

**CITY OF MARICOPA, ARIZONA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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CITY OF MARICOPA, ARIZONA

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CITY OF MARICOPA, ARIZONA

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Maricopa, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maricopa, Arizona (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 basic 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, each major fund, and the aggregate remaining fund information of the City of Maricopa, Arizona, as of June 30, 2009, and the respective changes in financial position thereof 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 January 29, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 45 and 46 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information, as listed in the table of contents under the Financial Section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld, Meech & Co., P.C.

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

January 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

As management of the City of Maricopa, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2008-09 as follows.

- The City's total net assets of governmental activities increased \$2.4 million to \$238.1 million representing a one percent increase over the prior year.
- General revenues from governmental activities accounted for \$23.1 million in revenue, or 61 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14.6 million or 39 percent of total governmental activities revenues.
- The City had \$35.3 million in expenses related to governmental activities, an increase of 5 percent from the prior fiscal year.
- Among major funds, the General Fund had \$26.6 million in current fiscal year revenues, which primarily consisted of sales taxes, and \$31.3 million in expenditures. The General Fund's fund balance decrease from \$73.0 million at the end of the prior fiscal year to \$68.3 million at the end of the current fiscal year was primarily due to one time expenditures from the General Fund for land acquisition of \$3.0 million, and \$2.0 million for park expansion as part of the City's capital improvement program.
- The Transportation Impact Fee Fund, had \$2.4 million in revenues, which primarily consisted of system development fees. Fund expenditures totaled \$1.4 million resulting in an increase in fund balance of \$922,648 to \$20.4 million.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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 themselves.

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

The statement of net assets presents information on all of the City'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 the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the City's activities are presented in the following categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, judicial, public safety, highways and streets, public works, and culture and recreation. Sales taxes, property taxes, state shared revenues, and charges for services finance most of these activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City currently used by the City are governmental funds.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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 the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and the Transportation Impact Fee Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules as supplementary information presented with these financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process. The City adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as supplementary information presented with these financial statements.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$238.1 million at the current fiscal year end.

The largest portion of the City's net assets (56 percent) reflects its investment in capital assets (e.g., land and improvements, buildings, infrastructure, vehicles, machinery and equipment, computer and software, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. At June 30, 2009, the City had \$1.1 million in capital lease obligations outstanding related to the acquisition of fire fighting equipment.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current assets	\$109,557,119	\$113,859,820
Capital assets, net	134,163,130	126,004,425
Total assets, net	<u>243,720,249</u>	<u>239,864,245</u>
Current liabilities	4,300,229	3,178,660
Non-current liabilities	1,280,583	954,854
Total liabilities	<u>5,580,812</u>	<u>4,133,514</u>
Invested in capital assets, net of related debt	133,067,896	124,909,707
Restricted	34,740,312	35,329,613
Unrestricted	70,331,229	75,491,411
Total net assets	<u>\$238,139,437</u>	<u>\$235,730,731</u>

At the end of the current fiscal year the City reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The City's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Assets.

- The City expended over \$2.0 million in construction costs to expand the Pacana Park as programmed in the capital improvement program.
- The City was in the process of constructing a new library adding \$2.5 million to construction in progress as part of the City's capital improvement program.
- The City acquired land for \$3.1 million for future construction of general government facilities.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The City's total revenues for the current fiscal year were \$37.7 million. The total cost of all programs and services was \$35.3 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,413,163	\$ 3,836,412
Operating grants and contributions	3,967,175	2,978,293
Capital grants and contributions	8,238,154	38,175,235
General revenues:		
Property taxes	8,073,578	5,504,915
Sales taxes	10,230,103	18,141,568
Franchise taxes	536,966	758,442
Intergovernmental revenues	4,583,320	5,392,623
Investment income (loss)	(378,160)	4,378,266
Miscellaneous	37,503	30,441
Total revenues	<u>37,701,802</u>	<u>79,196,195</u>
Expenses:		
General government	9,252,531	7,692,170
Judicial	249,551	96,906
Public safety	15,608,622	15,675,619
Highways and streets	3,308,393	2,763,552
Public works	4,302,586	4,597,237
Culture and recreation	2,506,551	2,027,478
Economic and community development		572,519
Interest on long-term debt	64,346	64,397
Total expenses	<u>35,292,580</u>	<u>33,489,878</u>
Extraordinary item:		
Acceptance of fire district		6,186,965
Total extraordinary item		<u>6,186,965</u>
Change in net assets	<u>\$ 2,409,222</u>	<u>\$ 51,893,282</u>

Total revenues decreased \$41.5 million, or 52 percent, primarily as a result of the overall weak economy. Construction sales tax collections decreased due to dramatic slowing in the construction industry. Likewise, development impact fees decreased \$30.0 million over the prior fiscal year.

Total expenses increased \$1.8 million over the prior fiscal year primarily due to increased governmental operations. Additionally, the City completed implementation of the full three shifts police staffing and associated expenses.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$105.4 million, a decrease of \$5.7 million due primarily to completion of several large capital projects, and a loss of \$378,160 in the investment portfolio resulting in a \$4.8 million reduction in investment income over last year.

