lieu taxes of \$0.5 million, and local transportation assistance revenues of \$0.3 million. Total expenditures decreased by \$0.4 million (3%) due to decreased personnel related costs. In total, revenues exceeded expenditures by \$5.4 million; however, there were \$4 million in transfers to other funds including \$3.3 million to the Debt Service Fund, resulting in a \$1.9 million (71%) increase in fund balance.

Other Major Governmental Funds

General Debt Service. The fund balance decreased by \$65 thousand during the year due to debt service requirements of \$50.2 million exceeding the current year property tax revenues of \$30.1 million and transfers in from other funds of \$20 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 \$39 thousand is all reserved to pay future debt service requirements on special assessment bonds.

Streets and Transportation Capital Projects. The fund balance decreased by \$30 million to \$118.6 million. Current year expenditures exceeded revenues by \$30.2 million but this deficit was covered by existing fund balance.

Municipal Facilities Capital Projects. The fund balance decreased by \$1.4 million during the year from a deficit of \$9.2 million to a deficit of \$10.6 million due to the issuance of Public Facilities Municipal Property Corporation bonds during 2009. The deficit of \$10.6 million will be covered by future collections of system development fees.

Parks, Open Space and Recreation Capital Projects. The fund balance decreased by \$0.1 million to \$9.9 million. Current year revenues of \$6.7 million exceeded expenditures of \$1.8 million; however, there were \$5.3 million in transfers to other funds which included \$5.2 million to the General Debt Service Fund.

Nonmajor Governmental Funds

All nonmajor governmental funds are combined into one column on the governmental fund statements. The combined fund balance of these funds decreased \$4.4 million (13%) to a balance at year end of \$30 million. The majority of the decrease relates to capital outlay expenditures in the Special Assessments Capital Projects Fund. 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 is responsible for producing and distributing potable water that meets all state and federal drinking water standards. The water system is sized and pressured to provide adequate fire suppression to the entire Town and operates two surface water treatment facilities capable of producing 57 million gallons per day (mgd) and 19 ground water wells capable of producing 43.5 mgd. Net assets increased by \$12.4 million to \$296 million due primarily to capital contributions of \$12.6 million, including \$11.1 million in system development fees and \$1.5 million in distribution lines contributed by developers. Operating income was \$7.5 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 \$7 million to \$243 million. There was an operating loss of \$0.4 million but net assets increased due to capital contributions of \$9.4 million, including \$8.7 million in system development fees and \$0.7 million in collection lines contributed by developers.

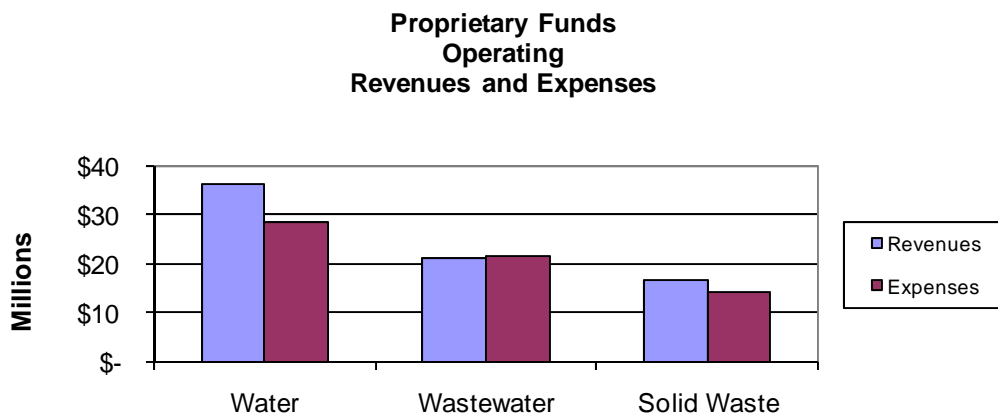
Solid Waste Fund

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 \$4.1 million to \$18.9 million. The increase was the result of \$2.7 million in operating income and \$1.3 million in capital contributions.

Irrigation Fund

Gilbert provides flood irrigation services to approximately 95 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 decreased by \$24 thousand (0.02%) and the original expenditure budget decreased by \$124 thousand (0.12%). The final budget projected that expenditures would exceed revenues by \$0.3 million but included \$1.9 million in net transfers to other funds resulting in a \$2 million reduction to fund balance per the budget.

During the year actual revenues exceeded the budgeted amount by \$2.3 million (2%) and actual expenditures were less than budgeted by \$4.7 million (5%) resulting in an excess of revenues over expenditures of \$7 million more than budgeted, resulting in the actual net change in fund balance being \$2.9 million more than budgeted.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2010, Gilbert had invested \$1.4 billion in capital assets. This amount represents a net increase (including additions and deletions) of \$35 million over last fiscal year. The following table presents capital assets balances, net of accumulated depreciation, for the fiscal years ended June 30, 2010 and 2009.

Town of Gilbert Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 98,997,520	\$ 93,054,963	\$ 19,705,606	\$ 19,488,720	\$ 118,703,126	\$ 112,543,683
Construction-in-progress	116,014,430	115,037,592	26,220,322	13,136,447	142,234,752	128,174,039
Buildings	167,355,892	177,103,963	-	-	167,355,892	177,103,963
Improvements	49,267,536	51,286,535	-	-	49,267,536	51,286,535
Plant, Machinery & Equip	23,270,936	27,617,643	93,902,801	97,032,156	117,173,737	124,649,799
Water Rights	-	-	7,326,019	7,424,312	7,326,019	7,424,312
Infrastructure	526,133,896	493,593,275	304,948,456	303,230,413	831,082,352	796,823,688
Total Capital Assets	\$ 981,040,210	\$ 957,693,971	\$ 452,103,204	\$ 440,312,048	\$ 1,433,143,414	\$ 1,398,006,019

Total governmental capital assets increased \$23.3 million and business-type capital assets increased \$11.8 million. Major additions to capital assets during the fiscal year included the following:

Governmental Activities

- Streets and traffic signal projects totaling \$39 million.
- Developer contributions of street related infrastructure valued at \$11 million.

Business-type Activities

- Developer contributions of water and wastewater infrastructure valued at \$2.1 million.
- Construction-in-progress for water system improvements totaling \$14.2 million and for wastewater system improvements totaling \$9.2 million.
- Completed wastewater system improvements totaling \$7 million.

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

Long-term Debt. At June 30, 2010, Gilbert had total bonded debt obligations of \$385.9 million related to governmental activities and \$185.7 million in business-type activities; \$195.3 million of the outstanding debt is general obligation bonds backed by the full faith and credit of the Town of Gilbert; \$11.5 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, 2010 was \$137.8 million in the 6% capacity and \$264.1 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, 2010 and 2009.

**Town of Gilbert
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation	\$ 188,205,000	\$ 209,095,000	\$ 7,115,000	\$ 8,635,000	\$ 195,320,000	\$ 217,730,000
Special Assessment	11,505,000	11,590,000	-	-	11,505,000	11,590,000
Street and Highway User	25,150,000	27,325,000	-	-	25,150,000	27,325,000
Utility Revenue	-	-	18,150,000	19,465,000	18,150,000	19,465,000
Municipal Property Corporation	161,045,000	169,750,000	160,475,000	167,125,000	321,520,000	336,875,000
Totals	\$ 385,905,000	\$ 417,760,000	\$ 185,740,000	\$ 195,225,000	\$ 571,645,000	\$ 612,985,000

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, 2010.

	Moody's Investor Service	Standard and Poors Ratings Group
General Obligation	Aa1	AA
Street and Highway User Revenue	Aa3	AA-
Water and Wastewater Revenue Refunding	Aa3	AA+
Public Facilities Municipal Property Corporation*	Aa2	AA
Water Resources Municipal Property Corporation	Not Rated	A+
Improvement Districts	Aa3	A

* These bonds are insured

Economic Factors and Next Year's Budget

The fiscal year 2011 budget preparation was particularly challenging as the economic slowdown which began in 2008 continues to impact Gilbert. The budget assumes the current downturn in both the regional and national economies will continue for the foreseeable future.

Population growth continues to be a major factor in planning for services. Because State shared revenues are based upon Gilbert's population as it relates to the State's population as a whole, it is essential that population estimates are as current as possible. The most recent update to Gilbert's population was the result of the 2005 Special Census, which identified Gilbert's population at just over 173,000. Gilbert is anticipating the final results of the 2010 Census, at which time the population is estimated to be 221,000.

Budget Highlights for Fiscal Year 2011

- Total budget of approximately \$594.8 million which includes \$242.5 million for operating budgets and \$192.4 million for capital budgets.
- Net staffing decrease of 25.5 full time equivalent positions from the prior year budget.
- No change to the local sales or property tax rates.
- Residential growth at an average of 75 new homes per month based on fiscal year 2010 activity.
- No salary adjustments for market range or for merit pay (movement through the salary range).
- Maintenance of an undesignated fund balance of 10% for the General Fund operating expenditures.
- Equipment Replacement Funds for the General and Streets Funds were modified to only include a contingency balance for 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. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

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



TOWN OF GILBERT, ARIZONA
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Authority
ASSETS				
Pooled cash and investments	\$ 234,125,444	\$ 49,684,377	\$ 283,809,821	\$ 3,825
Receivables, net:				
Taxes	4,899,549	-	4,899,549	-
Special assessments	3,704,731	-	3,704,731	-
Accrued interest	65,645	16,912	82,557	-
Accounts	15,274,098	3,871,291	19,145,389	-
Due from other governments	15,742,901	1,128,440	16,871,341	-
Internal balances	(9,527,568)	9,527,568	-	-
Prepaid items	5,915	-	5,915	-
Inventories	542,698	136,155	678,853	-
Restricted assets:				
Cash and investments	20,461,967	89,132,503	109,594,470	-
Accrued interest	214	23,376	23,590	-
Deferred charges	1,198,159	2,310,598	3,508,757	-
Investment in Joint Venture	190,823	146,354,556	146,545,379	-
Capital assets:				
Non-depreciable	215,011,950	45,925,928	260,937,878	-
Depreciable, net	766,028,260	406,177,276	1,172,205,536	-
Total assets	1,267,724,786	754,288,980	2,022,013,766	3,825
LIABILITIES				
Accounts payable	8,253,168	4,349,334	12,602,502	-
Accrued liabilities	8,798,146	518,908	9,317,054	-
Accrued interest	-	1,945,204	1,945,204	-
Claims payable	988,431	-	988,431	-
Deposits held for others	60,088	-	60,088	-
Utility deposits	-	2,064,364	2,064,364	-
Bond interest payable	8,862,919	-	8,862,919	-
Unearned revenue	41,602	-	41,602	-
Noncurrent liabilities:				
Due within one year:				
Current portion of compensated absences	3,304,516	524,568	3,829,084	-
Current portion of bonds payable	26,820,000	3,400,000	30,220,000	-
Due in more than one year:				
Compensated absences	4,849,180	704,576	5,553,756	-
Bonds payable	388,165,330	181,977,473	570,142,803	-
Arbitrage liability	685,073	-	685,073	-
Total liabilities	450,828,453	195,484,427	646,312,880	-
NET ASSETS				
Invested in capital assets, net of related debt	707,099,883	276,058,613	983,158,496	-
Restricted for:				
Debt service	10,464,382	27,173,275	37,637,657	-
Capital projects	21,430,973	50,229,166	71,660,139	-
System repair & maintenance	-	9,540,318	9,540,318	-
Highways and streets	4,339,407	-	4,339,407	-
Grant programs	5,491,060	-	5,491,060	-
Court/police programs	2,040,635	-	2,040,635	-
Unrestricted	66,029,993	195,803,181	261,833,174	3,825
Total net assets	\$ 816,896,333	\$ 558,804,553	\$ 1,375,700,886	\$ 3,825

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, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government				
Management and policy	\$ 2,830,563	\$ 7,327	\$ 3,079	\$ -
Support services	9,297,428	214,748	-	-
Legal and court	5,937,288	566,714	30,000	-
Development services	10,084,501	4,027,463	449,657	98,570
Public works	2,782,252	-	129,280	875,788
Public safety				
Police	41,327,582	6,374,267	339,337	1,781,027
Fire	22,871,289	78,550	1,240,485	2,127,864
Highways and streets	36,905,783	1,659,066	16,566,014	26,968,312
Community services	19,825,728	3,734,602	432,648	7,482,067
Transportation	1,170,305	-	15,566	298,116
Interest and fiscal charges on long-term debt	18,417,745	-	-	-
Total governmental activities	171,450,464	16,662,737	19,206,066	39,631,744
Business-type activities:				
Water	36,163,481	34,601,338	-	12,630,799
Wastewater	23,002,202	21,024,189	-	9,395,299
Solid waste	13,852,222	16,566,987	-	-
Irrigation	53,690	24,639	-	-
Total business-type activities	73,071,595	72,217,153	-	22,026,098
Total primary government	\$ 244,522,059	\$ 88,879,890	\$ 19,206,066	\$ 61,657,842
Component unit				
Industrial development authority	\$ 5,069	\$ 1,500	\$ -	\$ -

General revenues:
 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, 2009
 Net assets, June 30, 2010

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Industrial Development Authority
\$ (2,820,157)	\$ -	\$ (2,820,157)	\$ -
(9,082,680)	-	(9,082,680)	-
(5,340,574)	-	(5,340,574)	-
(5,508,811)	-	(5,508,811)	-
(1,777,184)	-	(1,777,184)	-
(32,832,951)	-	(32,832,951)	-
(19,424,390)	-	(19,424,390)	-
8,287,609	-	8,287,609	-
(8,176,411)	-	(8,176,411)	-
(856,623)	-	(856,623)	-
(18,417,745)	-	(18,417,745)	-
(95,949,917)	-	(95,949,917)	-
-	11,068,656	11,068,656	-
-	7,417,286	7,417,286	-
-	2,714,765	2,714,765	-
-	(29,051)	(29,051)	-
-	21,171,656	21,171,656	-
(95,949,917)	21,171,656	(74,778,261)	-
			(3,569)
47,118,885	-	47,118,885	-
30,116,881	-	30,116,881	-
1,327,755	-	1,327,755	-
2,448,514	-	2,448,514	-
13,029,141	-	13,029,141	-
22,922,794	-	22,922,794	-
1,235,571	-	1,235,571	-
1,300,903	739,124	2,040,027	3
73,744	148,135	221,879	-
679,801	1,544,141	2,223,942	-
(345,546)	345,546	-	-
119,908,443	2,776,946	122,685,389	3
23,958,526	23,948,602	47,907,128	(3,566)
792,937,807	534,855,951	1,327,793,758	7,391
<u>\$ 816,896,333</u>	<u>\$ 558,804,553</u>	<u>\$ 1,375,700,886</u>	<u>\$ 3,825</u>

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

TOWN OF GILBERT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Streets Special Revenue</u>	<u>General Debt Service</u>	<u>Special Assessments Debt Service</u>
ASSETS				
Pooled cash and investments	\$ 33,439,653	\$ 3,864,893	\$ 28,900,724	\$ 39,052
Receivables, net:				
Taxes	4,183,580	-	691,981	-
Special assessments	-	-	-	3,704,731
Accrued interest	11,350	1,236	8,413	11
Accounts	13,707,887	2,500	-	-
Due from other governments	215,035	1,491,056	-	-
Due from other funds	63,086	-	-	-
Prepaid items	5,915	-	-	-
Inventories	25,709	-	-	-
Advances to other funds	20,714,153	-	-	-
Restricted assets:				
Cash and investments	16,299	-	12,712,264	-
Accrued interest	-	-	125	-
Total assets	<u>\$ 72,382,667</u>	<u>\$ 5,359,685</u>	<u>\$ 42,313,507</u>	<u>\$ 3,743,794</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,994,017	\$ 584,398	\$ -	\$ -
Accrued liabilities	8,537,688	122,033	-	-
Deposits held for others	7,500	-	-	-
Due to other funds	-	-	-	-
Bonds payable	-	-	26,730,000	-
Interest payable	-	-	8,862,919	-
Advances from other funds	-	-	-	-
Deferred revenue:				
Special assessments	-	-	-	3,704,731
Other	7,292,653	-	-	-
Total liabilities	<u>17,831,858</u>	<u>706,431</u>	<u>35,592,919</u>	<u>3,704,731</u>
Fund Balances:				
Reserved for:				
Encumbrances	668,603	-	-	-
Advances	20,714,153	-	-	-
Debt service	-	-	6,720,588	39,063
Development fees-necessary public services	-	-	-	-
Unreserved, designated, reported in:				
General fund	10,508,321	-	-	-
Special revenue funds	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	22,659,732	-	-	-
Special revenue funds	-	4,653,254	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>54,550,809</u>	<u>4,653,254</u>	<u>6,720,588</u>	<u>39,063</u>
Total liabilities and fund balances	<u>\$ 72,382,667</u>	<u>\$ 5,359,685</u>	<u>\$ 42,313,507</u>	<u>\$ 3,743,794</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>
\$ 111,377,319	\$ 2,354,723	\$ 9,675,597	\$ 28,677,825	\$ 218,329,786
-	-	-	23,988	4,899,549
-	-	-	-	3,704,731
32,253	981	3,303	7,423	64,970
1,393,266	49,010	20,453	91,924	15,265,040
11,688,584	18,687	270,000	2,059,539	15,742,901
-	-	34,733	-	97,819
-	-	-	-	5,915
-	-	-	1,744	27,453
-	-	-	-	20,714,153
-	7,733,404	-	-	20,461,967
-	89	-	-	214
<u>\$ 124,491,422</u>	<u>\$ 10,156,894</u>	<u>\$ 10,004,086</u>	<u>\$ 30,862,443</u>	<u>\$ 299,314,498</u>
\$ 4,623,821	\$ 2,309	\$ 104,022	\$ 783,901	\$ 8,092,468
-	-	-	84,092	8,743,813
52,588	-	-	-	60,088
-	34,733	-	63,086	97,819
-	-	-	-	26,730,000
-	-	-	-	8,862,919
-	20,714,153	-	-	20,714,153
-	-	-	-	3,704,731
1,174,640	-	-	26,522	8,493,815
<u>5,851,049</u>	<u>20,751,195</u>	<u>104,022</u>	<u>957,601</u>	<u>85,499,806</u>
25,860,248	3,767	521,944	2,326,767	29,381,329
-	-	-	-	20,714,153
-	-	-	-	6,759,651
-	-	8,943,054	731,724	9,674,778
-	-	-	-	10,508,321
-	-	-	15,415,305	15,415,305
-	-	-	-	22,659,732
-	-	-	7,565,965	12,219,219
92,780,125	(10,598,068)	435,066	3,865,081	86,482,204
<u>118,640,373</u>	<u>(10,594,301)</u>	<u>9,900,064</u>	<u>29,904,842</u>	<u>213,814,692</u>
<u>\$ 124,491,422</u>	<u>\$ 10,156,894</u>	<u>\$ 10,004,086</u>	<u>\$ 30,862,443</u>	<u>\$ 299,314,498</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, 2010

