



TOWN OF MARANA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013



This page intentionally left blank

**TOWN OF MARANA, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Issued by:
Finance Department

11555 W. Civic Center Dr., A3
Marana, Arizona 85653



This page intentionally left blank

TOWN OF MARANA, ARIZONA

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	vii
Principal Officials	viii
Senior Staff	viii
Organizational Chart	ix
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	37

TOWN OF MARANA, ARIZONA

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION</u> (Cont'd)	<u>Page</u>
BASIC FINANCIAL STATEMENTS (Concl'd)	
Statement of Net Position – Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40
Notes to Financial Statements	41
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	72
Highway User Revenue Fund	73
Note to Required Supplementary Information	74
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Other Major Governmental Funds Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Tangerine Farms Road Improvement District Debt Fund	79
2008 Debt Service Fund	80
Non-Major Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	83

TOWN OF MARANA, ARIZONA

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION</u> (Concl'd)	<u>Page</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Concl'd)	
Non-Major Special Revenue Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	90
Non-Major Capital Projects Funds:	
Combining Balance Sheet	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	104
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	107
Non-Major Debt Service Fund:	
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	122
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	124
<u>STATISTICAL SECTION</u>	
FINANCIAL TRENDS	
Net Position by Component – Last Ten Fiscal Years	132
Changes in Net Position – Last Ten Fiscal Years	134

TOWN OF MARANA, ARIZONA

TABLE OF CONTENTS (Cont'd)

STATISTICAL SECTION (Cont'd)

FINANCIAL TRENDS (Concl'd)

Governmental Activities Tax Revenues by Source – Last Ten Years	138
Fund Balances of Governmental Funds – Last Ten Fiscal Years	139
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	140

REVENUE CAPACITY

Assessed Value, Estimated Actual Value and Assessment Ratios of Taxable Property – Last Nine Years	142
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	143
Principal Property Taxpayers – Current Year and Six Years Ago	144
Property Tax Levies and Collections – Last Ten Fiscal Years	145

DEBT CAPACITY

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	146
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	147
Direct and Overlapping Governmental Activities Debt	148
Legal Debt Margin Information	149
Pledged-Revenue Coverage – Last Ten Fiscal Years	150

DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and Economic Statistics – Last Ten Fiscal Years	151
Principal Employers – Current Year and Six Years Ago	152

TOWN OF MARANA, ARIZONA

TABLE OF CONTENTS (Concl'd)

STATISTICAL SECTION (Concl'd)

OPERATING INFORMATION

Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	153
--	-----

OTHER INFORMATION

Sales Tax by Industry – Last Ten Years	154
Excise Tax Collections – Last Ten Years	155
Principal Retail and Contracting Sales Taxpayers	156
Single Family Residential Permits Issued – Last Ten Years	157
Capital Assets Statistics by Function	158



This page intentionally left blank

INTRODUCTORY SECTION



This page intentionally left blank



December 18, 2013

The Honorable Mayor and Town Council, and Citizens of the Town of Marana, Arizona:

State statutes require that cities and towns publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual financial report of the Town of Marana, Arizona (Town) for the fiscal year ended June 30, 2013.

This report consists of senior management's representations concerning the finances of the Town. Consequently, senior management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to protect both the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Henry & Horne, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited Town's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Marana, incorporated in 1977, is located in northern Pima County and has historically been one of the fastest growing communities in Arizona. Straddling Interstate 10, Marana is only 10 miles north of downtown Tucson and 90 miles south of downtown Phoenix. Marana's original incorporation covered approximately ten square miles. The Town's planning area currently occupies over 120 square miles and serves a population in excess of 36,000.

In its infancy, the Town was primarily a rural, agricultural community. However, through annexations and planned growth, the Town is now home to several residential, commercial and industrial developments, including Continental Ranch, Continental Reserve, Sunflower, Heritage Highlands, Dove Mountain, Saguaro Ranch, Sky Ranch, Continental Ranch Business Park and Arizona Pavilions.

Legislative authority for the Town of Marana is vested in a seven-member Mayor and Council. Voters of the Town directly elect the Mayor. Council-members serve four-year staggered terms.

The Council fixes the duties and compensation of Town officials and employees, and enacts ordinances and resolutions relating to Town services, taxes, appropriating and borrowing monies, licensing and regulating businesses and trades and other municipal purposes. The Town Council appoints the Town Manager who has full responsibility for executing Council policies and administering Town operations. Town employees are hired under personnel rules approved by the Council. A staff of approximately 319 employees is responsible for the functions and operations of the Town government.

Economic Condition and Outlook

The local economy continued to modestly improve during the current fiscal year. Revenues in the General Fund grew by approximately 4% overall with growth in intergovernmental revenues of 11% and licenses, permits and fees of 59%. Although the Town has seen improvements in economically sensitive revenues, the revenue forecast for fiscal year 2013-14 anticipates a modest continuation of the recovery seen in the current year. The Town's budget is structurally balanced with ongoing revenues supporting ongoing expenditures. One-time revenues like contracting transaction privilege taxes and building permits support one-time expenditures. The budget maintains the Marana economic recovery plan, which includes three investment priorities: current employees, resources and tools, and strategic positions.