The General Fund is the principal operating fund of the City. The decrease in fund balance of \$4.7 million for the fiscal year to \$68.3 million, was due primarily to park expansion and general government land acquisition. The Transportation Impact Fee Fund showed an increase in fund balance of \$922,648 due primarily to postponed capital projects.

BUDGETARY HIGHLIGHTS

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances between the original and final budgets and the final budget and actual amounts for the General Fund are as follows:

- In February 2009, the City Council adopted an amendment to the City's 2009 operating budget in which \$2.2 million of appropriated expenditures were swept back into the City's contingency line item in the General Fund from various departmental and fund budgets. This action was taken as a precaution against projected revenue shortfalls caused by the significant slowdown in the residential construction industry and retail sales.
- In June 2009, the City Council approved a Reimbursement Agreement. The Reimbursement Agreement required a budget adjustment to move \$1 million from the contingency line item to cover the expenditure.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2009, the City had invested \$147.6 million in capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase prior to depreciation of \$13.6 million from the prior fiscal year, primarily due to completion of several capital projects including a new library. The park expansion was nearly completed and is included in the construction in progress totals. Total depreciation expense for the current fiscal year was \$5.4 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2009 and June 30, 2008.

<u>Governmental Activities</u>	As of June 30, 2009	As of June 30, 2008
Land and land improvements	\$ 51,613,304	\$ 48,478,062
Infrastructure	70,917,344	69,444,977
Buildings and improvements	9,558,125	6,999,718
Vehicles, machinery and equipment	10,083,249	8,375,144
Construction in progress	5,445,910	717,078
Less: Accumulated depreciation	<u>(13,454,802)</u>	<u>(8,010,554)</u>
Total	<u>\$134,163,130</u>	<u>\$126,004,425</u>

Additional information on the City's capital assets can be found in Note 5.

Debt Administration. – At year end, the City had no bonded debt outstanding. Arizona state statutes require the City to obtain the approval of the voters prior to issuing most forms of general obligation and revenue type bonds, and in November 2008 the voters approved \$65.0 million in general obligation bonds for parks and recreation purposes. The first tranch of this authorization is expected to be issued in January 2010.

The City inherited, as part of the absorption of the Maricopa Volunteer Fire District, \$1.2 million in outstanding capital lease obligations that were used to acquire fire fighting equipment in prior fiscal years.

Additional information on the City's long-term debt can be found in Notes 6 and 7.

**CITY OF MARICOPA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

City management considered many factors in the process of developing the operating budget for the fiscal year 2009-10. The most significant factors affecting the subsequent year's budget are:

- A temporary suspension of the practice of designating 50% of one time revenues in the General Fund for capital expenditures and instead utilizing those revenues to fund ongoing expenditures.
- Salary freezes for general City employees and a reduction in training and travel dollars for all City employees.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Department, City of Maricopa, Arizona, 45145 West Madison Avenue, P. O. Box 610, Maricopa, Arizona 85139.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF MARICOPA, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 105,744,023
Interest receivable	91,850
Taxes receivable	2,141,140
Accounts receivable	110,920
Intergovernmental receivables	1,455,131
Prepaid items	14,055
Total current assets	109,557,119
Noncurrent assets:	
Land and other non-depreciable assets	54,932,640
Infrastructure, buildings, equipment and other depreciable assets	92,685,292
Accumulated depreciation	(13,454,802)
Total noncurrent assets	134,163,130
Total assets	243,720,249
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	3,192,052
Accrued wages payable	549,102
Compensated absences payable	369,308
Intergovernmental payables	48,762
Unearned revenue	1,087
Capital leases payable	139,918
Total current liabilities	4,300,229
Noncurrent liabilities:	
Compensated absences	325,267
Capital leases payable	955,316
Total non-current liabilities	1,280,583
Total liabilities	5,580,812
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	133,067,896
Restricted for:	
Capital projects	32,385,451
Highways and streets	2,354,861
Unrestricted	70,331,229
Total net assets	\$ 238,139,437

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

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**CITY OF MARICOPA, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 9,252,531	\$ 1,113,758	\$ 139,349	\$ 320,699	\$ (7,678,725)
Judicial	249,551	518,712			269,161
Public safety	15,608,622	426,086	237,291	1,140,136	(13,805,109)
Highways and streets	3,308,393	77,547	1,515,962	6,568,996	4,854,112
Public works	4,302,586		2,012,073		(2,290,513)
Culture and recreation	2,506,551	277,060	62,500	208,323	(1,958,668)
Interest on long-term debt	64,346				(64,346)
Total governmental activities	\$ 35,292,580	\$ 2,413,163	\$ 3,967,175	\$ 8,238,154	(20,674,088)

General revenues:

Taxes:

Property taxes	8,073,578
Sales taxes	10,230,103
Franchise taxes	536,966
Intergovernmental revenues	4,583,320
Investment loss	(378,160)
Miscellaneous	37,503
Total general revenues	23,083,310