Fund balances - total governmental funds **\$ 213,814,692**

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	1,379,226,535	
Accumulated depreciation	<u>(398,368,533)</u>	980,858,002

The investment in joint venture is not a financial resource and, therefore, is not reported in the funds		190,823
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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	3,704,731	
Deferred court revenue	6,707,479	
Deferred other entities participation revenue	1,174,640	
Deferred sales tax revenue	<u>570,094</u>	12,156,944

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.		5,671,855
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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	(385,905,000)	
Compensated absences	(8,053,739)	
Arbitrage	<u>(685,073)</u>	(394,643,812)

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>(1,152,171)</u>
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Net assets of governmental activities - statement of net assets **\$ 816,896,333**

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, 2010

	<u>General</u>	<u>Streets Special Revenue</u>	<u>General Debt Service</u>	<u>Special Assessments Debt Service</u>
Revenues				
Taxes:				
Sales	\$ 46,872,739	\$ -	\$ -	\$ -
Property	-	-	30,116,880	-
Franchise	2,448,514	-	-	-
Licenses and permits	2,614,273	-	-	-
Intergovernmental	38,857,007	16,566,014	-	-
Special assessments	-	-	-	437,493
Charges for services	7,159,578	4,888	-	-
Other entities' participation	-	-	-	-
System development fees	-	-	-	-
Gifts and donations	14,725	-	-	-
Fines and forfeitures	3,961,355	1,728	-	-
Investment earnings	305,938	15,087	82,260	125
Miscellaneous	435,610	54,033	-	-
Total revenues	<u>102,669,739</u>	<u>16,641,750</u>	<u>30,199,140</u>	<u>437,618</u>
Expenditures				
Current:				
General government:				
Management and policy	3,446,166	-	-	-
Support services	10,196,819	-	-	-
Legal and court	5,023,559	-	-	-
Development services	7,818,646	-	-	-
Public works	1,175,052	-	-	-
Public safety:				
Police	36,163,692	-	-	-
Fire	19,936,804	-	-	-
Highways and streets	-	8,649,831	-	-
Community services	10,852,954	-	-	-
Transportation	1,154,759	-	-	-
Debt service:				
Principal	-	-	31,770,000	85,000
Interest	-	-	18,403,999	149,370
Fiscal and other charges	-	-	2,478	350
Capital outlay	191,974	2,584,194	-	-
Total expenditures	<u>95,960,425</u>	<u>11,234,025</u>	<u>50,176,477</u>	<u>234,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,709,314</u>	<u>5,407,725</u>	<u>(19,977,337)</u>	<u>202,898</u>
Other financing sources (uses)				
Transfers in	2,103,009	705,211	20,042,421	-
Transfers out	(8,136,129)	(4,179,305)	-	(189,474)
Total other financing sources and uses	<u>(6,033,120)</u>	<u>(3,474,094)</u>	<u>20,042,421</u>	<u>(189,474)</u>
Net change in fund balances	676,194	1,933,631	65,084	13,424
Fund balances at beginning of year	53,874,615	2,719,623	6,655,504	25,639
Fund balances at end of year	<u>\$ 54,550,809</u>	<u>\$ 4,653,254</u>	<u>\$ 6,720,588</u>	<u>\$ 39,063</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>
\$ -	\$ -	\$ -	\$ -	\$ 46,872,739
-	-	-	2,956,123	33,073,003
-	-	-	-	2,448,514
-	-	-	-	2,614,273
13,097,663	18,687	270,000	3,725,823	72,535,194
-	-	-	-	437,493
-	-	-	1,630,860	8,795,326
1,233,559	-	-	-	1,233,559
-	4,279,325	6,370,219	958,158	11,607,702
-	-	-	109,460	124,185
-	-	-	481,438	4,444,521
714,294	16,707	46,070	105,573	1,286,054
80,946	-	3,737	179,219	753,545
<u>15,126,462</u>	<u>4,314,719</u>	<u>6,690,026</u>	<u>10,146,654</u>	<u>186,226,108</u>
-	-	-	11,562	3,457,728
-	-	-	60,059	10,256,878
-	-	-	237,504	5,261,063
-	-	-	1,385,706	9,204,352
-	-	-	49,884	1,224,936
-	-	-	1,505,291	37,668,983
-	-	-	178,202	20,115,006
-	-	-	1,447,121	10,096,952
-	-	-	1,830,435	12,683,389
-	-	-	15,546	1,170,305
-	-	-	-	31,855,000
-	-	-	-	18,553,369
-	6,476	-	-	9,304
45,284,245	219,223	1,779,180	8,725,731	58,784,547
<u>45,284,245</u>	<u>225,699</u>	<u>1,779,180</u>	<u>15,447,041</u>	<u>220,341,812</u>
<u>(30,157,783)</u>	<u>4,089,020</u>	<u>4,910,846</u>	<u>(5,300,387)</u>	<u>(34,115,704)</u>
213,118	787,276	307,335	2,449,953	26,608,323
-	(6,255,594)	(5,326,751)	(1,547,218)	(25,634,471)
<u>213,118</u>	<u>(5,468,318)</u>	<u>(5,019,416)</u>	<u>902,735</u>	<u>973,852</u>
(29,944,665)	(1,379,298)	(108,570)	(4,397,652)	(33,141,852)
148,585,038	(9,215,003)	10,008,634	34,302,494	246,956,544
<u>\$ 118,640,373</u>	<u>\$ (10,594,301)</u>	<u>\$ 9,900,064</u>	<u>\$ 29,904,842</u>	<u>\$ 213,814,692</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, 2010

Net change in fund balances - total governmental funds **\$ (33,141,852)**

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	58,784,547	
Depreciation expense	<u>(45,674,266)</u>	13,110,281

Reassignment of capital assets between governmental and business-type activities are reported as transfers-out, requiring a reconciling item in the governmental funds because a difference is created between the change in fund balances and the change in total net assets. (1,319,398)

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	31,855,000	
Amortization of bond issuance costs	(64,644)	
Amortization of deferred charge on refunding bonds	(3,261)	
Amortization of bond premium	<u>210,611</u>	31,997,706

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	1,574,678	
Investment earnings	<u>14,849</u>	1,589,527

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		11,786,792
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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	(696,462)	
Arbitrage	<u>2,222</u>	(694,240)

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	755,416	
Sales tax	246,146	
Special assessments	<u>(371,852)</u>	629,710

Change in net assets of governmental activities - statement of activities **\$ 23,958,526**

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Sales	\$ 44,506,000	\$ 44,506,000	\$ 46,872,739	\$ 2,366,739
Franchise	2,687,000	2,687,000	2,448,514	(238,486)
Licenses and permits	2,317,160	2,317,160	2,614,273	297,113
Intergovernmental	38,684,410	38,684,410	38,857,007	172,597
Charges for services	7,615,860	7,591,479	7,159,578	(431,901)
Gifts and donations	-	-	14,725	14,725
Fines and forfeitures	3,951,580	3,951,580	3,961,355	9,775
Investment earnings	500,000	500,000	305,938	(194,062)
Miscellaneous	139,100	139,100	435,610	296,510
Total revenues	<u>100,401,110</u>	<u>100,376,729</u>	<u>102,669,739</u>	<u>2,293,010</u>
Expenditures				
Current:				
General government:				
Management and policy	3,551,130	3,390,125	3,446,166	(56,041)
Support services	11,099,620	10,563,631	10,196,819	366,812
Legal and court	5,012,020	4,930,878	5,023,559	(92,681)
Development services	7,750,420	7,638,388	7,818,646	(180,258)
Public works	1,316,390	1,208,075	1,175,052	33,023
Public safety:				
Police	37,504,380	36,697,489	36,163,692	533,797
Fire	20,989,620	20,210,045	19,936,804	273,241
Community services	11,698,650	11,360,373	10,852,954	507,419
Transportation	1,641,690	1,153,890	1,154,759	(869)
Capital outlay	259,050	89,158	191,974	(102,816)
Contingency	-	3,456,537	-	3,456,537
Total expenditures	<u>100,822,970</u>	<u>100,698,589</u>	<u>95,960,425</u>	<u>4,738,164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,860)</u>	<u>(321,860)</u>	<u>6,709,314</u>	<u>7,031,174</u>
Other financing sources (uses)				
Transfers in	6,324,830	6,324,830	2,103,009	(4,221,821)
Transfers out	(8,218,900)	(8,218,900)	(8,136,129)	82,771
Total other financing sources and uses	<u>(1,894,070)</u>	<u>(1,894,070)</u>	<u>(6,033,120)</u>	<u>(4,139,050)</u>
Net change in fund balances	<u>\$ (2,315,930)</u>	<u>\$ (2,215,930)</u>	676,194	<u>\$ 2,892,124</u>
Fund balance at beginning of year			53,874,615	
Fund balance at end of year			<u>\$ 54,550,809</u>	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 16,937,070	\$ 16,937,070	\$ 16,566,014	\$ (371,056)
Charges for services	-	-	4,888	4,888
Fines and forfeitures	-	-	1,728	1,728
Investment earnings	21,760	21,760	15,087	(6,673)
Miscellaneous	70,000	70,000	54,033	(15,967)
Total revenues	<u>17,028,830</u>	<u>17,028,830</u>	<u>16,641,750</u>	<u>(387,080)</u>
Expenditures				
Current:				
Highways and streets	9,475,120	8,990,486	8,649,831	340,655
Capital outlay	2,568,860	2,568,860	2,584,194	(15,334)
Contingency	385,000	869,634	-	869,634
Total expenditures	<u>12,428,980</u>	<u>12,428,980</u>	<u>11,234,025</u>	<u>1,194,955</u>
Excess of revenues over expenditures	<u>4,599,850</u>	<u>4,599,850</u>	<u>5,407,725</u>	<u>807,875</u>
Other financing sources (uses)				
Transfers in	50,000	50,000	705,211	655,211
Transfers out	(4,639,430)	(4,639,430)	(4,179,305)	460,125
Total other financing sources and uses	<u>(4,589,430)</u>	<u>(4,589,430)</u>	<u>(3,474,094)</u>	<u>1,115,336</u>
Net change in fund balances	<u>\$ 10,420</u>	<u>\$ 10,420</u>	1,933,631	<u>\$ 1,923,211</u>
Fund balance at beginning of year			2,719,623	
Fund balance at end of year			<u>\$ 4,653,254</u>	

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, 2010

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Irrigation</u>
ASSETS				
Current assets:				
Pooled cash and investments	\$ 45,114,139	\$ -	\$ 12,947,899	\$ 2,627
Receivables (net):				
Accrued interest	13,283	-	3,629	-
Accounts	2,434,336	948,508	487,622	825
Due from other governments	278,826	849,614	-	-
Inventories	136,155	-	-	-
Total current assets	<u>47,976,739</u>	<u>1,798,122</u>	<u>13,439,150</u>	<u>3,452</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	73,744,428	15,388,075	-	-
Accrued interest	18,991	4,385	-	-
Advances to other funds	1,640,256	-	-	-
Deferred charges	1,313,583	997,015	-	-
Investment in joint venture	74,080,401	72,274,155	-	-
Capital assets:				
Non-depreciable	32,317,794	13,608,134	-	-
Depreciable, net	227,522,826	172,180,176	6,474,274	-
Total noncurrent assets	<u>410,638,279</u>	<u>274,451,940</u>	<u>6,474,274</u>	<u>-</u>
Total assets	<u>458,615,018</u>	<u>276,250,062</u>	<u>19,913,424</u>	<u>3,452</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,368,341	2,621,807	355,734	3,452
Accrued liabilities	221,832	106,477	190,599	-
Current portion of accrued compensated absences	217,727	108,499	198,342	-
Claims payable	-	-	-	-
Accrued interest	1,647,666	297,538	-	-
Bonds payable	3,400,000	-	-	-
Utility deposits	2,047,114	-	17,250	-
Total current liabilities	<u>8,902,680</u>	<u>3,134,321</u>	<u>761,925</u>	<u>3,452</u>
Noncurrent liabilities:				
General obligation bonds payable	7,115,000	-	-	-
Utility revenue bonds payable	146,393,386	28,831,614	-	-
Accrued compensated absences	294,037	155,161	255,378	-
Unamortized bond premium (discount)	386,482	101,012	-	-
Unamortized charge - refunding bonds	(637,516)	(212,505)	-	-
Advances from other funds	-	1,640,256	-	-
Total noncurrent liabilities	<u>153,551,389</u>	<u>30,515,538</u>	<u>255,378</u>	<u>-</u>
Total liabilities	<u>162,454,069</u>	<u>33,649,859</u>	<u>1,017,303</u>	<u>3,452</u>
NET ASSETS				
Invested in capital assets, net of related debt	112,516,150	157,068,189	6,474,274	-
Restricted for debt service	16,586,384	10,586,891	-	-
Restricted for capital projects	50,229,166	-	-	-
Restricted for system repair & maintenance	5,602,814	3,937,504	-	-
Unrestricted	111,226,435	71,007,619	12,421,847	-
Total net assets	<u>\$ 296,160,949</u>	<u>\$ 242,600,203</u>	<u>\$ 18,896,121</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>
\$ 58,064,665	\$ 7,415,370
16,912	675
3,871,291	9,058
1,128,440	-
136,155	515,245
<u>63,217,463</u>	<u>7,940,348</u>
89,132,503	-
23,376	-
1,640,256	-
2,310,598	-
146,354,556	-
45,925,928	-
406,177,276	182,207
<u>691,564,493</u>	<u>182,207</u>
<u>754,781,956</u>	<u>8,122,555</u>
4,349,334	160,699
518,908	54,333
524,568	49,264
-	988,431
1,945,204	-
3,400,000	-
2,064,364	-
<u>12,802,378</u>	<u>1,252,727</u>
7,115,000	-
175,225,000	-
704,576	50,693
487,494	-
(850,021)	-
1,640,256	-
<u>184,322,305</u>	<u>50,693</u>
<u>197,124,683</u>	<u>1,303,420</u>
276,058,613	182,207
27,173,275	-
50,229,166	-
9,540,318	-
194,655,901	6,636,928
<u>\$ 557,657,273</u>	<u>\$ 6,819,135</u>
<u>1,147,280</u>	
<u>\$ 558,804,553</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, 2010

	Business-type Activities - Enterprise Funds			
	Water	Wastewater	Solid Waste	Irrigation
Operating revenues				
Charges for services	\$ 34,601,338	\$ 21,024,189	\$ 16,566,987	\$ 24,639
Other	1,467,825	3,584	72,732	-
Total operating revenues	<u>36,069,163</u>	<u>21,027,773</u>	<u>16,639,719</u>	<u>24,639</u>
Operating expenses				
General and administrative	821,941	555,186	371,003	548
Personal services	5,478,773	2,733,252	5,043,451	28,630
Operation and maintenance	10,476,310	8,269,880	5,784,105	24,512
Claims Incurred	-	-	-	-
Depreciation	9,560,616	8,365,435	1,432,367	-
Allocation of indirect expenses	2,195,541	1,503,294	1,275,090	-
Total operating expenses	<u>28,533,181</u>	<u>21,427,047</u>	<u>13,906,016</u>	<u>53,690</u>
Operating income (loss)	<u>7,535,982</u>	<u>(399,274)</u>	<u>2,733,703</u>	<u>(29,051)</u>
Nonoperating revenues (expenses)				
Interest expense	(7,665,659)	(1,504,406)	-	-
Investment earnings	636,379	58,121	44,618	6
Amortization of bond issuance costs	(85,169)	(131,013)	-	-
Gain (loss) on sale of capital assets	(16,090)	1,767	(6,986)	-
Total nonoperating revenues (expenses)	<u>(7,130,539)</u>	<u>(1,575,531)</u>	<u>37,632</u>	<u>6</u>
Income (loss) before capital contributions and transfers	405,443	(1,974,805)	2,771,335	(29,045)
Capital contributions	12,630,799	9,395,299	1,335,488	-
Transfers in	264,320	823,494	728	29,045
Transfers out	(865,309)	(1,226,130)	-	-
Change in net assets	12,435,253	7,017,858	4,107,551	-
Total net assets, beginning of year	<u>283,725,696</u>	<u>235,582,345</u>	<u>14,788,570</u>	<u>-</u>
Total net assets, end of year	<u>\$ 296,160,949</u>	<u>\$ 242,600,203</u>	<u>\$ 18,896,121</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>
\$ 72,217,153	\$ 18,904,748
1,544,141	182,819
<u>73,761,294</u>	<u>19,087,567</u>
1,748,678	981,169
13,284,106	1,578,442
24,554,807	4,610,655
-	9,914,069
19,358,418	40,614
4,973,925	-
<u>63,919,934</u>	<u>17,124,949</u>
<u>9,841,360</u>	<u>1,962,618</u>
(9,170,065)	-
739,124	14,849
(216,182)	-
(21,309)	-
<u>(8,668,432)</u>	<u>14,849</u>
1,172,928	1,977,467
23,361,586	-
1,117,587	-
(2,091,439)	-
<u>23,560,662</u>	<u>1,977,467</u>
	<u>4,841,668</u>
	<u>\$ 6,819,135</u>
387,940	
<u>\$ 23,948,602</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, 2010