Current Condition

The economy continued to improve throughout the current fiscal year. As described above, key revenues including intergovernmental and licenses, permits & fees revenues were higher. The Town established and maintains an economic recovery plan as a way to guide decisions made during future year's budgetary processes. Even, as revenues grow in future years, the economic recovery plan will serve as a guide in the allocation of resources as they become available. Both the current and future programs are measured for alignment with the Strategic Plan as well as the economic recovery plan. Those programs that are more precisely aligned with those plans and those that are sustainable are more likely to receive funding. The financial performance of the Town as a whole is reflected in its governmental funds. As of June 30, 2013, the Town's governmental funds reported a combined fund balance of \$68.1 million, of which \$17.7 million is unassigned and available for spending at the Town's discretion.

The Town, like most municipalities, is significantly dependent upon transaction privilege tax revenues which are subject to economic fluctuations. Transaction privilege tax revenues comprised 59% of general fund revenues. Of those revenues, retail, construction and utilities comprised 71% of total transaction privilege tax revenues. Sales taxes and revenues related to the residential and commercial construction industry continued their modest recovery during the fiscal year.

Future Economic Outlook

Despite the significant slowdown in development during the depths of the recession, several key activities and revenues associated with those activities have shown consistent recovery over the past several fiscal years. The Town's goal in managing budgets during the recession was to position the Town to take advantage of the eventual economic recovery. The Town has been able to make strategic reinvestments in existing programs and minor investments in new programs that provide the opportunity to further position the Town as the place to live, work and play. Many more exciting things are in store for Marana as it is uniquely positioned geographically with an abundance of developable commercial, industrial and residential land.

Accomplishments and Initiatives

During fiscal year 2013, the Town had several significant accomplishments.

Emergency Operations Plan

Council formally adopted the Emergency Operations Plan completed this fiscal year. The plan considers all-hazards and provides the structure and controls for local and regional level policy and operational coordination for incident management. Consistent with the National Incident Management System (NIMS) model, the plan can be partially or fully implemented in the context of a threat, in anticipation of a significant event, or in response to a significant incident. Together, the plan and the NIMS integrate the capabilities and resources of various governmental jurisdictions, incident management and emergency response disciplines, non-governmental organizations (NGO), and the private sector for local or regional incident management.

Twin Peaks – Tiffany Loop Drainage

The Town completed the Tiffany Loop Drainage project, which began in FY 2011. This project consisted of constructing a storm drainage system, installing future waterline sleeves, a Cortaro Marana Irrigation District (CMID) irrigation line, constructing three driveways to existing businesses and assisting with corresponding utility adjustments as required.

Classification and Compensation Study

This fiscal year the Human Resources Department worked with a consultant to conduct a classification and compensation study to ensure that our organization has accurate job descriptions and salaries that will attract and retain the best employees.

Key deliverables of the study are development of a pay philosophy, updated classification system, FLSA exemption status review, comprehensive compensation survey, market comparisons, review of pay practices, development of market sensitive pay structures, and implementation plan and guidelines for future administration. The new classification and compensation plan will be implemented in fiscal year 2014.

Marana Wastewater Treatment Facility

In April of this fiscal year, the Town entered into a settlement agreement with Pima County for the transfer of ownership of the Marana Wastewater Treatment Facility. In June of this fiscal year, the agreement was settled.

The plant serves approximately 2,000 customers in North Marana with the ability to accommodate significant commercial and residential growth in the near future. Wastewater is an important element of a balanced water portfolio and this acquisition places the Town in the position to be aggressive in our pursuit of critical economic development opportunities.

Expenditure Limitation

On June 30, 1980 Arizona voters approved general propositions amending the Arizona Constitution to establish expenditure and revenue limitations for local governments. The purpose of the expenditure limitation is to control expenditures and to limit future increases in spending to adjustments for inflation, deflation and population growth of the Town.

On May 21, 2013, the voters of the Town approved an alternative expenditure limitation, the effect of which is that the total budgeted expenditures of each yearly budget becomes the expenditure limitation for that year on a total budget basis. This alternative expenditure limitation is effective for four years.

Single Audit

As a recipient of Federal, State and County financial assistance, the Town is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. Internal control is subject to periodic evaluation by management.

As part of the Town's single audit described earlier, tests are made to determine the adequacy of the internal controls, including that portion related to Federal financial assistance programs, as well as to determine that the Town has complied with applicable laws and regulations.

Certificate of Achievement

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Marana for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2012. This was the fifth consecutive year that the Town has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period only. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report.

A special thanks to the Mayor and Council for dedicating the resources to this project and for their leadership and support of staff.

Respectfully submitted,

A handwritten signature in blue ink that reads "Gilbert Davidson". The signature is written in a cursive style with a large, prominent "D".