Changes in net assets 2,409,222

Net assets, beginning of year 235,730,215

Net assets, end of year \$238,139,437

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

**CITY OF MARICOPA, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Transportation Impact Fee	Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 68,175,804	\$ 20,728,988	\$ 16,839,231
Interest receivable	70,457	21,393	
Taxes receivable	2,141,140		
Accounts receivable	34,765		76,155
Intergovernmental receivables	729,266		725,865
Due from other funds	66,606		
Prepaid items	14,055		
Total assets	\$ 71,232,093	\$ 20,750,381	\$ 17,641,251
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,040,778	\$ 364,268	\$ 787,006
Accrued wages payable	535,483		13,619
Intergovernmental payables	48,762		
Due to other funds			66,606
Deferred revenue	331,193		
Total liabilities	2,956,216	364,268	867,231
Fund balances:			
Reserved for capital projects		20,386,113	11,999,338
Reserved for highways and streets			2,354,861
Unreserved:			
Undesignated	68,275,877		
Unreserved reported in:			
Special revenue funds			2,419,821
Total fund balances	68,275,877	20,386,113	16,774,020
Total liabilities and fund balances	\$ 71,232,093	\$ 20,750,381	\$ 17,641,251

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

Total
Governmental
Funds

\$ 105,744,023
91,850
2,141,140
110,920
1,455,131
66,606
14,055
\$ 109,623,725

\$ 3,192,052
549,102
48,762
66,606
331,193
4,187,715

32,385,451
2,354,861

68,275,877

2,419,821
105,436,010

\$ 109,623,725

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CITY OF MARICOPA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total governmental fund balances		\$ 105,436,010
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:</p>		
Property taxes that will not be available to pay for current period expenditures and therefore are deferred in the funds.		330,106
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	\$ 147,617,932	
Less accumulated depreciation	<u>(13,454,802)</u>	134,163,130
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(694,575)	
Obligations under capital leases	<u>(1,095,234)</u>	<u>(1,789,809)</u>
Net assets of governmental activities		<u>\$ 238,139,437</u>

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

CITY OF MARICOPA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	General	Transportation Impact Fee	Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 7,936,092	\$	\$
Sales taxes	10,230,103		
Franchise taxes	536,966		
Licenses and permits	866,940		
Intergovernmental revenues	5,624,876		5,366,550
Charges for services	1,023,168		
Fines and forfeitures	518,712		
Investment loss	(238,584)	(64,829)	(74,747)
Miscellaneous	116,798	2,435,932	1,857,675
Total revenues	<u>26,615,071</u>	<u>2,371,103</u>	<u>7,149,478</u>
Expenditures:			
Current -			
General government	8,199,585		140,750
Judicial	249,551		
Public safety	13,859,090		149,710
Highways and streets	440,280		1,950,381
Public works	579,872		
Culture and recreation	1,296,882		63,934
Capital outlay	6,466,672	1,448,455	6,837,461
Debt service -			
Principal	133,017		
Interest and fiscal charges	64,346		
Total expenditures	<u>31,289,295</u>	<u>1,448,455</u>	<u>9,142,236</u>
Changes in fund balances	<u>(4,674,224)</u>	<u>922,648</u>	<u>(1,992,758)</u>
Fund balances, beginning of year	72,950,101	19,463,465	18,766,778
Fund balances, end of year	<u>\$ 68,275,877</u>	<u>\$ 20,386,113</u>	<u>\$ 16,774,020</u>

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

Total
Governmental
Funds

\$ 7,936,092
10,230,103
536,966
866,940
10,991,426
1,023,168
518,712
(378,160)
4,410,405

36,135,652

8,340,335
249,551
14,008,800
2,390,661
579,872
1,360,816
14,752,588

133,017
64,346

41,879,986

(5,744,334)

111,180,344

\$ 105,436,010

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CITY OF MARICOPA, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Net changes in fund balances - total governmental funds **\$ (5,744,334)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Property taxes in the Statement of Activates that do not provide current financial resources are not reported as revenues in the funds. 137,486

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capitalized assets are allocated over their useful lives and reported as depreciation expense in the statement of activities. Also, contributed assets are not reported in the fund financial statements but are reported in the statement of activities.

Capital contributions	\$ 1,472,367	
Capital outlay - capitalized assets	12,177,408	
Less current year depreciation	<u>(5,447,367)</u>	8,202,408

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	(142,635)	
Disposal of vehicles	<u>(43,703)</u>	<u>(186,338)</u>

Change in net assets in governmental activities **\$ 2,409,222**

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

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CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Maricopa, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal entity governed by an elected mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments; and therefore is not a component unit of any other reporting entity.

In a prior year, the City had formed an Industrial Development Authority (IDA) to provide conduit financing to spur economic development opportunities within the greater Maricopa area. The Mayor and Council appoint all seven members of the IDA Board and provide general oversight over the IDA's activities. As of June 30, 2009 the IDA had not incurred any financial transactions and therefore has no financial data to report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by sales taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As of June 30, 2009, the City had no business-type activities.

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

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally it is not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

Transportation Impact Fee Fund – This fund is used to account for the receipt and expenditure of the City's transportation impact fee. The revenues in this fund are restricted for capital outlay purposes.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgeting and Budgetary Control

The City Council formally adopts an annual budget for all operating funds. The statutory level of control at which expenditures may not exceed budget is at the total expenditure level. However, the City's internal policy is that expenditures may not exceed the budgets by departments within each fund, except for bond and grants-in-aid funds, which are exempted by statute. Upon written request from the City Manager, the Council has the authority to transfer part or all of any unencumbered appropriation balance from one department or fund to another. The City Manager, upon request from Department Heads, may approve transfers of appropriations between divisions and expenditure categories within departments.