Business-type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Irrigation</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 36,168,912	\$ 21,707,583	\$ 16,869,759	\$ 24,366
Other operating cash receipts	1,467,825	3,584	72,732	-
Cash receipts from other funds for services	-	-	-	-
Cash receipts from deposits	455,340	-	6,500	-
Cash payments to suppliers for goods and services	(12,017,836)	(7,630,104)	(6,106,468)	(30,006)
Cash payments to employees for services	(5,407,987)	(2,681,888)	(4,974,289)	(31,293)
Cash payments to other funds for services	(2,195,541)	(1,503,294)	(1,275,090)	-
Net cash provided by (used in) operating activities	<u>18,470,713</u>	<u>9,895,881</u>	<u>4,593,144</u>	<u>(36,933)</u>
Cash flows from noncapital financing activities:				
Changes in advances to/from other funds	2,168,940	(2,168,940)	-	-
Transfers from other funds	264,320	823,494	728	29,045
Transfers to other funds	(865,309)	(1,226,130)	-	-
Net cash provided by (used in) noncapital financing activities	<u>1,567,951</u>	<u>(2,571,576)</u>	<u>728</u>	<u>29,045</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(14,869,856)	(9,392,210)	(1,309,840)	-
Proceeds from development fees	11,143,575	8,752,723	-	-
Cash paid for interest and fiscal charges	(7,704,534)	(1,546,280)	-	-
Principal payments on bonds	(5,930,159)	(3,804,841)	-	-
Disposal of capital assets	(16,090)	1,767	(6,986)	-
Net cash used in capital and related financing activities	<u>(17,377,064)</u>	<u>(5,988,841)</u>	<u>(1,316,826)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received on investments	669,425	74,903	47,619	8
Net cash provided by investing activities	<u>669,425</u>	<u>74,903</u>	<u>47,619</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	3,331,025	1,410,367	3,324,665	(7,880)
Cash and cash equivalents at beginning of year	115,527,542	13,977,708	9,623,234	10,507
Cash and cash equivalents at end of year	<u>\$ 118,858,567</u>	<u>\$ 15,388,075</u>	<u>\$ 12,947,899</u>	<u>\$ 2,627</u>
Cash and cash equivalents at end of year includes:				
Equity in pooled cash and investments	\$ 45,114,139	\$ -	\$ 12,947,899	\$ 2,627
Restricted cash and investments	73,744,428	15,388,075	-	-
Total cash and cash equivalents	<u>\$ 118,858,567</u>	<u>\$ 15,388,075</u>	<u>\$ 12,947,899</u>	<u>\$ 2,627</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operations:				
Operating income (loss)	\$ 7,535,982	\$ (399,274)	\$ 2,733,703	\$ (29,051)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	9,560,616	8,365,435	1,432,367	-
Provision for uncollectible accounts	678,554	399,097	317,248	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	889,021	284,297	(14,477)	(273)
Decrease in prepaid items	-	-	-	-
(Increase) decrease in inventories	(3,337)	-	-	-
Increase (decrease) in accounts payable	(716,249)	1,194,962	48,641	(4,946)
Decrease in claims payable	-	-	-	-
Increase in deposits	455,340	-	6,500	-
Increase (decrease) in accrued expenses	70,786	51,364	69,162	(2,663)
Total adjustments	<u>10,934,731</u>	<u>10,295,155</u>	<u>1,859,441</u>	<u>(7,882)</u>
Net cash provided by (used in) operating activities	<u>\$ 18,470,713</u>	<u>\$ 9,895,881</u>	<u>\$ 4,593,144</u>	<u>\$ (36,933)</u>
Supplemental disclosures of noncash financing activities:				
Additions to property and equipment:				
Contributions from developers	\$ 1,487,225	\$ 642,576	\$ -	\$ -
Total additions to property and equipment	<u>\$ 1,487,225</u>	<u>\$ 642,576</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 74,770,620	\$ -
1,544,141	181,144
-	18,904,887
461,840	-
(25,784,414)	(15,771,476)
(13,095,457)	(1,572,640)
(4,973,925)	-
<u>32,922,805</u>	<u>1,741,915</u>
-	-
1,117,587	-
(2,091,439)	-
<u>(973,852)</u>	<u>-</u>
(25,571,906)	-
19,896,298	-
(9,250,814)	-
(9,735,000)	-
(21,309)	-
<u>(24,682,731)</u>	<u>-</u>
791,955	18,222
<u>791,955</u>	<u>18,222</u>
8,058,177	1,760,137
139,138,991	5,655,233
<u>\$ 147,197,168</u>	<u>\$ 7,415,370</u>
\$ 58,064,665	\$ 7,415,370
89,132,503	-
<u>\$ 147,197,168</u>	<u>\$ 7,415,370</u>
\$ 9,841,360	\$ 1,962,618
19,358,418	40,614
1,394,899	-
1,158,568	(1,536)
-	25,535
(3,337)	60,617
522,408	(70,390)
-	(281,345)
461,840	-
188,649	5,802
<u>23,081,445</u>	<u>(220,703)</u>
<u>\$ 32,922,805</u>	<u>\$ 1,741,915</u>
\$ 2,129,801	\$ -
<u>\$ 2,129,801</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, 2010

	<u>Firemen's Pension Trust</u>	<u>Agency Funds</u>
ASSETS		
Restricted cash and investments	\$ 104,437	\$ 91,690
Restricted accrued interest	-	13
	<u>104,437</u>	<u>91,703</u>
Total assets		
LIABILITIES		
Guaranty and other deposits	-	\$ 46,262
Medical benefits payable	-	36,245
Dependent care benefits payable	-	9,196
	<u>-</u>	<u>91,703</u>
Total liabilities		
NET ASSETS		
Held in trust for pension benefits	<u>\$ 104,437</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, 2010

	<u>Firemen's Pension Trust</u>
Additions	
Interest on investments	\$ 100
Total additions	<u>100</u>
Deductions	
Benefits	2,400
Administration	<u>100</u>
Total deductions	<u>2,500</u>
Change in net assets	(2,400)
Net assets - beginning of the year	<u>106,837</u>
Net assets - end of the year	<u><u>\$ 104,437</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, 2010

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, 2010, 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, 2010

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.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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.

TOWN OF GILBERT, ARIZONA
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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 2010. 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.

**TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
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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 capital 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

Annual leave is based on a graduated scale of years of employment and is credited to each employee as it accrues. Maximum annual leave hours varies according to union status and job class, 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 fire personnel) 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.

TOWN OF GILBERT, ARIZONA
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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, 2010, 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, 2010, \$10,225,600 has been designated for the reserve fund (unforeseen events), \$282,721 has been designated for future debt payments and \$15,415,305 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, 2010, \$30,345,339 of unrestricted net assets has been designated for capital equipment replacement in the Water Fund, \$27,936,356 has been designated in the Wastewater Fund, and \$5,870,807 has been designated in the Solid Waste Fund.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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, 2010, Gilbert's investments were as follows (all of Gilbert's investments have maturities of 12 months or less):

<u>Investment Type</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	\$134,476,707
Money Market – U.S. Treasuries:	
Wells Fargo	26,929,386
JP Morgan	<u>20,445,669</u>
Total	<u>\$181,851,762</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, 2010, 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 June 30, 2010, Gilbert's bank balance was \$212,894,866 of which \$27,292,330 was with JP Morgan and \$185,602,536 was with Alliance Bank of Arizona. \$27,042,330 of JP Morgan's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trustee. These securities are not in Gilbert's name, but cannot be released without Gilbert's authorization. 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. All of the Alliance Bank of Arizona bank balance was FDIC-insured through the Transaction Account Guarantee Program.

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.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
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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	\$211,748,656
Carrying amount of investments	<u>181,851,762</u>
Total cash and investments	<u>\$393,600,418</u>
Pooled cash and investments	\$283,809,821
Restricted cash and investments	<u>109,594,470</u>
Total cash and investments (per Statement of Net Assets)	393,404,291
Pension trust fund	104,437
Agency funds	<u>91,690</u>
Total cash and investments	<u>\$393,600,418</u>

Note 4 - Taxes Receivable and Due from Other Governments

The general fund taxes receivable amount at June 30, 2010, includes \$1,114,117 in state shared sales tax and \$3,069,463 in local sales tax due from the State of Arizona. Amounts due from other governments recorded in the streets special revenue fund include \$929,993 in highway user revenues and \$561,063 in vehicle license tax both due from the State of Arizona. Other governmental funds include \$88,324 in federal grants from the U.S. Department of Housing and Urban Development, \$158,743 from the U.S. Department of Transportation, and \$127,846 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, 2010, is as follows:

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

	Due To	Due From
General fund	\$ -	\$63,086
Municipal facilities capital projects fund	34,733	
Parks, open space and recreation capital projects fund	-	34,733
Other governmental funds	<u>63,086</u>	-
Total	<u>\$97,819</u>	<u>\$97,819</u>

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

	Advance from	Advance to
General fund	\$ -	\$20,714,153
Municipal facilities capital projects fund	20,714,153	-
Water fund	-	1,640,256
Wastewater fund	<u>1,640,256</u>	-
Total	<u>\$22,354,409</u>	<u>\$22,354,409</u>

TOWN OF GILBERT, ARIZONA
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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, 2010, is as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Non-depreciable assets:				
Land	\$ 93,054,963	5,942,557	-	98,997,520
Construction-in-progress	115,037,592	54,784,499	(53,807,661)	116,014,430
Total non-depreciable assets	<u>208,092,555</u>	<u>60,727,056</u>	<u>(53,807,661)</u>	<u>215,011,950</u>
Depreciable assets:				
Buildings	210,465,534	33,918	(1,391,134)	209,108,318
Improvements	69,100,424	1,638,075	-	70,738,499
Machinery and equipment	56,401,849	1,274,668	(716,957)	56,959,560
Infrastructure	767,316,936	60,532,072	-	827,849,008
Total depreciable assets	<u>1,103,284,743</u>	<u>63,478,733</u>	<u>(2,108,091)</u>	<u>1,164,655,385</u>
Less accumulated depreciation:				
Buildings	(33,361,571)	(8,446,500)	55,645	(41,752,426)
Improvements	(17,813,889)	(3,657,074)	-	(21,470,963)
Machinery and equipment	(28,784,206)	(5,615,129)	710,711	(33,688,624)
Infrastructure	(273,723,661)	(27,991,451)	-	(301,715,112)
Total accumulated depreciation	<u>(353,683,327)</u>	<u>(45,710,154)</u>	<u>766,356</u>	<u>(398,627,125)</u>
Total depreciable assets, net	<u>749,601,416</u>	<u>17,768,579</u>	<u>(1,341,735)</u>	<u>766,028,260</u>
Governmental activities capital assets, net	\$ <u>957,693,971</u>	<u>78,495,633</u>	<u>(55,149,397)</u>	<u>981,040,210</u>

Governmental activities construction-in-progress and related construction commitments at June 30, 2010, were composed of the following:

	<u>Construction- in-progress</u>	<u>Commitments</u>
Redevelopment	\$ 1,683,170	\$ 724,645
Municipal facilities	1,752,292	3,767
Parks	56,353,100	521,944
Storm water	42,129	9,870
Traffic control	673,014	163,266
Streets	55,510,725	25,860,248
Special assessments	-	536,314
Total	<u>\$ 116,014,430</u>	<u>\$ 27,820,054</u>

TOWN OF GILBERT, ARIZONA
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Depreciation expense was charged to governmental functions in the government-wide financial statement as follows:

Management and policy	\$ 48,867
Support services	604,520
Legal and court	610,948
Development services	893,686
Public works	2,531,535
Police	3,999,950
Fire	3,068,768
Highways and streets	26,800,750
Community services	<u>7,110,516</u>
Total depreciation expense not including internal service funds	45,669,540
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>40,614</u>
Total depreciation expense - governmental activities	<u>\$45,710,154</u>

A summary of changes in capital assets for business-type activities, for the fiscal year ended June 30, 2010, is as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
Non-depreciable assets:				
Land	\$ 19,488,720	216,886	-	19,705,606
Construction-in-progress	13,136,447	23,484,762	(10,400,887)	26,220,322
Total non-depreciable assets	<u>32,625,167</u>	<u>23,701,648</u>	<u>(10,400,887)</u>	<u>45,925,928</u>
Depreciable assets:				
Plant and equipment	128,137,917	3,033,007	(752,099)	130,418,825
Water rights	9,146,281	-	-	9,146,281
Infrastructure	378,443,887	12,310,052	(265,817)	390,488,122
Total depreciable assets	<u>515,728,085</u>	<u>15,343,059</u>	<u>(1,017,916)</u>	<u>530,053,228</u>
Less accumulated depreciation:				
Plant and equipment	(31,105,761)	(5,974,917)	564,654	(36,516,024)
Water rights	(1,721,969)	(98,293)	-	(1,820,262)
Infrastructure	(75,213,474)	(10,326,192)	-	(85,539,666)
Total accumulated depreciation	<u>(108,041,204)</u>	<u>(16,399,402)</u>	<u>564,654</u>	<u>(123,875,952)</u>
Total depreciable assets, net	<u>407,686,881</u>	<u>(1,056,343)</u>	<u>(453,262)</u>	<u>406,177,276</u>
Business-type activities capital assets, net	<u>\$ 440,312,048</u>	<u>22,645,305</u>	<u>(10,854,149)</u>	<u>452,103,204</u>

**TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
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Business-type activities construction-in-progress and related construction commitments at June 30, 2010, are composed of the following:

	<u>Construction- in-progress</u>	<u>Commitments</u>
Water system	\$ 23,450,397	\$ 701,806
Wastewater system	2,769,925	1,985,115
Total	<u>\$ 26,220,322</u>	<u>\$ 2,686,921</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 Human Resources 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 2010, 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 trust 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 \$175,000 on the plan year and aggregate (plan wide) coverage for claims incurred over \$15,601,745 on the plan year. During fiscal year 2010, the plan received recoveries for \$58,505 through specific stop loss coverage. Claim settlements did not reach the aggregate plan limit during any of the last three fiscal years.

Premiums are paid into the employee benefit self-insurance trust 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.

The claims liability of \$988,431 reported in the employee benefit self-insurance trust at June 30, 2010, 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 2009 and 2010 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>
2009	\$ 997,247	10,669,595	10,397,066	\$1,269,776
2010	\$1,269,776	9,914,069	10,195,414	\$ 988,431

**TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010**

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, 2010, were as follows (the 7/1/10 principal payment was deducted as fiscal year 2010 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	\$ 8,250,000	-
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	2,240,000	\$7,115,000
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	13,715,000	-
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>164,000,000</u>	<u>-</u>
Total	<u>\$188,205,000</u>	<u>\$7,115,000</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>
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	12,350,000	5,967,000	245,000	14,088
2016-2020	73,715,000	19,162,000	-	-
2021-2023	<u>49,000,000</u>	<u>3,178,750</u>	<u>-</u>	<u>-</u>
Total	<u>\$188,205,000</u>	<u>\$58,390,534</u>	<u>\$7,115,000</u>	<u>\$1,060,458</u>

**TOWN OF GILBERT, ARIZONA
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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, 2010, was:

1990 General Obligation Bonds	\$ 2,000,000
2002 General Obligation Bonds	<u>10,135,000</u>
	<u>\$12,135,000</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, 2010:

<u>Water, Wastewater, Electric, Streets, Fire, Police, and Parks and Open Space Purposes Bonds</u>	<u>All Other General Obligation Bonds</u>
Secondary Assessed Valuation <u>\$2,297,228,317</u>	Secondary Assessed Valuation <u>\$2,297,228,317</u>
20% constitutional limit 459,446,000	6% constitutional limit 137,834,000
Less general obligation bonds outstanding <u>(195,320,000)</u>	Less general obligation bonds outstanding _____
Available 20% limitation borrowing capacity <u>\$ 264,126,000</u>	Available 6% limitation borrowing capacity <u>\$ 137,834,000</u>

As of June 30, 2010, Gilbert had authorized, but unissued bonds, approved by the voters as follows:

Revenue bonds	
Water and wastewater	\$ 1,110,000
Electric	<u>27,500,000</u>
Total	<u>\$28,610,000</u>
 General obligation bonds	
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.