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all governments. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Through a vote of the qualified electors, a government may permanently adjust its base limitation to increase its annual expenditure limitation. At the general election held November 2, 2004, the City of Maricopa voters approved a permanent adjustment of \$9,750,000 to the City's base limitation.

E. Property Taxes

Arizona Revised Statutes require that taxes be levied on or before the third Monday in August. Taxes are levied and collected by the Pinal County Treasurer's Office on real and personal properties. Real property taxes, payable in two installments, are due November 1 and May 1. Personal property taxes are billed throughout the year. Interest and penalties are assessed if a taxpayer fails to pay the tax within a period of time specified by law. Taxes are considered to be a lien against real property at the date of the levy.

The property tax levy, as described in the Arizona State Statutes, is divided into two levies, a primary levy and a secondary levy. Secondary taxes are levied strictly for the retirement and redemption of bonded indebtedness, while the primary levy may be used for any legal operating purpose.

The primary property tax levy is limited to a 2% annual increase over the prior year's maximum allowable levy plus an adjustment for properties that were not taxed in the previous year.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2004. The City qualified as a Phase 3 implementer of GASB 34, and has elected under that standard to not report infrastructure assets in existence prior to that date. As part of the development process, the developers are required to construct much of the infrastructure in and around their developments. At completion, these infrastructure assets are donated to the City and capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20-40
Infrastructure	12-50
Vehicles	5-7
Machinery and equipment	5-15
Computers/Software	3-5

G. Compensated Absences

Vacation leave vests with the employee as it is earned. All employees may carry forward only the amount of vacation benefits equal to the maximum allowable earned credits for the preceding calendar year. Accordingly, at fiscal year end, the liability for accumulated vacation is reported on the government-wide financial statements as a current liability. Upon termination or retirement, an employee will be compensated for accumulated vacation leave. Payment will be based upon the individual's rate of pay at termination or retirement. Upon death, the same benefits shall be paid to the employee's beneficiary. Sick leave benefits provided for ordinary sick pay are not vested with the employee. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Fund Equity

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

J. Interfund Activity

Flows of cash from one fund to another, without a requirement for repayment, are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

K. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the Voluntary Regional Transportation Fund, a non-major governmental fund, reported a deficit of \$3,614 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2009-10 are expected to eliminate the deficit.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments. All investments are stated at fair value.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City's deposits was \$2,784,124 and the bank balance was \$2,613,756. Of the bank balance, \$250,000 was covered by Federal depository insurance and \$2,363,756 was exposed to custodial credit risk as uninsured and was collateralized with securities held by the pledging financial institution's trust department.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

At year end, the City's investments consisted of the following.

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's investment pool 5	40 days average	\$ 22,832,333
State Treasurer's investment pool 7	11 days average	80,127,566
Total		<u>\$ 102,959,899</u>

Interest Rate Risk. The City's formal investment policy limits interest rate risk by structuring the investment portfolio so that securities mature concurrent with the anticipated cash requirements for ongoing operations, thereby avoiding, as much as possible, the need to sell securities into an adverse market environment prior to maturity and utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.

Credit Risk. The City's formal investment policy limits credit risk by limiting investments in the portfolio to the asset classes designated as acceptable in A.R.S. §35-323, by diversifying the investment portfolio so that the impact of potential losses from any one individual issuer held in the portfolio will be limited and by utilizing external research and advice regarding the current global economic condition and its impact on the outlook for domestic corporate credit quality.

Custodial Credit Risk – Investments. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk.

CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – RECEIVABLES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue of \$330,106 was reported in the governmental funds for delinquent property taxes receivable in the General Fund.

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 46,351,488	\$ 3,135,242	\$	\$ 49,486,730
Construction in progress	717,078	4,823,501	(94,669)	5,445,910
Total capital assets, not being depreciated	<u>47,068,566</u>	<u>7,958,743</u>	<u>(94,669)</u>	<u>54,932,640</u>
Capital assets, being depreciated:				
Land improvements	2,126,574			2,126,574
Buildings	6,916,903	2,341,049		9,257,952
Building improvements	82,815	217,358		300,173
Infrastructure	69,444,977	1,472,367		70,917,344
Vehicles	5,060,841	460,938	(46,822)	5,474,957
Machinery and equipment	1,595,370	1,253,861		2,849,231
Computers/Software	1,718,933	40,128		1,759,061
Total capital, assets being depreciated	<u>86,946,413</u>	<u>5,785,701</u>	<u>(46,822)</u>	<u>92,685,292</u>
Less accumulated depreciation for:				
Land improvements	(188,770)	(106,329)		(295,099)
Buildings	(338,646)	(367,970)		(706,616)
Building improvements	(634)	(10,751)		(11,385)
Infrastructure	(6,081,027)	(3,532,660)		(9,613,687)
Vehicles	(838,689)	(843,202)	(3,119)	(1,678,772)
Machinery and equipment	(186,612)	(237,041)		(423,653)
Computes/Software	(376,176)	(349,414)		(725,590)
Total accumulated depreciation	<u>(8,010,554)</u>	<u>(5,447,367)</u>	<u>(3,119)</u>	<u>(13,454,802)</u>
Total capital assets, being depreciated, net	<u>78,935,859</u>	<u>338,334</u>	<u>(49,941)</u>	<u>79,230,490</u>
Governmental activities capital assets, net	<u>\$ 126,004,425</u>	<u>\$ 8,297,077</u>	<u>\$ (144,610)</u>	<u>\$ 134,163,130</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 343,002
Public safety	1,189,440
Public works	3,741,938
Culture and recreation	172,987
Total depreciation expense – governmental activities	<u>\$ 5,447,367</u>

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES

The City, through its acceptance of the Maricopa Volunteer Fire District at July 1, 2007 has become responsible for lease agreements that were used to finance the acquisition of fire vehicles and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases that meet the City's capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 1,813,886
Less: Accumulated depreciation	446,696
Total	\$ 1,367,190

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

	Governmental Activities
Year Ending June 30:	
2010	\$ 197,363
2011	197,363
2012	197,363
2013	197,363
2014	197,363
2015-17	354,117
Total minimum lease payments	1,340,932
Less: amount representing interest	245,698
Present value of minimum lease payments	\$ 1,095,234
Due within one year	\$ 139,918

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under leases	\$1,228,251	\$	\$ 133,017	\$1,095,234	\$ 139,918
Compensated absences payable	551,940	712,084	569,449	694,575	369,308
Governmental activity long-term liabilities	<u>\$1,780,191</u>	<u>\$ 712,084</u>	<u>\$ 702,466</u>	<u>\$1,789,809</u>	<u>\$ 509,226</u>

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES

Due to/from other funds – At year end a non-major governmental fund, the Voluntary Regional Transportation Fund, had a negative cash balances of \$66,606. Negative cash was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

NOTE 9 – CONTINGENT LIABILITIES

Lawsuits – The City is a defendant in a number of lawsuits at the current fiscal year end. It is the opinion of management and City Council that the amount of losses resulting from these litigations at fiscal year end would not be material to the financial position of the City.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City mitigates the potential financial effects of these risks through its participation in the Arizona Municipal Risk Retention Pool (AMRRP), which is a common risk management and insurance program open to all Arizona municipalities. The City pays an annual premium to AMRRP for its general liability and automobile coverage. The AMRRP membership agreement provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for general liability claims and \$250,000 for property claims. The City is also a member of the Arizona Municipal Workers' Compensation Pool (AMWCP) for workers' compensation insurance. AMWCP is a public entity workers' compensation pool currently operating for member cities and town. The City pays quarterly premiums to AMWCP for its workers' compensation insurance. The agreement provides that AMWCP will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000.

The City continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 11 – RETIREMENT PLAN

Plan Descriptions – The City contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

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

The *Public Safety Personnel Retirement System (PSPRS)* administers agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers 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.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS

P. O. Box 33910
Phoenix, AZ 85012-3910
(602) 240-2200 or (800) 621-3778

PSPRS

3010 E. Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575

Funding policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates.

Cost-sharing plan - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2009, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 11 – RETIREMENT PLAN (Cont'd)

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

	Retirement Fund	Health Benefit Supplement Fund	Long- Term Disability Fund
Year ending June 30:			
2009	\$ 361,743	\$ 43,464	\$ 22,637
2008	334,144	43,584	20,754
2007	169,591	23,586	11,231

Agent plan - For the current fiscal year, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 12.77 percent for police and 9.10 percent for fire fighters.

Annual Pension Cost – The City's pension cost for the agent plan for the year ended June 30, 2009 and related information follows.

	PSPRS
Contribution rates:	
Police:	
City	12.77%
Plan members	7.65%
Fire:	
City	9.10%
Plan members	7.65%
Annual pension cost	383,083
Contributions made	965,936
Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%-8.5%
Inflation rate	5.5%
Amortization method	Level percent-of-pay closed
Remaining amortization	27 years for underfunded and 20 years for excess value
Asset valuation method	Smoothed market

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 11 – RETIREMENT PLAN (Concl'd)

Trend Information – Information for the agent plan as of most recent actuarial valuations follows.

Maricopa Police Plan:

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2009	\$ -0-	-0-	-0-
2008	308,238	100%	-0-
2007	\$ -0-	-0-	-0-

Maricopa Fire Plan:

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2009	\$383,083	100%	-0-
2008	277,026	100%	-0-
2007	253,470	100%	-0-

Funding Progress – An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations follows.