**TOWN OF GILBERT, ARIZONA
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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, 2010, 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, 2010, were as follows (the 7/1/10 principal bond call was deducted as fiscal year 2010 resources were dedicated):

	Governmental
2002 Improvement District #19 Bonds, 5.2%, original amount \$6,510,000, annual retirements due January 1, 2005 through January 1, 2027	\$ 2,830,000
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>\$11,505,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 90,000	\$ 587,245
2012	400,000	574,655
2013	435,000	553,258
2014	470,000	530,065
2015	475,000	505,845
2016-2020	2,825,000	2,121,192
2021-2025	3,655,000	1,293,588
2026-2029	<u>3,155,000</u>	<u>303,065</u>
Total	<u>\$11,505,000</u>	<u>\$6,468,913</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, 2010, were as follows (the 7/1/10 principal payment was deducted as fiscal year 2010 resources were dedicated):

	Governmental
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	\$25,150,000

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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>
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	2,775,000	612,000
2016-2019	<u>12,525,000</u>	<u>1,284,000</u>
Total	<u>\$25,150,000</u>	<u>\$5,379,313</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, 2010, were as follows (the 7/1/10 principal payment was deducted as fiscal year 2010 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	\$18,150,000

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>
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	1,585,000	535,163
2016-2020	7,720,000	1,583,450
2021-2022	<u>3,175,000</u>	<u>202,063</u>
Total	<u>\$18,150,000</u>	<u>\$5,099,575</u>

**TOWN OF GILBERT, ARIZONA
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June 30, 2010**

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, 2010, were as follows (the 7/1/10 principal payment was deducted as fiscal year 2010 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	\$ 25,700,000	-
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	-	\$ 24,140,000
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	58,110,000	-
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	-	136,335,000
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>77,235,000</u>	<u>-</u>
Total	<u>\$161,045,000</u>	<u>\$160,475,000</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>
2011	\$ 9,030,000	\$ 7,705,188	\$ 3,400,000	\$ 7,712,813
2012	9,335,000	7,384,188	3,550,000	7,569,375
2013	9,680,000	7,050,175	3,700,000	7,415,312
2014	10,085,000	6,611,900	3,875,000	7,239,812
2015	7,560,000	6,152,850	4,075,000	7,041,062
2016-2020	52,715,000	24,482,375	47,865,000	29,929,913
2021-2025	33,875,000	12,652,637	30,350,000	19,272,000
2026-2030	28,765,000	3,418,525	38,725,000	10,897,688
2031-2033	-	-	24,935,000	1,659,531
Total	<u>\$161,045,000</u>	<u>\$75,457,838</u>	<u>\$160,475,000</u>	<u>\$98,737,506</u>

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During the fiscal year ended June 30, 2010, Gilbert paid \$3,350,000 of the 2004 Water Resources Municipal Property Corporation, Wastewater System Development Fee and Subordinate Lien Wastewater 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.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$225,935,000	-	(21,880,000)	204,055,000	15,850,000
Special assessment bonds with government commitment	11,590,000	-	(85,000)	11,505,000	90,000
Revenue bonds	205,185,000	-	(8,110,000)	197,075,000	10,880,000
Unamortized bond premium	3,466,556	-	(210,611)	3,255,945	-
Unamortized charge - refunding bonds	(908,876)	-	3,261	(905,615)	-
Total bonds payable	<u>445,267,680</u>	<u>-</u>	<u>(30,282,350)</u>	<u>414,985,330</u>	<u>26,820,000</u>
Compensated absences	7,449,100	7,080,646	(6,376,050)	8,153,696	3,304,516
Total long-term liabilities	<u>\$452,716,780</u>	<u>7,080,646</u>	<u>(36,658,400)</u>	<u>423,139,026</u>	<u>30,124,516</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 8,885,000	-	(1,770,000)	7,115,000	-
Revenue bonds	186,590,000	-	(7,965,000)	178,625,000	3,400,000
Unamortized bond discount	(93,165)	-	6,595	(86,570)	-
Unamortized bond premium	617,232	-	(43,168)	574,064	-
Unamortized charge - refunding bonds	(911,497)	-	61,476	(850,021)	-
Total bonds payable	<u>195,087,570</u>	<u>-</u>	<u>(9,710,097)</u>	<u>185,377,473</u>	<u>3,400,000</u>
Compensated absences	1,077,879	1,190,591	(1,039,326)	1,229,144	524,568
Total long-term liabilities	<u>\$196,165,449</u>	<u>1,190,591</u>	<u>(10,749,423)</u>	<u>186,606,617</u>	<u>3,924,568</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, \$99,957 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, 2010, Industrial Development Authority Revenue Bonds outstanding were \$3,834,858.

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, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.40% (9.00% for retirement and 0.4% for long-term disability) of the members' annual covered payroll and Gilbert was required by statute to contribute at the actuarially determined rate of 9.40% (8.34% for retirement, 0.66% for health insurance premium, and 0.4% 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
2010	\$3,085,526	\$244,178	\$147,470
2009	3,041,813	365,474	189,790
2008	3,136,977	409,171	194,856

Agent plans - For the year ended June 30, 2010, 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 14.03% for police personnel, of which 0.45% was the health insurance premium portion; and 11.63% for fire personnel, of which 0.35% 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 1.89% was the health insurance premium portion.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2010, were established by the June 30, 2008 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 2010 contribution requirements, are as follows:

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Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 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	5.5% for PSPRS and 5.0% for EORP

Annual Pension/OPEB Cost – Gilbert’s pension/OPEB cost for the agent plans for the year ended June 30, 2010, and related information follows (actual contributions made were equal to the annual pension/OPEB cost):

	<u>PSPRS-Police</u>	<u>PSPRS-Fire</u>	<u>EORP</u>
Pension	\$2,271,716	\$1,375,877	\$41,427
Health Insurance	75,278	42,691	2,999

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
PSPRS-Police				
Pension	2010	\$2,267,067	100.0%	-0-
	2009	2,468,501	100.0%	-0-
	2008	1,613,519	100.0%	-0-
Health Insurance	2010	75,123	100.0%	-0-
	2009	87,548	100.0%	-0-
	2008	76,349	100.0%	-0-
PSPRS-Fire				
Pension	2010	\$1,427,182	100.0%	-0-
	2009	1,934,077	100.0%	-0-
	2008	1,072,954	100.0%	-0-
Health Insurance	2010	44,283	100.0%	-0-
	2009	65,025	100.0%	-0-
	2008	45,519	100.0%	-0-
EORP				
Pension	2010	\$ 41,427	100.0%	-0-
	2009	37,378	100.0%	-0-
	2008	26,839	100.0%	-0-
Health Insurance	2010	2,999	100.0%	-0-
	2009	1,256	100.0%	-0-
	2008	1,471	100.0%	-0-

TOWN OF GILBERT, ARIZONA
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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, 2010, and the previous two fiscal years. The fiscal year 2010 actuarial methods and assumptions used for the schedules are not significantly different than the fiscal year 2008 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)
Pension and Health Insurance						
2010	\$35,764,039	\$45,612,797	\$(9,848,758)	78.4%	\$16,588,316	(59.4)%
2009	31,294,341	42,352,958	(11,058,617)	73.9%	17,200,680	(64.3)%
2008	26,760,106	38,660,040	(11,899,934)	69.2%	16,984,351	(70.1)%

PSPRS - Fire

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of 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)
Pension and Health Insurance						
2010	\$23,869,050	\$22,964,310	\$ 904,740	103.9%	\$12,158,329	7.4 %
2009	20,297,098	21,379,402	(1,082,304)	94.9%	12,748,187	(8.5)%
2008	16,375,873	19,813,766	(3,437,893)	82.6%	12,853,768	(26.7)%

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 2010. Administrative costs are financed through investment earnings. There is only one remaining pensioner receiving retirement benefits from the Fund.

TOWN OF GILBERT, ARIZONA
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Note 10 - Capital Contributions

During the year ended June 30, 2010, the Enterprise funds external capital contributions consisted of the following:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Contributions from developers	\$ 1,487,224	\$ 642,576	\$ 2,129,800
Development fees	11,143,575	8,752,723	19,896,298
Total	<u>\$12,630,799</u>	<u>\$9,395,299</u>	<u>\$22,026,098</u>

Note 11 – Interfund Transfers

As of June 30, 2010, interfund transfers were as follows:

	<u>Transfers-In</u>	<u>Transfers-Out</u>
Governmental funds:		
General fund	\$ 2,103,009	\$ 8,136,129
Streets special revenue	705,211	4,179,305
General debt service	20,042,421	-
Special assessments	-	189,474
Streets and transportation	213,118	-
Municipal facilities	787,276	6,255,594
Parks, open space and recreation	307,335	5,326,751
Other governmental funds	<u>2,449,953</u>	<u>1,547,218</u>
Total governmental funds	<u>26,608,323</u>	<u>25,634,471</u>
Enterprise funds:		
Water	264,320	865,309
Wastewater	823,494	1,226,130
Solid waste	728	-
Irrigation	<u>29,045</u>	<u>-</u>
Total enterprise funds	<u>1,117,587</u>	<u>2,091,439</u>
Total transfers	<u>\$27,725,910</u>	<u>\$27,729,910</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. For fiscal year 2010, a transfer of \$866,667 was made from the capital replacement special revenue fund to the general fund to cover any fiscal year deficits due to the economic downturn. There were no other significant transfers during fiscal year 2010 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

TOWN OF GILBERT, ARIZONA
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June 30, 2010

Note 12 - Individual Fund Disclosures

Individual funds with deficiencies in fund balance/net assets at June 30, 2010, were as follows:

<u>Capital projects funds</u>	
Municipal facilities	10,594,301

The deficiency in the municipal facilities fund of the capital projects funds will be eliminated through the future collection of system development fees.

There were no individual funds with an excess of expenditures over appropriations for the year ended June 30, 2010.

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.

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 9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$23,249,575. Principal and interest paid for the current year was \$2,118,313, and total customer net revenues were \$25,062,759.

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 66 percent of revenue. The total principal and interest remaining to be paid on the bonds is \$259,212,506. Principal and interest paid for the current year was \$14,560,188 (of which \$3,350,000 in principal was an advance defeasance) and total water and wastewater connection development fees revenue was \$17,207,260.

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 32 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$30,529,313. Principal and interest paid for the current year was \$3,323,563, and the total street and highway revenues were \$10,609,631.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

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 19 percent of excise taxes and state-shared revenues. The total principal and interest remaining to be paid on the bonds is \$236,502,838. Principal and interest paid for the current year was \$16,719,525, and the total excise taxes and state-shared revenues were \$91,609,318.

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 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, 2010, was:

Mesa's Share	\$ 72,322,270
Gilbert's Share	72,274,155
Queen Creek's Share	<u>30,058,417</u>
Total	<u>\$174,654,842</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 in 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, 2010, was:

Gilbert's Share	\$ 74,080,401
Chandler's Share	<u>78,832,719</u>
Total	<u>\$152,913,120</u>

In August 2008, Gilbert entered into an Intergovernmental Agreement with the Cities of Mesa and Apache Junction, Apache Junction Fire District (FD), and the Town of Queen Creek (the Parties) to plan, design, construct, operate, maintain and finance the TOPAZ Regional Wireless Cooperative Network (Trunked Open Arizona Network – 700/800 MHz Network procured and built by the City of Mesa). The City of Mesa acts as the lead agency and is responsible for the planning, budgeting, construction, operation and maintenance of the network, in addition to providing all management personnel and financing arrangements. The Parties participate in ownership of the network and are charged for operating and capital expenses based on subscriber units (radio counts). Gilbert's investment in joint venture is reflected within the governmental activities in the government-wide statement of net assets. Separate financial statements are not prepared.

TOWN OF GILBERT, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Total investment as of June 30, 2010, was:

Mesa's Share	\$713,302
Gilbert's Share	190,823
Apache Junction's Share	42,231
Apache Junction FD's Share	19,056
Queen Creek's Share	<u>6,695</u>
Total	<u>\$972,107</u>

Note 16 - Subsequent Events

Gilbert advance defeased \$7,455,000 of Water Resources MPC Wastewater System Development Fee and Subordinate Lien Wastewater Utility Revenue Bonds on October 1, 2010. In addition, Gilbert advance defeased \$5,285,000 of Water Resources MPC Water System Development Fee and Subordinate Lien Water Utility Revenue Bonds on October 1, 2010.



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, 2010

	Special Revenue				
	Grants	Other Special Revenue	Downtown Redevelopment	CDBG/HOME	Street Light Improvement District
ASSETS					
Pooled cash and investments	\$ 5,263,757	\$ 2,230,606	\$ 295,951	\$ 11,789	\$ 86,638
Receivables, net:					
Taxes	-	-	-	-	9,346
Accrued interest	1,566	506	85	3	-
Accounts	-	91,509	-	-	-
Due from other governments	301,342	467,533	-	88,324	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 5,566,665</u>	<u>\$ 2,790,154</u>	<u>\$ 296,036</u>	<u>\$ 100,116</u>	<u>\$ 95,984</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 35,961	\$ 417,499	\$ 10,873	\$ 15,536	\$ -
Accrued liabilities	-	74,462	-	4,180	-
Due to other funds	-	-	-	63,086	-
Deferred revenue:					
Other	26,522	-	-	-	-
Total liabilities	<u>62,483</u>	<u>491,961</u>	<u>10,873</u>	<u>82,802</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	81,818	-	2,915	638,946	-
Development fees-necessary public services	-	-	-	-	-
Unreserved, designated for capital replacement	-	-	-	-	-
Unreserved, undesignated	5,422,364	2,298,193	282,248	(621,632)	95,984
Total fund balances	<u>5,504,182</u>	<u>2,298,193</u>	<u>285,163</u>	<u>17,314</u>	<u>95,984</u>
Total liabilities and fund balances	<u>\$ 5,566,665</u>	<u>\$ 2,790,154</u>	<u>\$ 296,036</u>	<u>\$ 100,116</u>	<u>\$ 95,984</u>

Capital Projects

<u>Parkway Maintenance District</u>	<u>Capital Replacement</u>	<u>Traffic Control</u>	<u>Flood Control and Storm Water</u>	<u>Special Assessments</u>	<u>Redevelopment</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 167,590	\$ 15,184,362	\$ 899,724	\$ 245,661	\$ 1,598,769	\$ 2,692,978	\$ 28,677,825
14,642	-	-	-	-	-	23,988
59	3,564	313	71	501	755	7,423
-	-	415	-	-	-	91,924
-	360,492	-	-	-	841,848	2,059,539
1,744	-	-	-	-	-	1,744
<u>\$ 184,035</u>	<u>\$ 15,548,418</u>	<u>\$ 900,452</u>	<u>\$ 245,732</u>	<u>\$ 1,599,270</u>	<u>\$ 3,535,581</u>	<u>\$ 30,862,443</u>
\$ 52,547	\$ 1,350	\$ 5,462	\$ -	\$ 107,401	\$ 137,272	\$ 783,901
5,450	-	-	-	-	-	84,092
-	-	-	-	-	-	63,086
-	-	-	-	-	-	26,522
<u>57,997</u>	<u>1,350</u>	<u>5,462</u>	<u>-</u>	<u>107,401</u>	<u>137,272</u>	<u>957,601</u>
37,230	131,763	163,266	9,870	536,314	724,645	2,326,767
-	-	731,724	-	-	-	731,724
-	15,415,305	-	-	-	-	15,415,305
88,808	-	-	235,862	955,555	2,673,664	11,431,046
<u>126,038</u>	<u>15,547,068</u>	<u>894,990</u>	<u>245,732</u>	<u>1,491,869</u>	<u>3,398,309</u>	<u>29,904,842</u>
<u>\$ 184,035</u>	<u>\$ 15,548,418</u>	<u>\$ 900,452</u>	<u>\$ 245,732</u>	<u>\$ 1,599,270</u>	<u>\$ 3,535,581</u>	<u>\$ 30,862,443</u>

TOWN OF GILBERT, ARIZONA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue				
	Grants	Other Special Revenue	Downtown Redevelopment	CDBG/HOME	
Revenues					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 1,652,450
Intergovernmental	1,560,064	-	-	506,977	-
Charges for services	-	1,630,860	-	-	-
System development fees	-	-	-	-	-
Gifts and donations	-	109,460	-	-	-
Fines and forfeitures	-	480,379	-	-	-
Investment earnings	20,426	10,803	1,170	45	-
Miscellaneous	-	-	4,200	4,685	-
Total revenues	<u>1,580,490</u>	<u>2,231,502</u>	<u>5,370</u>	<u>511,707</u>	<u>1,652,450</u>
Expenditures					
Current:					
General government:					
Management and policy	-	11,562	-	-	-
Support services	-	60,059	-	-	-
Legal and court	-	237,504	-	-	-
Development services	-	874,147	67,902	443,657	-
Public works	-	49,884	-	-	-
Public safety:					
Police	310,550	1,194,741	-	-	-
Fire	173,853	4,349	-	-	-
Highways and streets	-	-	-	-	1,447,121
Community services	-	501,564	-	-	-
Transportation	15,546	-	-	-	-
Capital outlay	764,530	-	-	-	-
Total expenditures	<u>1,264,479</u>	<u>2,933,810</u>	<u>67,902</u>	<u>443,657</u>	<u>1,447,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,011</u>	<u>(702,308)</u>	<u>(62,532)</u>	<u>68,050</u>	<u>205,329</u>
Other financing sources (uses)					
Transfers in	311,773	1,310,075	-	-	-
Transfers out	(409,538)	(203,491)	-	(63,320)	-
Total other financing sources and uses	<u>(97,765)</u>	<u>1,106,584</u>	<u>-</u>	<u>(63,320)</u>	<u>-</u>
Net change in fund balances	218,246	404,276	(62,532)	4,730	205,329
Fund balances at beginning of year	5,285,936	1,893,917	347,695	12,584	(109,345)
Fund balances at end of year	<u>\$ 5,504,182</u>	<u>\$ 2,298,193</u>	<u>\$ 285,163</u>	<u>\$ 17,314</u>	<u>\$ 95,984</u>

Capital Projects						
Parkway Maintenance District	Capital Replacement	Traffic Control	Flood Control and Storm Water	Special Assessments	Redevelopment	Total Nonmajor Governmental Funds
\$ 1,303,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,956,123
-	360,492	5,506	415,686	-	877,098	3,725,823
-	-	-	-	-	-	1,630,860
-	-	958,158	-	-	-	958,158
-	-	-	-	-	-	109,460
-	1,059	-	-	-	-	481,438
280	48,052	3,436	1,053	9,611	10,697	105,573
-	103,194	-	-	48,546	18,594	179,219
<u>1,303,953</u>	<u>512,797</u>	<u>967,100</u>	<u>416,739</u>	<u>58,157</u>	<u>906,389</u>	<u>10,146,654</u>
-	-	-	-	-	-	11,562
-	-	-	-	-	-	60,059
-	-	-	-	-	-	237,504
-	-	-	-	-	-	1,385,706
-	-	-	-	-	-	49,884
-	-	-	-	-	-	1,505,291
-	-	-	-	-	-	178,202
-	-	-	-	-	-	1,447,121
1,328,871	-	-	-	-	-	1,830,435
-	-	-	-	-	-	15,546
-	459,350	458,239	80,277	5,372,842	1,590,493	8,725,731
<u>1,328,871</u>	<u>459,350</u>	<u>458,239</u>	<u>80,277</u>	<u>5,372,842</u>	<u>1,590,493</u>	<u>15,447,041</u>
<u>(24,918)</u>	<u>53,447</u>	<u>508,861</u>	<u>336,462</u>	<u>(5,314,685)</u>	<u>(684,104)</u>	<u>(5,300,387)</u>
-	-	50,162	881	-	777,062	2,449,953
-	(866,667)	(4,202)	-	-	-	(1,547,218)
-	<u>(866,667)</u>	<u>45,960</u>	<u>881</u>	<u>-</u>	<u>777,062</u>	<u>902,735</u>
(24,918)	(813,220)	554,821	337,343	(5,314,685)	92,958	(4,397,652)
150,956	16,360,288	340,169	(91,611)	6,806,554	3,305,351	34,302,494
<u>\$ 126,038</u>	<u>\$ 15,547,068</u>	<u>\$ 894,990</u>	<u>\$ 245,732</u>	<u>\$ 1,491,869</u>	<u>\$ 3,398,309</u>	<u>\$ 29,904,842</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 6,626,450	\$ 6,626,450	\$ 1,560,064	\$ (5,066,386)
Investment earnings	-	-	20,426	20,426
Total revenues	<u>6,626,450</u>	<u>6,626,450</u>	<u>1,580,490</u>	<u>(5,045,960)</u>
Expenditures				
Current:				
Public safety:				
Police	765,100	765,100	310,550	454,550
Fire	-	-	173,853	(173,853)
Transportation	-	-	15,546	(15,546)
Capital outlay	494,350	494,350	764,530	(270,180)
Contingency	5,000,000	5,000,000	-	5,000,000
Total expenditures	<u>6,259,450</u>	<u>6,259,450</u>	<u>1,264,479</u>	<u>4,994,971</u>
Excess of revenues over expenditures	<u>367,000</u>	<u>367,000</u>	<u>316,011</u>	<u>(50,989)</u>
Other financing sources (uses)				
Transfers in	367,000	367,000	311,773	(55,227)
Transfers out	-	-	(409,538)	(409,538)
Total other financing sources and uses	<u>367,000</u>	<u>367,000</u>	<u>(97,765)</u>	<u>(464,765)</u>
Net change in fund balances	<u>\$ 734,000</u>	<u>\$ 734,000</u>	218,246	<u>\$ (515,754)</u>
Fund balance at beginning of year			5,285,936	
Fund balance at end of year			<u>\$ 5,504,182</u>	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 1,290,000	\$ 1,290,000	\$ 1,630,860	\$ 340,860
Gifts and donations	148,500	148,500	109,460	(39,040)
Fines and forfeitures	120,890	120,890	480,379	359,489
Investment earnings	1,250	1,250	10,803	9,553
Total revenues	<u>1,560,640</u>	<u>1,560,640</u>	<u>2,231,502</u>	<u>670,862</u>
Expenditures				
Current:				
General government:				
Management and policy	92,500	92,500	11,562	80,938
Support services	1,000	1,000	60,059	(59,059)
Legal and court	235,950	235,950	237,504	(1,554)
Development services	777,800	777,800	874,147	(96,347)
Public works	50,000	50,000	49,884	116
Public safety:				
Police	1,175,590	1,175,590	1,194,741	(19,151)
Fire	15,600	15,600	4,349	11,251
Community services	600,290	600,290	501,564	98,726
Total expenditures	<u>2,948,730</u>	<u>2,948,730</u>	<u>2,933,810</u>	<u>14,920</u>
Deficiency of revenues under expenditures	<u>(1,388,090)</u>	<u>(1,388,090)</u>	<u>(702,308)</u>	<u>685,782</u>
Other financing sources (uses)				
Transfers in	1,206,930	1,206,930	1,310,075	103,145
Transfers out	(100,000)	(100,000)	(203,491)	(103,491)
Total other financing sources and uses	<u>1,106,930</u>	<u>1,106,930</u>	<u>1,106,584</u>	<u>(346)</u>
Net change in fund balances	<u>\$ (281,160)</u>	<u>\$ (281,160)</u>	404,276	<u>\$ 685,436</u>
Fund balance at beginning of year			1,893,917	
Fund balance at end of year			<u>\$ 2,298,193</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ 8,000	\$ 8,000	\$ 1,170	\$ (6,830)
Miscellaneous	-	-	4,200	4,200
Total revenues	8,000	8,000	5,370	(2,630)
Expenditures				
Current:				
General government:				
Development services	158,110	158,110	67,902	90,208
Total expenditures	158,110	158,110	67,902	90,208
Deficiency of revenues under expenditures	(150,110)	(150,110)	(62,532)	87,578
Other financing sources				
Transfers in	150,000	150,000	-	(150,000)
Total other financing sources	150,000	150,000	-	(150,000)
Net change in fund balances	\$ (110)	\$ (110)	(62,532)	\$ (62,422)
Fund balance at beginning of year			347,695	
Fund balance at end of year			\$ 285,163	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,582,950	\$ 1,582,950	\$ 506,977	\$ (1,075,973)
Investment earnings	-	-	45	45
Miscellaneous	-	-	4,685	4,685
Total revenues	<u>1,582,950</u>	<u>1,582,950</u>	<u>511,707</u>	<u>(1,071,243)</u>
Expenditures				
Current:				
General government:				
Development services	901,030	901,030	443,657	457,373
Total expenditures	<u>901,030</u>	<u>901,030</u>	<u>443,657</u>	<u>457,373</u>
Excess of revenues over expenditures	<u>681,920</u>	<u>681,920</u>	<u>68,050</u>	<u>(613,870)</u>
Other financing uses				
Transfers out	<u>(713,000)</u>	<u>(713,000)</u>	<u>(63,320)</u>	<u>649,680</u>
Total other financing uses	<u>(713,000)</u>	<u>(713,000)</u>	<u>(63,320)</u>	<u>649,680</u>
Net change in fund balances	<u>\$ (31,080)</u>	<u>\$ (31,080)</u>	4,730	<u>\$ 35,810</u>
Fund balance at beginning of year			12,584	
Fund balance at end of year			<u>\$ 17,314</u>	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,706,610	\$ 1,706,610	\$ 1,652,450	\$ (54,160)
Total revenues	<u>1,706,610</u>	<u>1,706,610</u>	<u>1,652,450</u>	<u>(54,160)</u>
Expenditures				
Current:				
Highways and streets	1,665,680	1,665,680	1,447,121	218,559
Total expenditures	<u>1,665,680</u>	<u>1,665,680</u>	<u>1,447,121</u>	<u>218,559</u>
Excess of revenues over expenditures	<u>40,930</u>	<u>40,930</u>	<u>205,329</u>	<u>164,399</u>
Net change in fund balances	<u>\$ 40,930</u>	<u>\$ 40,930</u>	205,329	<u>\$ 164,399</u>
Fund deficit at beginning of year			(109,345)	
Fund balance at end of year			<u>\$ 95,984</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,302,340	\$ 1,302,340	\$ 1,303,673	\$ 1,333
Investment earnings	-	-	280	280
Total revenues	1,302,340	1,302,340	1,303,953	1,613
Expenditures				
Current:				
Community services	1,361,780	1,361,780	1,328,871	32,909
Total expenditures	1,361,780	1,361,780	1,328,871	32,909
Deficiency of revenues under expenditures	(59,440)	(59,440)	(24,918)	34,522
Net change in fund balances	\$ (59,440)	\$ (59,440)	(24,918)	\$ 34,522
Fund balance at beginning of year			150,956	
Fund balance at end of year			\$ 126,038	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 360,492	\$ 360,492
Fines and forfeitures	-	-	1,059	1,059
Investment earnings	125,000	125,000	48,052	(76,948)
Miscellaneous	-	-	103,194	103,194
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>512,797</u>	<u>387,797</u>
Expenditures				
Capital outlay	2,460,000	2,460,000	459,350	2,000,650
Total expenditures	<u>2,460,000</u>	<u>2,460,000</u>	<u>459,350</u>	<u>2,000,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,335,000)</u>	<u>(2,335,000)</u>	<u>53,447</u>	<u>2,388,447</u>
Other financing uses				
Transfers out	(5,500,000)	(5,500,000)	(866,667)	4,633,333
Total other financing uses	<u>(5,500,000)</u>	<u>(5,500,000)</u>	<u>(866,667)</u>	<u>4,633,333</u>
Net change in fund balances	<u>\$ (7,835,000)</u>	<u>\$ (7,835,000)</u>	(813,220)	<u>\$ 7,021,780</u>
Fund balance at beginning of year			<u>16,360,288</u>	
Fund balance at end of year			<u>\$ 15,547,068</u>	

TOWN OF GILBERT, ARIZONA
General Debt Obligations Debt Service Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 30,739,000	\$ 30,739,000	\$ 30,116,880	\$ (622,120)
Investment earnings	-	-	82,260	82,260
Total revenues	<u>30,739,000</u>	<u>30,739,000</u>	<u>30,199,140</u>	<u>(539,860)</u>
Expenditures				
Debt service:				
Principal	31,770,000	31,770,000	31,770,000	-
Interest	18,404,010	18,404,010	18,403,999	11
Fiscal and other charges	10,800	10,800	2,478	8,322
Total expenditures	<u>50,184,810</u>	<u>50,184,810</u>	<u>50,176,477</u>	<u>8,333</u>
Deficiency of revenues under expenditures	<u>(19,445,810)</u>	<u>(19,445,810)</u>	<u>(19,977,337)</u>	<u>(531,527)</u>
Other financing sources				
Transfers in	20,042,600	20,042,600	20,042,421	(179)
Total other financing sources	<u>20,042,600</u>	<u>20,042,600</u>	<u>20,042,421</u>	<u>(179)</u>
Net change in fund balances	<u>\$ 596,790</u>	<u>\$ 596,790</u>	65,084	<u>\$ (531,706)</u>
Fund balance at beginning of year			6,655,504	
Fund balance at end of year			<u>\$ 6,720,588</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$ 234,370	\$ 234,370	\$ 437,493	\$ 203,123
Investment earnings	-	-	125	125
Total revenues	234,370	234,370	437,618	203,248
Expenditures				
Debt service:				
Principal	85,000	85,000	85,000	-
Interest	149,370	149,370	149,370	-
Fiscal and other charges	1,200	1,200	350	850
Total expenditures	235,570	235,570	234,720	850
Excess (deficiency) of revenues over (under) expenditures	(1,200)	(1,200)	202,898	204,098
Other financing uses				
Transfers out	-	-	(189,474)	(189,474)
Total other financing uses	-	-	(189,474)	(189,474)
Net change in fund balances	\$ (1,200)	\$ (1,200)	13,424	\$ 14,624
Fund balance at beginning of year			25,639	
Fund balance at end of year			\$ 39,063	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 5,300,000	\$ 5,300,000	\$ 13,097,663	\$ 7,797,663
Other entities' participation	-	-	1,233,559	1,233,559
Investment earnings	-	-	714,294	714,294
Miscellaneous	-	-	80,946	80,946
Total revenues	<u>5,300,000</u>	<u>5,300,000</u>	<u>15,126,462</u>	<u>9,826,462</u>
Expenditures				
Capital outlay	<u>147,568,000</u>	<u>147,568,000</u>	<u>45,284,245</u>	<u>102,283,755</u>
Total expenditures	<u>147,568,000</u>	<u>147,568,000</u>	<u>45,284,245</u>	<u>102,283,755</u>
Deficiency of revenues under expenditures	<u>(142,268,000)</u>	<u>(142,268,000)</u>	<u>(30,157,783)</u>	<u>112,110,217</u>
Other financing sources				
Transfers in	<u>4,759,000</u>	<u>4,759,000</u>	<u>213,118</u>	<u>(4,545,882)</u>
Total other financing sources	<u>4,759,000</u>	<u>4,759,000</u>	<u>213,118</u>	<u>(4,545,882)</u>
Net change in fund balances	<u>\$ (137,509,000)</u>	<u>\$ (137,509,000)</u>	<u>(29,944,665)</u>	<u>\$ 107,564,335</u>
Fund balance at beginning of year			<u>148,585,038</u>	
Fund balance at end of year			<u>\$ 118,640,373</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 367,000	\$ 367,000	\$ 5,506	\$ (361,494)
System development fees	562,000	562,000	958,158	396,158
Investment earnings	-	-	3,436	3,436
Total revenues	929,000	929,000	967,100	38,100
Expenditures				
Capital outlay	1,003,000	1,003,000	458,239	544,761
Total expenditures	1,003,000	1,003,000	458,239	544,761
Excess (deficiency) of revenues over (under) expenditures	(74,000)	(74,000)	508,861	582,861
Other financing sources (uses)				
Transfers in	366,000	366,000	50,162	(315,838)
Transfers out	-	-	(4,202)	(4,202)
Total other financing sources and uses	366,000	366,000	45,960	(320,040)
Net change in fund balances	\$ 292,000	\$ 292,000	554,821	\$ 262,821
Fund balance at beginning of year			340,169	
Fund balance at end of year			\$ 894,990	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 18,687	\$ 18,687
System development fees	1,840,000	1,840,000	4,279,325	2,439,325
Investment earnings	-	-	16,707	16,707
Total revenues	<u>1,840,000</u>	<u>1,840,000</u>	<u>4,314,719</u>	<u>2,474,719</u>
Expenditures				
Debt service:				
Fiscal and other charges	-	-	6,476	(6,476)
Capital outlay	1,052,700	1,052,700	219,223	833,477
Total expenditures	<u>1,052,700</u>	<u>1,052,700</u>	<u>225,699</u>	<u>827,001</u>
Excess of revenues over expenditures	<u>787,300</u>	<u>787,300</u>	<u>4,089,020</u>	<u>3,301,720</u>
Other financing sources (uses)				
Transfers in	1,030,700	1,030,700	787,276	(243,424)
Transfers out	(13,450,000)	(13,450,000)	(6,255,594)	7,194,406
Total other financing sources and uses	<u>(12,419,300)</u>	<u>(12,419,300)</u>	<u>(5,468,318)</u>	<u>6,950,982</u>
Net change in fund balances	<u>\$ (11,632,000)</u>	<u>\$ (11,632,000)</u>	(1,379,298)	<u>\$ 10,252,702</u>
Fund deficit at beginning of year			(9,215,003)	
Fund deficit at end of year			<u>\$ (10,594,301)</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 415,686	\$ 415,686
Investment earnings	-	-	1,053	1,053
Total revenues	-	-	416,739	416,739
Expenditures				
Capital outlay	83,000	83,000	80,277	2,723
Total expenditures	83,000	83,000	80,277	2,723
Excess (deficiency) of revenues over (under) expenditures	(83,000)	(83,000)	336,462	419,462
Other financing sources				
Transfers in	-	-	881	881
Total other financing sources	-	-	881	881
Net change in fund balances	\$ (83,000)	\$ (83,000)	337,343	\$ 420,343
Fund deficit at beginning of year			(91,611)	
Fund balance at end of year			\$ 245,732	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,286,000	\$ 2,286,000	\$ 270,000	\$ (2,016,000)
System development fees	2,728,000	2,728,000	6,370,219	3,642,219
Investment earnings	-	-	46,070	46,070
Miscellaneous	-	-	3,737	3,737
Total revenues	<u>5,014,000</u>	<u>5,014,000</u>	<u>6,690,026</u>	<u>1,676,026</u>
Expenditures				
Capital outlay	6,389,000	6,389,000	1,779,180	4,609,820
Total expenditures	<u>6,389,000</u>	<u>6,389,000</u>	<u>1,779,180</u>	<u>4,609,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,375,000)</u>	<u>(1,375,000)</u>	<u>4,910,846</u>	<u>6,285,846</u>
Other financing sources (uses)				
Transfers in	3,000	3,000	307,335	304,335
Transfers out	(5,185,000)	(5,185,000)	(5,326,751)	(141,751)
Total other financing sources and uses	<u>(5,182,000)</u>	<u>(5,182,000)</u>	<u>(5,019,416)</u>	<u>162,584</u>
Net change in fund balances	<u>\$ (6,557,000)</u>	<u>\$ (6,557,000)</u>	(108,570)	<u>\$ 6,448,430</u>
Fund balance at beginning of year			10,008,634	
Fund balance at end of year			<u>\$ 9,900,064</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 9,611	\$ 9,611
Miscellaneous	-	-	48,546	48,546
Total revenues	-	-	58,157	58,157
Expenditures				
Capital outlay	7,213,040	7,213,040	5,372,842	1,840,198
Total expenditures	7,213,040	7,213,040	5,372,842	1,840,198
Deficiency of revenues under expenditures	(7,213,040)	(7,213,040)	(5,314,685)	1,898,355
Net change in fund balances	\$ (7,213,040)	\$ (7,213,040)	(5,314,685)	\$ 1,898,355
Fund balance at beginning of year			6,806,554	
Fund balance at end of year			\$ 1,491,869	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,429,000	\$ 1,429,000	\$ 877,098	\$ (551,902)
Other entities' participation	349,000	349,000	-	(349,000)
Investment earnings	-	-	10,697	10,697
Miscellaneous	-	-	18,594	18,594
Total revenues	<u>1,778,000</u>	<u>1,778,000</u>	<u>906,389</u>	<u>(871,611)</u>
Expenditures				
Capital outlay	10,400,000	10,500,000	1,590,493	8,909,507
Total expenditures	<u>10,400,000</u>	<u>10,500,000</u>	<u>1,590,493</u>	<u>8,909,507</u>
Deficiency of revenues under expenditures	<u>(8,622,000)</u>	<u>(8,722,000)</u>	<u>(684,104)</u>	<u>8,037,896</u>
Other financing sources				
Transfers in	7,591,000	7,591,000	777,062	(6,813,938)
Total other financing sources	<u>7,591,000</u>	<u>7,591,000</u>	<u>777,062</u>	<u>(6,813,938)</u>
Net change in fund balances	<u>\$ (1,031,000)</u>	<u>\$ (1,131,000)</u>	92,958	<u>\$ 1,223,958</u>
Fund balance at beginning of year			3,305,351	
Fund balance at end of year			<u>\$ 3,398,309</u>	

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 35,565,000	\$ 35,565,000	\$ 34,601,338	\$ (963,662)
Other	150,000	150,000	1,467,825	1,317,825
Total operating revenues	35,715,000	35,715,000	36,069,163	354,163
Operating expenses				
General and administrative	801,580	878,503	821,941	56,562
Personal services	5,652,690	5,446,010	5,425,593	20,417
Operation and maintenance	13,819,040	11,615,665	10,476,310	1,139,355
Capital outlay	3,600,000	3,600,000	-	3,600,000
Allocation of indirect expenses	2,530,470	2,530,470	2,195,541	334,929
Debt service:				
Principal	5,680,160	5,680,160	5,680,159	1
Contingency	899,000	3,232,132	-	3,232,132
Total operating expenses	32,982,940	32,982,940	24,599,544	8,383,396
Operating income	2,732,060	2,732,060	11,469,619	8,737,559
Nonoperating revenues (expenses)				
Interest expense	(7,716,640)	(7,716,640)	(7,665,659)	50,981
Investment earnings	200,000	200,000	636,379	436,379
Loss on sale of capital assets	-	-	(16,090)	(16,090)
Total nonoperating revenues (expenses)	(7,516,640)	(7,516,640)	(7,045,370)	471,270
Income (loss) before capital contributions and transfers	(4,784,580)	(4,784,580)	4,424,249	9,208,829
Capital contributions	7,676,000	7,676,000	11,143,574	3,467,574
Transfers in	708,000	708,000	264,320	(443,680)
Transfers out	(4,289,000)	(4,289,000)	(865,309)	3,423,691
Change in net assets	\$ (689,580)	\$ (689,580)	14,966,834	\$ 15,656,414

Explanation of difference between budgetary change in net assets at June 30, 2010, 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, 2009	458,584
Less compensated absences at June 30, 2010	(511,764)

Debt service principal payments are not recognized as expenses on the GAAP basis but are recognized as expenses on the budget basis.