Maricopa Police Plan:

Valuation Date <u>June 30,</u>	Actuarial Value of Plan Assets <u>(a)</u>	Actuarial Accrued Liability <u>(b)</u>	Funding Excess (Liability) <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	Unfunded Liability as Percentage of Covered Payroll <u>([a-b]/c)</u>
2009	\$3,078,299	\$3,451,200	(372,901)	89.2%	\$3,436,841	(10.9)%
2008	1,972,504	1,916,359	56,145	102.9%	3,203,012	1.8 %
2007	446,574	701,900	(255,326)	63.6%	313,596	(81.4)%

Maricopa Fire Plan:

Valuation Date <u>June 30,</u>	Actuarial Value of Plan Assets <u>(a)</u>	Actuarial Accrued Liability <u>(b)</u>	Funding Excess (Liability) <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	Unfunded Liability as Percentage of Covered Payroll <u>([a-b]/c)</u>
2009	\$3,695,756	\$3,966,011	(270,255)	93.2%	\$4,214,681	(6.4)%
2008	2,842,540	2,729,453	113,087	104.1%	3,926,466	2.9 %
2007	1,797,477	1,752,771	44,706	102.6%	2,773,648	1.6 %

**CITY OF MARICOPA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 12 – FUND EQUITY

The City restricts net assets on its statement of net assets when the requirements imposed by external sources, either legislative or contractual, constrain the City's ability to utilize those net assets. The City reports reservations of fund balance in its governmental funds to indicate that portion of fund balance is not appropriate for expenditure or is legally segregated for a specific future use.

At June 30, 2009, reserved fund balance amounts in the governmental funds consisted of:

- 1) Reserve for capital projects of \$32.3 million, consisting of amounts collected for specific capital projects;
- 2) Reserve for highways and streets of \$2.4 million, consisting of amounts funded by legally restricted revenue sources.

At June 30, 2009, restricted net assets in the government-wide statements consisted of:

- 1) Capital projects of \$32.3 million, consisting of amounts collected for specific capital projects;
- 2) Highways and streets of \$2.4 million consisting of net assets funded by legally restricted revenue sources.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

At year end, the City had contractual commitments related to various capital projects for the construction of a park and certain infrastructure projects. At year end the City had spent \$4.8 million on the projects and had estimated remaining contractual commitments of \$4.0 million.

NOTE 14 – SUBSEQUENT EVENTS

In November of 2008, the voters of the City of Maricopa approved a question on the general election ballot giving the City authority to issue up to \$65.0 million in general obligation bonds for parks and recreation purposes. The City has submitted the Financial Assistance Bond application to the Greater Arizona Development Authority and expects that funding from the issuance will be available January 2010.

NOTE 15 – INVESTMENT LOSS

In September 2008, the City's investment in the State Treasurer's Local Government Pool 5 incurred a loss. The impact to the City's financial statements was approximately \$1.4 million.

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(REQUIRED SUPPLEMENTARY INFORMATION)**

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CITY OF MARICOPA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 7,818,059	\$ 7,818,059	\$ 7,936,092	\$ 118,033
Sales taxes	8,040,000	8,040,000	10,230,103	2,190,103
Franchise taxes	600,000	600,000	536,966	(63,034)
Licenses and permits	2,415,500	1,227,500	866,940	(360,560)
Intergovernmental revenues	4,590,097	4,590,097	5,624,876	1,034,779
Charges for services	931,150	614,500	1,023,168	408,668
Fines and forfeitures	360,400	360,400	518,712	158,312
Investment loss	2,000,000	500,000	(238,584)	(738,584)
Miscellaneous	30,000	30,000	116,798	86,798
Total revenues	26,785,206	23,780,556	26,615,071	2,834,515
Expenditures:				
Current -				
General government	11,299,841	12,018,175	8,199,585	3,818,590
Judicial	235,424	224,028	249,551	(25,523)
Public safety	14,301,511	13,978,102	13,859,090	119,012
Highways and streets	666,636	628,771	440,280	188,491
Public works	710,342	618,627	579,872	38,755
Culture and recreation	1,979,873	1,840,025	1,296,882	543,143
Capital outlay	8,372,401	6,815,288	6,466,672	348,616
Debt service -				
Principal		133,017	133,017	
Interest and fiscal charges		64,346	64,346	
Total expenditures	37,566,028	36,320,379	31,289,295	5,031,084
Change in fund balances	(10,780,822)	(12,539,823)	(4,674,224)	7,865,599
Fund balances, July 1, 2008	72,950,101	72,950,101	72,950,101	
Fund balances, June 30, 2009	\$ 62,169,279	\$ 60,410,278	\$ 68,275,877	\$ 7,865,599

See accompanying notes to this schedule.

**CITY OF MARICOPA, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

CITY OF MARICOPA, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2009

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 9,263,194	\$ 7,576,037	\$ 16,839,231
Accounts receivable		76,155	76,155
Intergovernmental receivables	725,865		725,865
Total assets	\$ 9,989,059	\$ 7,652,192	\$ 17,641,251
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 441,129	\$ 345,877	\$ 787,006
Accrued wages payable	13,619		13,619
Due to other funds		66,606	66,606
Total liabilities	454,748	412,483	867,231
Fund balances:			
Reserved for capital projects	4,756,015	7,243,323	11,999,338
Reserved for highways and streets	2,358,475	(3,614)	2,354,861
Unreserved:			
Undesignated	2,419,821		2,419,821
Total fund balances	9,534,311	7,239,709	16,774,020
 Total liabilities and fund balances	 \$ 9,989,059	 \$ 7,652,192	 \$ 17,641,251