5,680,159

Capital assets contributed by developers are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.

1,487,225

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

(9,560,616)

Amortization of bond issuance costs is recognized as an expense for GAAP purposes but not recognized for budgetary purposes.

(85,169)

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

\$ 12,435,253

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 21,065,210	\$ 21,065,210	\$ 21,024,189	\$ (41,021)
Other	-	-	3,584	3,584
Total operating revenues	21,065,210	21,065,210	21,027,773	(37,437)
Operating expenses				
General and administrative	660,680	594,055	555,186	38,869
Personal services	2,732,360	2,665,290	2,689,247	(23,957)
Operation and maintenance	8,980,330	8,473,875	8,269,880	203,995
Capital outlay	3,400,780	3,400,780	178,618	3,222,162
Allocation of indirect expenses	1,591,620	1,591,620	1,503,294	88,326
Debt service:				
Principal	29,939,840	29,939,840	3,804,841	26,134,999
Contingency	901,000	1,490,370	-	1,490,370
Total operating expenses	48,206,610	48,155,830	17,001,066	31,154,764
Operating income (loss)	(27,141,400)	(27,090,620)	4,026,707	31,117,327
Nonoperating revenues (expenses)				
Interest expense	(1,571,580)	(1,571,580)	(1,504,406)	67,174
Investment earnings	244,000	244,000	58,121	(185,879)
Gain on sale of capital assets	-	-	1,767	1,767
Total nonoperating revenues (expenses)	(1,327,580)	(1,327,580)	(1,444,518)	(116,938)
Income (loss) before capital contributions and transfers	(28,468,980)	(28,418,200)	2,582,189	31,000,389
Capital contributions	6,936,000	6,936,000	8,752,723	1,816,723
Transfers in	735,000	735,000	823,494	88,494
Transfers out	(1,270,240)	(1,270,240)	(1,226,130)	44,110
Change in net assets	\$ (22,068,220)	\$ (22,017,440)	10,932,276	\$ 32,949,716
Explanation of difference between budgetary change in net assets at June 30, 2010, 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, 2009			219,655	
Less compensated absences at June 30, 2010			(263,660)	
Capital outlays are not recognized as GAAP expenses but are recognized as expenses on the budget basis.			178,618	
Debt service principal payments are not recognized as expenses on the GAAP basis but are recognized as expenses on the budget basis.			3,804,841	
Capital assets contributed by developers are recognized as revenue for GAAP purposes but are not recognized as revenue on the budget basis.			642,576	
Depreciation is recognized as an expense for GAAP purposes but is not recognized for budgetary purposes.			(8,365,435)	
Amortization of bond issuance costs is recognized as an expense for GAAP purposes but is not recognized for budgetary purposes.			(131,013)	
Change in net assets as reported on the statement of revenues, expenses and changes in fund net assets			\$ 7,017,858	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 16,687,100	\$ 16,687,100	\$ 16,566,987	\$ (120,113)
Other	112,500	112,500	72,732	(39,768)
Total operating revenues	<u>16,799,600</u>	<u>16,799,600</u>	<u>16,639,719</u>	<u>(159,881)</u>
Operating expenses				
General and administrative	351,350	419,026	371,003	48,023
Personal services	5,098,320	4,988,120	4,988,881	(761)
Operation and maintenance	6,990,430	6,342,000	5,784,105	557,895
Capital outlay	2,124,000	2,130,220	1,463,195	667,025
Allocation of indirect expenses	1,326,600	1,326,600	1,275,090	51,510
Contingency	459,000	1,106,084	-	1,106,084
Total operating expenses	<u>16,349,700</u>	<u>16,312,050</u>	<u>13,882,274</u>	<u>2,429,776</u>
Operating income	<u>449,900</u>	<u>487,550</u>	<u>2,757,445</u>	<u>2,269,895</u>
Nonoperating revenues (expenses)				
Investment earnings	62,200	62,200	44,618	(17,582)
Loss on sale of capital assets	-	(37,650)	(6,986)	30,664
Total nonoperating revenues (expenses)	<u>62,200</u>	<u>24,550</u>	<u>37,632</u>	<u>13,082</u>
Income before transfers	512,100	512,100	2,795,077	2,282,977
Capital contributions	-	-	1,335,488	1,335,488
Transfers in	-	-	728	728
Transfers out	(18,000)	(18,000)	-	18,000
Change in net assets	<u>494,100</u>	<u>494,100</u>	<u>4,131,293</u>	<u>3,637,193</u>

Explanation of difference between budgetary change in net assets at June 30, 2010,
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, 2009	399,150
Less compensated absences at June 30, 2010	(453,720)

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

1,463,195

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

(1,432,367)

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

\$ 4,107,551

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 17,000	\$ 17,000	\$ 24,639	\$ 7,639
Total operating revenues	<u>17,000</u>	<u>17,000</u>	<u>24,639</u>	<u>7,639</u>
Operating expenses				
General and administrative	1,330	1,330	548	782
Personal services	52,080	52,080	28,630	23,450
Operation and maintenance	13,100	13,100	24,512	(11,412)
Total operating expenses	<u>66,510</u>	<u>66,510</u>	<u>53,690</u>	<u>12,820</u>
Operating loss	<u>(49,510)</u>	<u>(49,510)</u>	<u>(29,051)</u>	<u>20,459</u>
Nonoperating revenues				
Investment earnings	-	-	6	6
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Loss before transfers	(49,510)	(49,510)	(29,045)	20,465
Transfers in	<u>49,510</u>	<u>49,510</u>	<u>29,045</u>	<u>(20,465)</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010

	<u>Equipment Maintenance</u>	<u>Copier Services</u>	<u>Employee Benefit Self- Insurance</u>	<u>Total</u>
ASSETS				
Current assets:				
Pooled cash and investments	\$ 550,346	\$ 543,490	\$ 6,321,534	\$ 7,415,370
Receivables (net):				
Accrued interest	116	156	403	675
Accounts	4,683	-	4,375	9,058
Inventories	515,245	-	-	515,245
Total current assets	<u>1,070,390</u>	<u>543,646</u>	<u>6,326,312</u>	<u>7,940,348</u>
Noncurrent assets:				
Capital assets:				
Property, plant and equipment	223,224	217,575	-	440,799
Less accumulated depreciation	(160,585)	(98,007)	-	(258,592)
Total capital assets (net)	<u>62,639</u>	<u>119,568</u>	<u>-</u>	<u>182,207</u>
Total assets	<u>1,133,029</u>	<u>663,214</u>	<u>6,326,312</u>	<u>8,122,555</u>
LIABILITIES				
Current liabilities:				
Accounts payable	141,105	17,602	1,992	160,699
Accrued liabilities	54,333	-	-	54,333
Current portion of compensated absences	49,264	-	-	49,264
Claims payable	-	-	988,431	988,431
Total current liabilities	<u>244,702</u>	<u>17,602</u>	<u>990,423</u>	<u>1,252,727</u>
Long-term portion of compensated absences	<u>50,693</u>	<u>-</u>	<u>-</u>	<u>50,693</u>
Total liabilities	<u>295,395</u>	<u>17,602</u>	<u>990,423</u>	<u>1,303,420</u>
NET ASSETS				
Invested in capital assets, net of related debt	62,639	119,568	-	182,207
Unrestricted	774,995	526,044	5,335,889	6,636,928
Total net assets	<u>\$ 837,634</u>	<u>\$ 645,612</u>	<u>\$ 5,335,889</u>	<u>\$ 6,819,135</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, 2010

	Equipment Maintenance	Copier Services	Employee Benefit Self- Insurance	Total
Operating revenues				
Charges for services	\$ 6,120,230	\$ 358,514	\$ 12,426,004	\$ 18,904,748
Other	55,311	-	127,508	182,819
Total operating revenues	<u>6,175,541</u>	<u>358,514</u>	<u>12,553,512</u>	<u>19,087,567</u>
Operating expenses				
General and administrative	65,168	-	916,001	981,169
Personal services	1,578,442	-	-	1,578,442
Operation and maintenance	4,350,545	260,110	-	4,610,655
Claims Incurred	-	-	9,914,069	9,914,069
Depreciation	20,983	19,631	-	40,614
Total operating expenses	<u>6,015,138</u>	<u>279,741</u>	<u>10,830,070</u>	<u>17,124,949</u>
Operating income	<u>160,403</u>	<u>78,773</u>	<u>1,723,442</u>	<u>1,962,618</u>
Nonoperating revenues				
Investment earnings	1,286	1,950	11,613	14,849
Total nonoperating revenues	<u>1,286</u>	<u>1,950</u>	<u>11,613</u>	<u>14,849</u>
Change in net assets	161,689	80,723	1,735,055	1,977,467
Total net assets, beginning of year	<u>675,945</u>	<u>564,889</u>	<u>3,600,834</u>	<u>4,841,668</u>
Total net assets, end of year	<u>\$ 837,634</u>	<u>\$ 645,612</u>	<u>\$ 5,335,889</u>	<u>\$ 6,819,135</u>

TOWN OF GILBERT, ARIZONA
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2010

	<u>Equipment Maintenance</u>	<u>Copier Services</u>	<u>Employee Benefit Self- Insurance</u>	<u>Total</u>
Cash flows from operating activities:				
Other operating cash receipts	\$ 55,311	\$ -	\$ 125,833	\$ 181,144
Cash receipts from other funds for services	6,120,369	358,514	12,426,004	18,904,887
Cash payments to suppliers for goods and services	(4,422,344)	(264,307)	(11,084,825)	(15,771,476)
Cash payments to employees for services	(1,572,640)	-	-	(1,572,640)
Net cash provided by operating activities	<u>180,696</u>	<u>94,207</u>	<u>1,467,012</u>	<u>1,741,915</u>
Cash flows from investing activities:				
Interest received on investments	<u>1,383</u>	<u>2,058</u>	<u>14,781</u>	<u>18,222</u>
Net cash provided by investing activities	<u>1,383</u>	<u>2,058</u>	<u>14,781</u>	<u>18,222</u>
Net increase in cash and cash equivalents	182,079	96,265	1,481,793	1,760,137
Cash and cash equivalents at beginning of year	<u>368,267</u>	<u>447,225</u>	<u>4,839,741</u>	<u>5,655,233</u>
Cash and cash equivalents at end of year	<u>\$ 550,346</u>	<u>\$ 543,490</u>	<u>\$ 6,321,534</u>	<u>\$ 7,415,370</u>
Reconciliation of operating income to net cash provided by operations:				
Operating income	<u>\$ 160,403</u>	<u>\$ 78,773</u>	<u>\$ 1,723,442</u>	<u>\$ 1,962,618</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	20,983	19,631	-	40,614
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	139	-	(1,675)	(1,536)
Decrease in prepaid items	-	-	25,535	25,535
Decrease in inventories	60,617	-	-	60,617
Increase (decrease) in accounts payable	(67,248)	(4,197)	1,055	(70,390)
Decrease in claims payable	-	-	(281,345)	(281,345)
Increase in accrued expenses	5,802	-	-	5,802
Total adjustments	<u>20,293</u>	<u>15,434</u>	<u>(256,430)</u>	<u>(220,703)</u>
Net cash provided by operating activities	<u>\$ 180,696</u>	<u>\$ 94,207</u>	<u>\$ 1,467,012</u>	<u>\$ 1,741,915</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 7,117,980	\$ 7,117,980	\$ 6,120,230	\$ (997,750)
Other	-	-	55,311	55,311
Total operating revenues	<u>7,117,980</u>	<u>7,117,980</u>	<u>6,175,541</u>	<u>(942,439)</u>
Operating expenses				
General and administrative	83,410	75,290	65,168	10,122
Personal services	1,808,640	1,808,640	1,570,308	238,332
Operation and maintenance	5,211,350	5,219,470	4,350,545	868,925
Capital outlay	22,000	22,000	-	22,000
Depreciation	-	-	20,983	(20,983)
Total operating expenses	<u>7,125,400</u>	<u>7,125,400</u>	<u>6,007,004</u>	<u>1,118,396</u>
Operating income (loss)	<u>(7,420)</u>	<u>(7,420)</u>	<u>168,537</u>	<u>175,957</u>
Nonoperating revenues				
Investment earnings	1,200	1,200	1,286	86
Total nonoperating revenues	<u>1,200</u>	<u>1,200</u>	<u>1,286</u>	<u>86</u>
Change in net assets	<u>\$ (6,220)</u>	<u>\$ (6,220)</u>	<u>169,823</u>	<u>\$ 176,043</u>

Explanation of difference between budgetary change in net assets at June 30, 2010,
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, 2009	91,823
Less compensated absences at June 30, 2010	<u>(99,957)</u>
Change in net assets as reported on the statement of revenues, expenses and changes in fund net assets	<u>\$ 161,689</u>

TOWN OF GILBERT, ARIZONA
Copier Services Internal Service Fund
Schedule of Revenues, Expenses and Changes
in Net Assets - Budget and Actual - Budgetary Basis
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 375,000	\$ 375,000	\$ 358,514	\$ (16,486)
Total operating revenues	<u>375,000</u>	<u>375,000</u>	<u>358,514</u>	<u>(16,486)</u>
Operating expenses				
Operation and maintenance	323,130	323,130	260,110	63,020
Capital outlay	30,000	30,000	-	30,000
Depreciation	-	-	19,631	(19,631)
Total operating expenses	<u>353,130</u>	<u>353,130</u>	<u>279,741</u>	<u>73,389</u>
Operating income	<u>21,870</u>	<u>21,870</u>	<u>78,773</u>	<u>56,903</u>
Nonoperating revenues				
Investment earnings	2,000	2,000	1,950	(50)
Total nonoperating revenues	<u>2,000</u>	<u>2,000</u>	<u>1,950</u>	<u>(50)</u>
Change in net assets	<u>\$ 23,870</u>	<u>\$ 23,870</u>	<u>\$ 80,723</u>	<u>\$ 56,853</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues				
Charges for services	\$ 12,650,000	\$ 12,650,000	\$ 12,426,004	\$ (223,996)
Other	140,000	140,000	127,508	(12,492)
Total operating revenues	<u>12,790,000</u>	<u>12,790,000</u>	<u>12,553,512</u>	<u>(236,488)</u>
Operating expenses				
General and administrative	1,137,820	1,137,820	916,001	221,819
Claims Incurred	10,612,000	10,612,000	9,914,069	697,931
Total operating expenses	<u>11,749,820</u>	<u>11,749,820</u>	<u>10,830,070</u>	<u>919,750</u>
Operating income	<u>1,040,180</u>	<u>1,040,180</u>	<u>1,723,442</u>	<u>683,262</u>
Nonoperating revenues				
Investment earnings	50,000	50,000	11,613	(38,387)
Total nonoperating revenues	<u>50,000</u>	<u>50,000</u>	<u>11,613</u>	<u>(38,387)</u>
Change in net assets	<u>\$ 1,090,180</u>	<u>\$ 1,090,180</u>	<u>\$ 1,735,055</u>	<u>\$ 644,875</u>



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.

Fire Retirement Health - accounts for monies received from sworn fire employees for providing a monthly stipend for retirees to apply to the cost of their medical and/or dental insurance, medical and dental co-pays, and prescriptions and other benefits.



TOWN OF GILBERT, ARIZONA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2010

Flexible Spending	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Assets				
Restricted cash and investments	\$ 39,021	290,734	284,314	45,441
Total assets	<u>\$ 39,021</u>	<u>290,734</u>	<u>284,314</u>	<u>45,441</u>
Liabilities				
Accounts payable	\$ -	888	888	-
Medical benefits payable	30,270	225,103	219,128	36,245
Dependent care benefits payable	<u>8,751</u>	<u>65,631</u>	<u>65,186</u>	<u>9,196</u>
Total liabilities	<u>\$ 39,021</u>	<u>291,622</u>	<u>285,202</u>	<u>45,441</u>
Utility Donation Program				
Assets				
Accounts receivable, net	\$ 196	10,282	10,478	-
Restricted cash and investments	<u>478</u>	<u>10,485</u>	<u>10,963</u>	<u>-</u>
Total assets	<u>\$ 674</u>	<u>20,767</u>	<u>21,441</u>	<u>-</u>
Liabilities				
Other deposits	\$ <u>674</u>	<u>10,296</u>	<u>10,970</u>	<u>-</u>
Total liabilities	<u>\$ 674</u>	<u>10,296</u>	<u>10,970</u>	<u>-</u>
Fire Retirement Health Fund				
Assets				
Restricted cash and investments	\$ -	46,386	137	46,249
Restricted accrued interest	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Total assets	<u>\$ -</u>	<u>46,399</u>	<u>137</u>	<u>46,262</u>
Liabilities				
Other deposits	\$ <u>-</u>	<u>46,399</u>	<u>137</u>	<u>46,262</u>
Total liabilities	<u>\$ -</u>	<u>46,399</u>	<u>137</u>	<u>46,262</u>
Total-All Agency Funds				
Assets				
Accounts receivable, net	\$ 196	10,282	10,478	-
Restricted cash and investments	39,499	347,605	295,414	91,690
Restricted accrued interest	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>
Total assets	<u>\$ 39,695</u>	<u>357,900</u>	<u>305,892</u>	<u>91,703</u>
Liabilities				
Accounts payable	\$ -	888	888	-
Other deposits	674	56,695	11,107	46,262
Medical benefits payable	30,270	225,103	219,128	36,245
Dependent care benefits payable	<u>8,751</u>	<u>65,631</u>	<u>65,186</u>	<u>9,196</u>
Total liabilities	<u>\$ 39,695</u>	<u>348,317</u>	<u>296,309</u>	<u>91,703</u>



Statistical Section

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.

Contents	Page
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 Eight Fiscal Years ^a
(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>	<u>2010</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	\$ 707,099,883
Restricted	46,572,913	51,872,071	49,646,029	47,715,687	42,681,149	34,925,873	24,035,677	43,766,457
Unrestricted	17,099,202	19,536,802	38,750,945	48,970,671	67,609,797	48,021,680	63,993,988	66,029,993
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>	<u>\$ 816,896,333</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	\$ 276,058,613
Restricted	29,201,609	44,404,210	52,594,128	62,356,255	103,425,180	106,871,117	91,738,487	86,942,759
Unrestricted	46,364,812	42,045,208	46,529,937	17,926,973	9,480,280	136,635,181	182,089,776	195,803,181
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>	<u>\$ 558,804,553</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	\$ 983,158,496
Restricted	75,774,522	96,276,281	102,240,157	110,071,942	146,106,329	141,796,990	115,774,164	130,709,216
Unrestricted	63,464,014	61,582,010	85,280,882	66,897,644	77,090,077	184,656,861	246,083,764	261,833,174
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>	<u>\$ 1,375,700,886</u>

^a 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 Eight Fiscal Years ^a
(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>	<u>2010</u>
Expenses								
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	\$ 2,830,563
Support services	4,217,564	5,760,253	7,138,828	8,854,240	9,827,763	10,351,241	10,137,539	9,297,428
Legal and court	2,686,277	2,875,580	3,685,456	4,352,048	5,316,211	5,848,004	5,838,172	5,937,288
Development services	7,454,599	7,790,502	8,824,753	11,231,950	13,394,123	14,500,727	12,242,742	10,084,501
Public works	4,271,868	3,229,684	2,621,289	4,280,669	914,339	978,662	1,451,083	2,782,252
Public safety:								
Police	17,176,875	19,374,504	22,908,779	29,764,753	34,021,950	39,640,802	42,109,036	41,327,582
Fire	8,370,833	9,898,603	11,288,467	15,377,613	18,872,416	22,563,858	24,255,563	22,871,289
Highways and streets	19,765,224	19,613,335	25,100,705	24,852,381	31,052,006	36,385,215	38,540,677	36,905,783
Community services	8,552,036	8,526,959	10,114,095	11,238,766	15,925,776	16,175,710	19,349,722	19,825,728
Transportation	1,512,844	1,461,861	1,548,928	1,621,910	1,438,736	1,562,754	1,681,640	1,170,305
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	18,417,745
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>	<u>171,450,464</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	36,163,481
Wastewater	9,575,779	10,129,148	13,023,131	19,061,223	19,873,117	23,507,048	22,398,407	23,002,202
Solid waste	7,788,527	8,044,860	9,372,049	11,359,522	12,978,271	14,782,904	13,843,596	13,852,222
Irrigation	51,158	37,071	40,356	38,615	29,956	66,626	157,865	53,690
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>	<u>73,071,595</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>	<u>\$ 244,522,059</u>
Program Revenues								
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	\$ 4,027,463
Police	3,092,598	2,430,266	2,972,598	3,749,728	6,014,921	6,358,381	6,594,319	6,374,267
Fire	320,401	499,102	881,962	794,767	100,360	71,807	100,218	78,550
Highways and streets	1,075,907	865,437	1,111,282	1,258,182	1,396,499	1,265,289	1,454,141	1,659,066
Community services	1,947,932	2,149,622	2,222,258	2,464,365	2,954,876	3,129,436	3,192,962	3,734,602
Other activities	217,220	435,406	491,167	542,843	502,682	707,251	702,607	788,789
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	19,206,066
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	39,631,744
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>	<u>75,500,547</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	34,601,338
Wastewater	10,357,032	11,139,203	12,105,571	13,989,496	16,173,220	18,440,258	19,721,549	21,024,189
Solid waste	8,752,299	9,324,084	10,255,707	11,307,240	13,885,607	15,642,418	16,591,602	16,566,987
Irrigation	15,020	16,646	18,775	16,634	17,622	17,500	18,513	24,639
Capital grants and contributions	29,756,827	41,129,808	49,378,551	59,182,705	64,673,795	34,555,868	19,228,350	22,026,098
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>	<u>94,243,251</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>	<u>\$ 169,743,798</u>

Net (Expense)/Revenue

Governmental activities ^b	\$ (3,065,893)	\$ (4,132,438)	\$ (6,044,973)	\$ (41,241,946)	\$ (29,627,448)	\$ (72,697,456)	\$ (107,276,395)	\$ (95,949,917)
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>	<u>21,171,656</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>	<u>\$ (74,778,261)</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	\$ 47,118,885
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	30,116,881
In-Lieu property taxes	235,068	304,844	378,782	372,682	376,101	831,159	948,510	1,327,755
Franchise taxes	1,331,249	1,532,695	1,711,290	2,010,931	2,360,909	2,595,154	2,543,688	2,448,514
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	13,029,141
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	22,922,794
Unrestricted grants and contributions	1,367,303	2,196,572	2,491,151	3,157,577	3,157,008	2,195,293	939,018	1,235,571
Unrestricted investment earnings	1,571,868	1,181,254	2,314,665	7,018,569	8,508,485	4,462,545	2,003,235	1,300,903
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	73,744
Miscellaneous	414,353	319,327	602,281	614,602	620,185	543,818	668,784	679,801
Transfers	36,636	48,382	679,314	54,183	609,993	1,256,760	1,161,224	(345,546)
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>	<u>119,908,443</u>
Business-type activities:								
Investment earnings	1,247,691	812,801	2,835,377	5,144,180	5,287,992	7,509,250	1,066,552	739,124
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	148,135
Miscellaneous	167,189	303,089	626,001	801,446	405,850	400,069	753,627	1,544,141
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>	<u>345,546</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>	<u>2,776,946</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>	<u>\$ 122,685,389</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	\$ 23,958,526
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>	<u>23,948,602</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>	<u>\$ 47,907,128</u>

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

^b 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 Eight Fiscal Years ^a
(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>	<u>2010</u>
Governmental activities:								
General government:								
Management and policy	\$ 35,860	\$ 44,198	\$ 29,848	\$ 66,402	\$ 70,147	\$ 46,632	\$ 11,140	\$ 10,406
Support services	20,646	163,215	197,938	236,754	1,132,587	1,183,621	128,102	214,748
Legal and court	183,004	268,998	306,429	343,835	412,084	674,849	585,944	596,714
Development services	7,866,338	9,359,374	12,331,975	12,326,494	11,661,699	8,100,907	4,571,108	4,575,690
Public works ^d	7,407,290	3,080,949	1,122,359	1,976,224	5,837,055	1,948,470	901,345	1,005,068
Public Safety:								
Police	5,143,496	5,225,499	6,018,763	7,139,932	9,629,340	8,491,397	7,838,153	8,494,631
Fire	1,363,644	2,838,497	4,576,385	5,196,579	5,286,529	4,223,014	4,385,765	3,446,899
Highways and streets ^e	51,320,127	52,716,860	57,449,518	40,427,704	65,949,321	52,536,064	39,125,537	45,193,392
Community services	5,593,179	8,817,868	13,477,053	13,312,782	13,248,549	9,861,396	10,538,978	11,649,317
Transportation	42,998	182,820	386,539	149,619	510,939	303,199	407,933	313,682
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>	<u>75,500,547</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	47,232,137
Wastewater	22,779,625	28,833,888	34,669,529	41,365,318	44,778,394	33,144,752	28,368,813	30,419,488
Solid waste	8,752,299	9,324,084	10,272,480	11,307,240	13,885,607	15,642,418	16,591,602	16,566,987
Irrigation	15,020	16,646	18,775	16,634	17,622	17,500	18,513	24,639
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>	<u>94,243,251</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>	<u>\$ 169,743,798</u>

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

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

^c 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 2,029,973	\$ 64,148	\$ 133,315	\$ 1,258,466	\$ 233,555	\$ 441,157	\$ 16,082,035	\$ 16,015,075	\$ 17,630,101	\$ 21,382,756
Unreserved	<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>	<u>33,168,053</u>
Total general fund	<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>	<u>\$ 54,550,809</u>
All other governmental funds										
Reserved ^a	\$ 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	\$ 45,147,155
Unreserved, reported in:										
Special revenue funds	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	27,634,524
Debt service funds	-	(1,575,022)	(2,454,188)	(3,221,527)	(4,744,264)	(4,500,716)	-	-	-	-
Capital projects funds ^b	<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>96,562,707</u>	<u>159,263,883</u>
Total all other governmental funds	<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>	<u>\$ 159,263,883</u>

^a 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.

^b 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 Eight Fiscal Years ^a
(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>	<u>2010</u>
Revenues								
Taxes:								
Sales	\$ 29,645,140	\$ 34,972,908	\$ 43,159,583	\$ 49,198,256	\$ 57,697,496	\$ 56,979,907	\$ 48,736,286	\$ 46,872,739
Property	10,275,524	11,609,075	13,482,146	15,671,497	18,528,637	28,302,870	33,130,496	33,073,003
Franchise	1,331,249	1,532,695	1,711,290	2,010,931	2,360,909	2,595,154	2,543,688	2,448,514
Licenses and permits	4,867,861	6,281,477	9,192,849	8,539,210	6,818,495	4,734,163	2,459,042	2,614,273
Intergovernmental	43,926,179	34,440,730	40,149,322	46,258,664	65,758,839	73,255,188	67,053,476	72,535,194
Special assessments	1,242,492	1,924,451	1,552,289	1,425,857	355,124	2,121,038	421,894	437,493
Charges for services	5,912,088	7,135,507	8,479,154	9,536,324	9,391,341	9,593,874	8,596,016	8,795,326
Other entities' participation	1,242,755	2,156,627	2,845,785	2,325,967	6,081,523	1,619,694	1,055,416	1,233,559
System development fees	8,245,450	14,662,061	21,773,077	22,959,373	23,014,785	15,566,498	8,394,562	11,607,702
Gifts and donations	54,641	122,861	150,652	341,965	502,490	176,612	114,127	124,185
Fines and forfeitures	1,844,637	2,115,055	2,417,453	2,832,536	4,094,156	4,563,842	4,222,855	4,444,521
Investment earnings	1,569,227	1,173,164	2,277,133	6,933,872	8,386,063	4,344,980	1,978,090	1,286,054
Decrease in fair value of investments	(2,601,898)	-	-	-	-	-	-	-
Miscellaneous	478,059	480,717	651,072	799,218	669,913	800,050	818,714	753,545
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>	<u>186,226,108</u>
Expenditures								
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	3,457,728
Support services	5,609,746	6,821,426	7,460,561	8,722,221	9,770,935	10,813,606	10,385,787	10,256,878
Legal and court	2,679,223	2,850,975	3,070,512	3,714,232	4,681,581	5,222,500	5,202,603	5,261,063
Development services	7,400,086	7,694,887	8,614,412	10,966,867	12,693,286	14,023,620	11,320,737	9,204,352
Public works	1,896,109	1,540,331	1,231,658	1,411,727	1,254,628	1,328,552	1,797,804	1,224,936
Public safety:								
Police	16,596,031	18,772,923	21,197,065	27,835,183	31,534,516	36,126,310	37,851,358	37,668,983
Fire	7,650,531	9,359,511	10,491,040	13,982,418	17,223,948	20,521,025	21,171,212	20,115,006
Highways and streets	6,923,040	5,592,356	9,149,173	7,505,334	9,423,732	10,631,061	10,377,669	10,096,952
Community services	6,757,017	6,770,499	7,675,098	8,513,797	12,724,944	12,567,656	13,151,552	12,683,389
Transportation	1,512,844	1,461,861	1,548,928	1,621,910	1,438,736	1,562,754	1,681,641	1,170,305
Debt service:								
Principal	7,564,758	12,171,072	14,964,964	15,100,000	20,305,000	36,350,000	29,805,000	31,855,000
Interest	5,280,505	6,392,593	6,540,937	7,906,095	9,578,451	8,961,189	16,500,714	18,553,369
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	9,304
Capital outlay	54,272,427	69,663,246	65,598,244	83,798,196	106,748,401	87,528,247	134,013,578	58,784,547
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>	<u>220,341,812</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)	(34,115,704)

Other financing sources (uses)								
Transfers in	19,569,427	24,334,654	19,512,534	45,391,786	77,501,538	45,661,293	90,679,697	26,608,323
Transfers out	(19,532,791)	(24,286,272)	(18,833,220)	(45,337,603)	(76,891,545)	(44,404,533)	(89,518,473)	(25,634,471)
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)	-	-	-	-
Total other financing sources and uses	<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>	<u>973,852</u>
Net change in fund balances	\$ <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>	\$ <u>(33,141,852)</u>
Debt service as a percentage of noncapital expenditures	17.6%	22.7%	22.8%	20.7%	22.2%	27.9%	28.3%	31.2%

^a 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>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>2010</u>
Construction	\$ 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	\$ 5,083,485
Manufacturing	313,411	279,396	248,006	461,330	643,826	734,423	684,148	789,804	650,179	635,188
Utilities	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	5,724,639
Wholesale	354,440	444,998	509,324	556,862	335,857	446,597	483,943	577,086	527,933	610,065
Retail 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	23,775,975
Restaurants	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	3,566,427
Property Rental	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	5,249,645
Services	2,123,013	2,349,017	2,429,195	2,018,946	818,873	945,003	973,552	1,729,464	1,039,678	1,002,691
Other ^a	123,421	107,150	91,533	1,022,984	346,103	711,618	1,491,268	319,810	243,510	481,122
Transportation ^a	-	-	-	29,060	7,773	9,906	17,264	13,347	12,575	16,464
Finance & Insurance ^a	-	-	-	100,986	61,734	63,851	73,410	93,008	100,490	100,293
Public Administration ^a	-	-	-	6,214	5,900	9,819	11,416	8,272	4,748	9,503
Arts & Entertainment ^a	-	-	-	106,019	348,650	391,459	405,765	446,057	483,123	506,855
Audit Program	320,734	268,578	276,120	228,773	356,013	329,728	568,120	446,409	93,199	110,387
Adjustment	571,591	45,391	-	-	-	-	-	-	-	-
Total	\$ 26,007,473	\$ 29,508,253	\$ 29,645,140	\$ 34,972,908	\$ 43,159,583	\$ 49,198,256	\$ 57,697,496	\$ 56,979,907	\$ 48,736,286	\$ 46,872,739
Gilbert's local sales tax rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: Arizona Department of Revenue

^a 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. In addition, due to confidentiality requirements, categories that contain ten or less taxpayers will be included in the "Other" category.