CITY OF MARICOPA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2009

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Intergovernmental revenues	\$ 5,366,550	\$	\$ 5,366,550
Investment loss	(30,071)	(44,676)	(74,747)
Miscellaneous	47,295	1,810,380	1,857,675
Total revenues	<u>5,383,774</u>	<u>1,765,704</u>	<u>7,149,478</u>
Expenditures:			
Current -			
General government	140,750		140,750
Public safety	149,710		149,710
Highways and streets	1,950,381		1,950,381
Culture and recreation	63,934		63,934
Capital outlay	1,968,011	4,869,450	6,837,461
Total expenditures	<u>4,272,786</u>	<u>4,869,450</u>	<u>9,142,236</u>
 Change in fund balances	 <u>1,110,988</u>	 <u>(3,103,746)</u>	 <u>(1,992,758)</u>
 Fund balances, beginning of year	 8,423,323	 10,343,455	 18,766,778
 Fund balances, end of year	 <u>\$ 9,534,311</u>	 <u>\$ 7,239,709</u>	 <u>\$ 16,774,020</u>

CITY OF MARICOPA, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Highway Users Revenue Fund	Road Maintenance	Local Transportation Assistance Fund	Grants
ASSETS				
Cash and investments	\$ 1,768,659	\$ 2,560,044	\$ 385,795	\$ 1,213,566
Intergovernmental receivables	233,632			294,181
Total assets	<u>\$ 2,002,291</u>	<u>\$ 2,560,044</u>	<u>\$ 385,795</u>	<u>\$ 1,507,747</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,342	\$ 140,223	\$ 9	\$ 68,873
Accrued wages payable	11,260			2,359
Total liabilities	<u>29,602</u>	<u>140,223</u>	<u>9</u>	<u>71,232</u>
Fund balances:				
Reserved for capital projects				1,436,515
Reserved for highways and streets	1,972,689		385,786	
Unreserved:				
Undesignated		2,419,821		
Total fund balances	<u>1,972,689</u>	<u>2,419,821</u>	<u>385,786</u>	<u>1,436,515</u>
Total liabilities and fund balances	<u>\$ 2,002,291</u>	<u>\$ 2,560,044</u>	<u>\$ 385,795</u>	<u>\$ 1,507,747</u>

County Road Tax	Totals
\$ 3,335,130	\$ 9,263,194
198,052	725,865
<u>\$ 3,533,182</u>	<u>\$ 9,989,059</u>

\$ 213,682	\$ 441,129
<u>213,682</u>	<u>13,619</u>
	<u>454,748</u>

3,319,500	4,756,015
	2,358,475
	<u>2,419,821</u>
<u>3,319,500</u>	<u>9,534,311</u>

<u>\$ 3,533,182</u>	<u>\$ 9,989,059</u>
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CITY OF MARICOPA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Highway Users Revenue Fund</u>	<u>Road Maintenance</u>	<u>Local Transportation Assistance Fund</u>
Revenues:			
Intergovernmental revenues	\$ 1,298,595	\$	\$ 170,072
Investment loss	(1,747)	(12,315)	(1,087)
Miscellaneous		47,295	
Total revenues	<u>1,296,848</u>	<u>34,980</u>	<u>168,985</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets	732,801	556,393	66,678
Culture and recreation			
Capital outlay	370,458		
Total expenditures	<u>1,103,259</u>	<u>556,393</u>	<u>66,678</u>
Change in fund balances	<u>193,589</u>	<u>(521,413)</u>	<u>102,307</u>
Fund balances (deficits), beginning of year	1,779,100	2,941,234	283,479
Fund balances, end of year	<u>\$ 1,972,689</u>	<u>\$ 2,419,821</u>	<u>\$ 385,786</u>

<u>Grants</u>	<u>County Road Tax</u>	<u>Totals</u>
\$ 2,455,712	\$ 1,442,171	\$ 5,366,550
	(14,922)	(30,071)
<u>2,455,712</u>	<u>1,427,249</u>	<u>47,295</u> <u>5,383,774</u>
140,750		140,750
149,710		149,710
553,435	41,074	1,950,381
63,934		63,934
70,764	1,526,789	1,968,011
<u>978,593</u>	<u>1,567,863</u>	<u>4,272,786</u>
<u>1,477,119</u>	<u>(140,614)</u>	<u>1,110,988</u>
(40,604)	3,460,114	8,423,323
<u>\$ 1,436,515</u>	<u>\$ 3,319,500</u>	<u>\$ 9,534,311</u>

**CITY OF MARICOPA, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2009**

	Voluntary Regional Transportation	Parks Impact Fee	Library Impact Fee	Public Safety Impact Fee
ASSETS				
Cash and investments	\$	\$ 21,821	\$ 994,422	\$ 918,237
Accounts receivable	76,155			
Total assets	<u>\$ 76,155</u>	<u>\$ 21,821</u>	<u>\$ 994,422</u>	<u>\$ 918,237</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13,163	\$ 2,890	\$ 329,824	\$
Due to other funds	66,606			
Total liabilities	<u>79,769</u>	<u>2,890</u>	<u>329,824</u>	
Fund balances:				
Reserved for capital projects		18,931	664,598	918,237
Reserved for highways and streets	(3,614)			
Total fund balances	<u>(3,614)</u>	<u>18,931</u>	<u>664,598</u>	<u>918,237</u>
Total liabilities and fund balances	<u>\$ 76,155</u>	<u>\$ 21,821</u>	<u>\$ 994,422</u>	<u>\$ 918,237</u>