Schedule 7

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

	<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>2010</u>
City Direct Rates:										
Hotel/Transient Lodging	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
All Others	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
County Rate:										
Hotel/Transient Lodging	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%	1.77%
All Others	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
State Rate:										
Hotel/Transient Lodging	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	6.50%
All Others	5.00%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	5.60%	6.60%

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 2010</u>			<u>Fiscal Year 2001</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	\$ 3,061,198	1	6.53 %	\$ ---		---
Utilities	2,629,834	2	5.61	885,150	5	3.53
Retail Sales	2,605,754	3	5.56	---		---
Retail Sales	1,608,474	4	3.43	---		---
Retail Sales	1,589,295	5	3.39	499,601	8	1.99
Retail Sales	1,230,894	6	2.63	958,697	4	3.82
Retail Sales	664,003	7	1.42	---		---
Retail Sales	591,084	8	1.26	---		---
Retail Sales	538,653	9	1.15	---		---
Retail Sales	520,740	10	1.11	2,036,518	1	8.11
Retail Sales	---		---	1,481,731	2	5.90
Retail Sales	---		---	1,310,095	3	5.22
Retail Sales	---		---	761,984	6	3.03
Construction	---		---	661,007	7	2.63
Construction	---		---	476,197	9	1.90
Retail Sales	---		---	404,203	10	1.61
Total	\$ <u>15,039,929</u>		<u>32.09 %</u>	\$ <u>9,475,183</u>		<u>37.74 %</u>

**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 User Revenue Bonds	Municipal Property Corporation Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	Water and Wastewater Revenue Bonds	Municipal Property Corporation Revenue Bonds			
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
2010	204,055,000	11,505,000	27,325,000	169,750,000	7,115,000	-	18,150,000	160,475,000	598,375,000	7.88	2,698

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 ^a</u>	<u>Percentage of Secondary Assessed Property Value ^b</u>	<u>Per Capita</u>
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
2010	211,170,000	6,720,588	204,449,412	2,297,228,317	8.90	921.83

^a Maricopa County Assessor's Office

^b 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, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Maricopa County	\$ None	4.61%	\$ None
Maricopa County Community College District	653,040,000	4.61%	30,105,144
Maricopa County Hospital District No. 1	None	4.61%	None
Gilbert Unified School District No. 41	201,790,000	69.50%	140,244,050
Higley Elementary School District No. 60	70,845,000	83.84%	59,396,448
Chandler Unified School District No. 80	201,310,000	9.99%	20,110,869
Mesa Unified School District No. 4	289,165,000	0.98%	2,833,817
East Valley Institute of Technology District No. 401 ^b	None	10.94%	None
Other debt			
Maricopa County ^c	197,835,000	4.61%	9,120,194
Maricopa County Community College District - revenue bonds	14,000,000	4.61%	645,400
Maricopa County Hospital District No. 1	None	4.61%	None
Gilbert Unified School District No. 41	None	69.50%	None
Higley Elementary School District No. 60	None	83.84%	None
Chandler Unified School District No. 80	None	9.99%	None
Mesa Unified School District No. 4	None	0.98%	None
East Valley Institute of Technology District No. 401 ^b	None	10.94%	None
Subtotal, overlapping debt			262,455,922
Town of Gilbert direct debt	412,635,000	100.00%	412,635,000
Total direct and overlapping debt			<u>\$ 675,090,922</u>

Source: The various jurisdictions

^a Proportion applicable to Town of Gilbert, Arizona is computed on the ratio of secondary assessed valuation for fiscal year 2010.

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

^c Includes certificates of participation outstanding in the aggregate principal amount of \$3,385,000; Public Finance Corporation lease revenue bonds outstanding in the aggregate principal amount of \$153,285,000 and Stadium District revenue bonds outstanding in the aggregate principal amount of \$41,165,000.

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

	Fiscal Year									
	<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>2010</u>
<u>20% Limitation</u>										
Debt limit equal to 20% of assessed valuation	\$ 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	\$ 459,446,000
Total net debt applicable to 20% limit	<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>	<u>195,320,000</u>
Legal 20% debt margin (available borrowing capacity)	<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>	<u>\$ 264,126,000</u>
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	25.12%	29.67%	25.55%	16.67%	13.01%	10.64%	16.47%	9.34%	40.73%	42.51%
<u>6% Limitation</u>										
Debt limit equal to 6% of assessed valuation	\$ 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	\$ 137,834,000
Total net debt applicable to 6% limit	<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>	<u>0</u>
Legal 6% debt margin (available borrowing capacity)	<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>	<u>\$ 137,834,000</u>
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	31.51%	96.06%	80.23%	75.97%	79.93%	73.71%	2.50%	0.51%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Net secondary assessed valuation as of June 30, 2010	\$ 2,297,228,317
20% Limitation	
Debt limit equal to 20% of assessed valuation	459,446,000
Debt applicable to limit:	
General obligation bonds	<u>195,320,000</u>
Legal 20% debt margin (available borrowing capacity)	<u>\$ 264,126,000</u>
6% Limitation	
Debt limit equal to 6% of assessed valuation	137,834,000
Debt applicable to limit:	
General obligation bonds	<u>0</u>
Legal 6% debt margin (available borrowing capacity)	<u>\$ 137,834,000</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	
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
2010	437,493	85,000	149,370	1.87	10,609,631	2,175,000	1,148,563	3.19	91,609,318	8,705,000	8,014,525	5.48

Fiscal Year	Water and Wastewater Revenue Bonds						Water Resources Municipal Property Corp. Revenue Bonds				
	Operating Revenues ^a	Less: Operating Expenses ^a	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	
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
2010	57,096,936	32,034,177	25,062,759	1,315,000	803,313	11.83	8,491,638	8,715,622	6,650,000	7,910,188	1.18

^a 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.

Schedule 14

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

Fiscal Year	Population	Personal Income (in thousands) (estimate)	Per Capita Income (estimate)	Median Age	School Enrollment	Unemployment Rate
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%
2010	221,787 *	7,590,000	30,559	30.7	39,089	5.1%

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 2005 per capital income figure was obtained from the American Community Survey. The 2001 through 2004 and 2006 through 2010 per capita income figures are estimates. The personal income amounts were estimated based on population and per capita income.

* The population figure for 2010 is an estimate from the Development Services Department.

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

Employer	Fiscal Year 2010			Fiscal Year 2001		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Gilbert Unified School District	4,718	1	5.64%	3,387	1	15.42%
Wal-Mart Stores, Inc.	1,550	2	1.85%	---		---
Banner Health	1,501	3	1.79%	---		---
Town of Gilbert	1,278	4	1.53%	692	4	3.15%
Target Stores, Inc	1,100	5	1.31%	---		---
Higley Unified School District	934	6	1.12%	---		---
Mercy Gilbert Medical Center	817	7	0.98%	---		---
Go Daddy Software, Inc.	707	8	0.85%	---		---
Fry's Food and Drug	650	9	0.78%	820	3	3.73%
Costco Wholesale	600	10	0.72%	---		---
Dillard's ---			---	300	10	1.37%
InteSys Technologies	---		---	970	2	4.42%
Earnhardt Auto Center	---		---	554	6	2.52%
Dillard's National Bank	---		---	560	5	2.55%
McGee/Walpole Consolidated	---		---	365	7	1.66%
Spectrum Astro	---		---	320	8	1.46%
Chandler Ready Mix	---		---	312	9	1.42%
Total	13,855		16.57%	8,280		37.70%

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>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>2010</u>
<u>Governmental Funds</u>										
General government:										
Management and policy	73.9	81.6	83.6	82.5	91.5	100.5	30.8	32.0	32.2	29.2
Support services	N/A	N/A	N/A	N/A	N/A	N/A	91.0	92.8	91.3	88.3
Legal and court	21.8	25.5	28.0	31.5	31.6	35.1	51.3	53.3	52.3	52.9
Development services	81.9	86.2	89.7	93.2	97.2	98.4	115.6	99.1	70.5	70.5
Public works	16.5	19.5	27.0	25.5	26.0	28.0	17.3	18.0	17.5	17.5
Public safety:										
Police	190.2	198.7	207.5	270.0	276.0	309.0	330.0	352.5	347.0	346.0
Fire	78.0	83.5	102.5	110.8	122.5	139.0	173.8	193.0	199.5	197.0
Highways and streets	29.3	35.3	41.3	40.5	45.0	47.5	54.5	55.3	55.3	49.3
Community services	92.2	107.4	120.3	111.0	109.1	113.2	114.4	120.0	117.1	106.8
<u>Enterprise Funds</u>										
Water	45.0	50.5	56.0	58.0	60.0	63.5	69.0	72.0	79.0	83.0
Wastewater	14.0	19.0	22.0	26.0	26.0	30.0	33.0	35.0	40.7	40.7
Solid Waste	41.0	43.5	51.5	52.0	57.5	63.1	71.3	77.1	79.0	79.0
Irrigation	0.7	0.7	0.7	0.5	0.5	0.5	0.5	0.7	0.7	0.7
<u>Internal Service Funds</u>										
Equipment maintenance	15.0	17.0	19.0	19.0	21.0	21.0	24.0	26.0	26.0	26.0
Total	<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>1,208.1</u>	<u>1,186.9</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**

<u>Function</u>	<u>Fiscal Year</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>2010</u>
General government:										
Management and policy										
% of population satisfied with value received from tax dollar	84%	85%	81%	81%	88%	88%	90%	87%	89%	86%
Support services										
Number of recruitments	146	116	117	129	131	171	246	107	87	90
Employee turnover	11.0%	12.0%	8.3%	9.2%	12.5%	13.1%	9.5%	9.2%	9.4%	5.4%
Legal and court										
Case filings	23,865	21,871	23,329	28,080	23,034	29,175	38,315	37,821	36,890	40,000
% of cases charged after review	NA	75%	62%	67%	62%	61%	66%	61%	61%	61%
Development services										
Building permits issued	6,980	5,797	5,891	7,457	7,348	6,750	5,322	3,663	2,054	2,506
Value of permits issued (in millions)	\$ 811.2	\$ 755.1	\$ 745.1	\$1,004.1	\$ 1,121.6	\$ 983.3	\$ 825.5	\$ 539.6	\$ 266.3	\$ 324.3
Public works										
Number of utility locates	31,250	29,936	32,510	37,085	35,621	35,265	26,616	16,451	12,000	12,481
Public Safety:										
Police										
Number of arrests	4,532	4,089	4,331	5,361	6,237	8,845	13,324	10,528	12,487	11,374
Crimes per 1,000 population	37.0	38.4	35.7	37.0	27.4	28.3	26.6	25.4	23.3	26.1
Fire										
Number of emergency calls	6,980	7,774	8,490	9,870	10,225	11,718	12,260	13,259	12,972	13,566
Response time average from time of alert at station to on-scene	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	4 min 11 sec	4 min 4 sec
Highways and streets										
Average pavement condition index	NA	NA	88	88	89	89	90	91	91	91
Community services										
Facility reservation requests	11,998	8,046	9,997	9,983	11,346	15,505	17,434	18,691	19,222	15,722
Participants in recreation programs	54,350	59,283	57,771	46,499	49,262	57,122	45,516	54,815	48,892	50,909
Transportation										
Average daily ridership	85	152	179	222	247	323	229	329	531	452
Water										
Daily average water production (mg)	26	29	34	36	38	40	44	42	44	42
Average # of meters read per month	40,650	46,000	49,300	54,160	58,420	60,190	64,320	68,447	70,630	70,730
Wastewater										
Daily average wastewater influent (mg)	7.32	7.89	8.54	9.46	10.46	10.71	11.71	12.32	12.37	12.91
Annual effluent produced/reused (mg)	2,347	2,404	2,502	2,627	2,596	2,599	3,417	4,174	4,160	4,420
Solid waste										
Solid waste tonnage	70,275	72,901	79,503	85,779	91,278	101,168	112,880	113,777	110,144	110,403
Recycle tonnage	13,764	12,766	13,229	14,421	16,538	17,084	18,388	19,055	18,737	18,081
Irrigation										
Cost per house irrigated	\$ 366	\$ 406	\$ 415	\$ 294	\$ 323	\$ 309	\$ 309	\$ 384	\$ 1,532 *	\$ 542

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

* Increase compared to prior years due to a one-time expense in 2009 for mapping and as-built condition reports on the Heritage Flood District Irrigation System in anticipation of the Town transferring this operation to another entity.

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

<u>Function</u>	<u>Fiscal Year</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>2010</u>
Public safety:										
Police										
Number of police cars	69	87	107	109	126	142	150	151	162	156
Fire										
Fire stations	6	6	6	6	8	9	9	9	9	9
Highways and streets										
Street center line miles (estimate)	703	742	766	806	883	986	1,013	1,017	872	903
Traffic control signals	55	56	57	80	89	111	137	159	169	168
Community services										
Total acres of park land, trails, open space, municipal areas and support facilities, operated and maintained	719	755	767	767	735	735	716	716	716	742
Water										
Miles of water main	448	503	554	591	642	825	900	1,067	1,137	1,175
Wastewater										
Miles of wastewater main	367	416	426	455	480	487	770	809	843	860
Solid waste										
Garbage trucks	31	39	44	46	55	51	52	52	54	57

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 ^a		Commercial Construction ^a		Other Construction ^a		Secondary Assessed Property Value ^b	Maricopa County Bank Deposits
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value		
2001	4,083	\$ 661,983,951	137	\$ 79,873,913	2,760	\$ 69,390,477	\$ 670,664,757	\$ 28,379,815,000 ^c
2002	3,472	570,781,981	106	132,489,648	2,219	51,781,132	749,581,043	29,293,209,000 ^c
2003	3,505	563,512,928	176	130,728,289	2,210	50,878,249	906,389,287	34,753,406,000 ^c
2004	4,769	753,517,139	274	189,583,027	2,414	61,006,431	1,052,321,817	39,014,589,000 ^c
2005	4,006	727,496,972	432	297,406,547	2,910	96,709,861	1,251,765,751	46,392,368,000 ^c
2006	3,638	589,698,508	500	304,955,513	2,612	88,679,208	1,466,841,566	54,925,528,000 ^d
2007	2,896	474,991,497	430	252,353,478	1,997	98,134,107	2,370,134,999	55,663,285,000 ^d
2008	1,536	268,197,375	349	180,776,005	1,778	90,605,562	2,768,391,194	55,054,948,000 ^d
2009	1,038	161,128,906	151	60,768,344	865	44,414,870	2,672,949,852	55,358,822,000 ^d
2010	1,427	213,032,031	147	67,488,230	932	43,754,466	2,297,228,317	61,925,568,000 ^d

^a Development Services Department

^b Maricopa County Assessor's Office

^c Arizona Banker's Association

^d Federal Deposit Insurance Corporation

**Town of Gilbert, Arizona
System Development Fees
Fiscal Year 2010**

	<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	\$ 246,132	958,158	6,386	(110,502)	\$ 1,100,174
Police system development fee	3,382,106	1,115,405	17,529	(2,747,592)	1,767,448
Fire system development fee	(19,592,734)	1,928,349	7,700	(769,675)	(18,426,360) ^a
General government system development fee	(1,108,636)	1,235,571	4,956	(2,372,062)	(2,240,171) ^a
Parks and recreation system development fee	8,130,770	6,370,219	75,006	(5,632,940)	8,943,055
Water system development fee	24,412,040	8,491,638	147,868	(9,452,218)	23,599,328
Water resources system development fee	26,428,957	2,651,937	75,218	(10,520,891)	18,635,221
Wastewater system development fee	(30,660,843)	8,715,622	16,231	(17,284,364)	(39,213,354) ^b
Totals	<u>\$ 11,237,792</u>	<u>31,466,899</u>	<u>350,894</u>	<u>(48,890,244)</u>	<u>\$ (5,834,659)</u>

Equivalent Residential Unit

Water system development fee	5,042
Wastewater system development fee	5,866

Source: Gilbert Finance Department

^a 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 \$33,439,653 at June 30, 2010.

^b The negative ending balance for the wastewater system development fee is funded by the wastewater operating, CIP and the equipment replacement funds. These funds had a combined cash balance of \$37,577,212 at June 30, 2010.

**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>
2001	\$ 7,215,340	\$ (25,839)	\$ 7,189,501	\$ 7,011,611	97.53%	\$ 178,298	\$ 7,189,909	100.01%
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%	162,634	8,686,649	99.97%
2004	10,423,960	(21,510)	10,402,450	10,192,801	97.98%	207,444	10,400,245	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	(183,273)	14,212,420	13,928,035	98.00%	282,724	14,210,759	99.99%
2007	16,913,578	(285,567)	16,628,011	16,226,531	97.59%	399,732	16,626,263	99.99%
2008	27,315,101	(474,995)	26,840,106	25,797,060	96.11%	1,026,988	26,824,048	99.94%
2009	31,332,659	(218,315)	31,114,344	29,744,757	95.60%	1,297,263	31,042,020	99.77%
2010	30,389,882	(214,836)	30,175,046	29,347,617	97.26%	-	29,347,617	97.26%

Source: Maricopa County Treasurer's Office

**Town of Gilbert, Arizona
Principal Property Taxpayers
Fiscal Year 2010**

<u>Principal Taxpayer</u>	<u>Type of Business</u>	<u>Secondary Assessed Valuation</u>	<u>As % of Town's Total Secondary Assessed Valuation</u>
Westcor Santan Village LLC	Shopping Center	\$ 22,259,078	0.97%
Verizon Wireless	Communications	10,226,217	0.45%
Target Corporation	Shopping Center	8,274,876	0.36%
Power & Ray LLC	Commercial	8,032,726	0.35%
Donahue Schriber Realty Group Lp	Shopping Center	7,505,900	0.33%
Qwest Corporation	Communications	7,363,108	0.32%
Macerich Santan Phase 2 Spe LLC	Shopping Center	7,358,597	0.32%
Vestar CTC-Gilbert Phase II LLC	Shopping Center	7,188,672	0.31%
Gilbert LLC/ETAL	Shopping Center	5,576,916	0.24%
Southwest Gas Corporation	Utility	5,565,415	0.24%
Lowe's HIW Inc	Shopping Center	5,554,216	0.24%
Dillard Store Services Inc.	Shopping Center	5,514,891	0.24%
Mountainwood Development Inc.	Vacant Land	5,382,475	0.23%
Branch Brook Gardens	Residential	5,200,000	0.23%
Gilbert Commons Financial Group LLC	Shopping Center	5,074,947	0.22%
Vestar CTC-Gilbert Phase II LLC	Shopping Center	5,045,397	0.22%
Spectrum Town Center Property LLC	Shopping Center	5,003,835	0.22%
Rome Towers LLC	Commercial	4,780,123	0.21%
SEP TRIO LLC	Vacant Land	4,552,080	0.20%
Sunnyvale Business Square LLC	Shopping Center	4,476,489	0.19%
		<u>\$ 139,935,958</u>	<u>6.09%</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.