General Government Impact Fee	Totals
\$ 5,641,557	\$ 7,576,037
	76,155
<u>\$ 5,641,557</u>	<u>\$ 7,652,192</u>
\$	\$ 345,877
	66,606
	<u>412,483</u>
5,641,557	7,243,323
	(3,614)
<u>5,641,557</u>	<u>7,239,709</u>
<u>\$ 5,641,557</u>	<u>\$ 7,652,192</u>

**CITY OF MARICOPA, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NON-MAJOR CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2009**

	Voluntary Regional Transportation	Parks Impact Fee	Library Impact Fee
Revenues:			
Investment loss	\$ (551)	\$ (2,271)	\$ (18,499)
Miscellaneous	1,188,526	84,207	124,116
Total revenues	<u>1,187,975</u>	<u>81,936</u>	<u>105,617</u>
Expenditures:			
Capital outlay	1,483,466	442,665	2,943,319
Total expenditures	<u>1,483,466</u>	<u>442,665</u>	<u>2,943,319</u>
 Change in fund balances	 <u>(295,491)</u>	 <u>(360,729)</u>	 <u>(2,837,702)</u>
 Fund balances, beginning of year	 291,877	 379,660	 3,502,300
 Fund balances (deficits), end of year	 <u>\$ (3,614)</u>	 <u>\$ 18,931</u>	 <u>\$ 664,598</u>

Public Safety Impact Fee	General Government Impact Fee	Totals
\$ (3,052)	\$ (20,303)	\$ (44,676)
92,832	320,699	1,810,380
89,780	300,396	1,765,704
		4,869,450
		4,869,450
89,780	300,396	(3,103,746)
828,457	5,341,161	10,343,455
<u>\$ 918,237</u>	<u>\$ 5,641,557</u>	<u>\$ 7,239,709</u>

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SINGLE AUDIT SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
of the City of Maricopa, Arizona

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Maricopa, Arizona as of and for the year ended June 30, 2009 which collectively comprise City of Maricopa, Arizona's basic financial statements and have issued our report thereon dated January 29, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Maricopa, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Maricopa, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Maricopa, Arizona's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Maricopa, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Maricopa, Arizona in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

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

January 29, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of the City Council
of the City of Maricopa, Arizona

Compliance

We have audited the compliance of City of Maricopa, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Maricopa, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Maricopa, Arizona's management. Our responsibility is to express an opinion on City of Maricopa, Arizona's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Maricopa, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Maricopa, Arizona's compliance with those requirements.

In our opinion, City of Maricopa, Arizona complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Maricopa, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Maricopa, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Maricopa, Arizona's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Maricopa, Arizona as of and for the year ended June 30, 2009, and have issued our report thereon dated January 29, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise City of Maricopa, Arizona's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City Council others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

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

January 29, 2010

CITY OF MARICOPA, ARIZONA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the Arizona Department of Housing -			
Community Development Block Grants/Entitlement Grants	14.218	121-08	\$ 3,619
Community Development Block Grants/Entitlement Grants	14.218	159-09	159
Total U.S. Department of Housing and Urban Development			<u>3,778</u>
<u>U.S. Department of Justice</u>			
Direct Programs -			
Public Safety Partnership and Community Policing Grants	16.710	2008-CKWX0632	2,085
Passed through the Arizona Governor's Office of Highway Safety -			
Enforcing Underage Drinking Laws Program	16.727	2008-OJJDP-003	2,238
Total U.S. Department of Justice			<u>4,323</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Arizona Department of Homeland Security -			
Homeland Security Grant Program	97.067	444309-01	34,311
Homeland Security Grant Program	97.067	444308-01	6,819
Total U.S. Department of Homeland Security			<u>41,130</u>
<u>U.S. Department of Transportation</u>			
Passed through the Arizona Governor's Office of Highway Safety -			
State and Community Highway Safety	20.600	2008-PT-009	15,000
State and Community Highway Safety	20.600	2009-PT-016	3,680
Passed through the Pinal County Sherriff's Office -			
State and Community Highway Safety	20.600	2008-410-003	5,006
Subtotal CFDA Number 20.600			<u>23,686</u>
Passed through the Arizona Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	JPA-07-005 P	116,313
Formula Grants for Other Than Urbanized Areas	20.509	AZ-18-X027/JPA-07-005P	358,284
Subtotal CFDA Number 20.509			<u>474,597</u>
Job Access and Reverse Commute	20.516	JPA-08-003 P	10,241
Total U.S. Department of Transportation			<u>508,524</u>
Total Expenditures of Federal Awards			<u><u>\$ 557,755</u></u>

**CITY OF MARICOPA, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Maricopa, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2009 *Catalog of Federal Domestic Assistance*.

**CITY OF MARICOPA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Other Than Urbanized Areas

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**CITY OF MARICOPA, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

**SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None reported.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**CITY OF MARICOPA, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009**

Status of Federal Award Findings and Questioned Costs

The City had no findings or questioned costs related to federal awards noted in prior audits that require a status.

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