Gilbert Davidson
Town Manager

A handwritten signature in blue ink that reads "Erik Montague". The signature is written in a cursive style with a large, prominent "M".

Erik Montague, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Marana
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

**TOWN OF MARANA, ARIZONA
PRINCIPAL OFFICIALS OF THE TOWN OF MARANA
FISCAL YEAR 2013**

MAYOR AND COUNCIL

Ed Honea, Mayor

Jon Post, Vice Mayor	Herb Kai, Councilmember
Carol McGorray, Councilmember	Roxanne Ziegler, Councilmember
Dave Bowen, Councilmember	Patti Comerford, Councilmember

MANAGEMENT STAFF

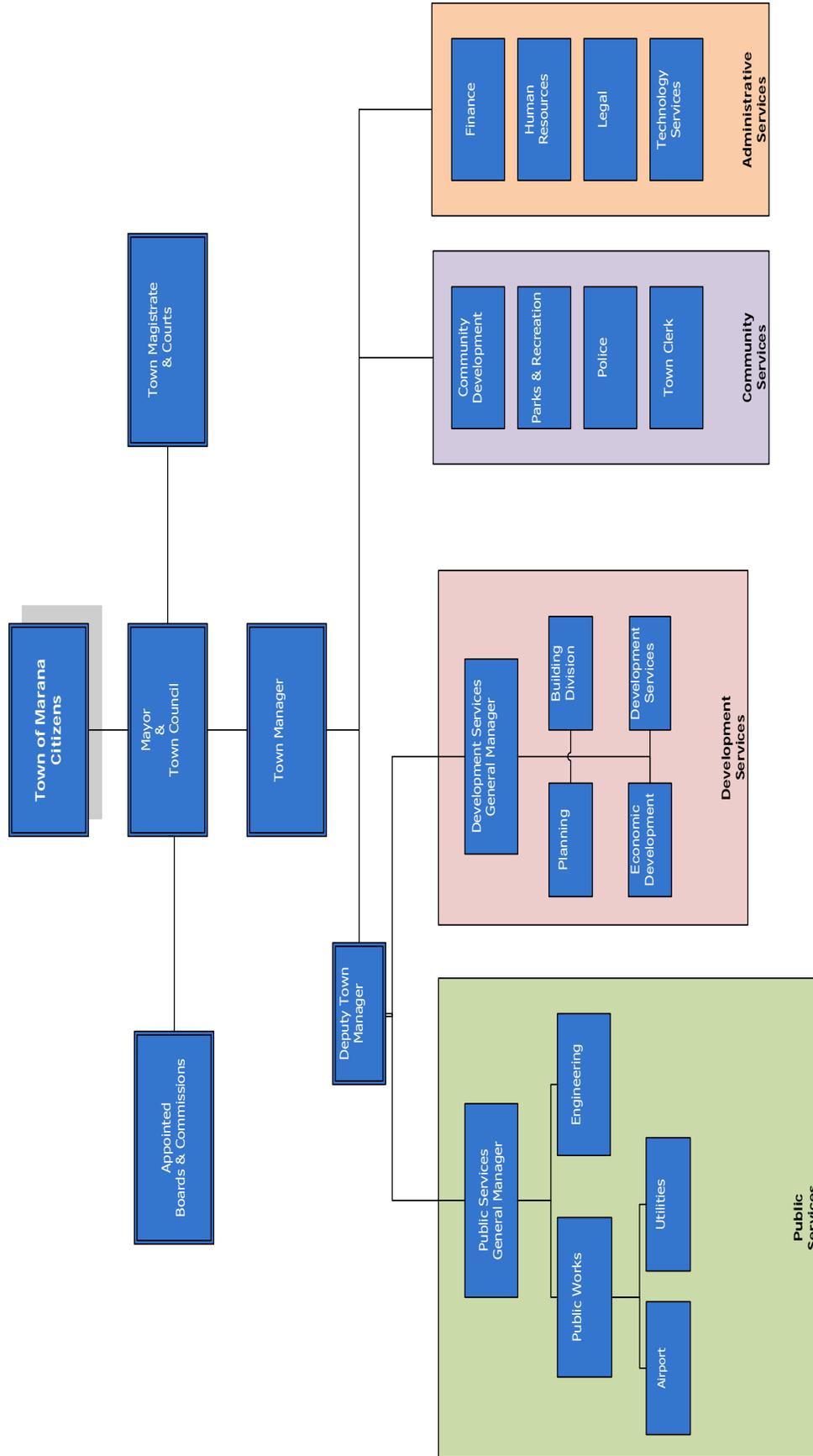
Gilbert Davidson, Town Manager

Vacant, Deputy Town Manager

DEPARTMENT HEADS

Ryan Mahoney, Planning Director	Suzanne Machain, Human Resources Director
Jocelyn Bronson, Town Clerk	Frank Cassidy, Town Attorney
Keith Brann, Town Engineer	Erik Montague, Finance Director
Ryan Benavides, Interim Public Works Director	Steve Miller, Airport Manager
Terry Rozema, Police Chief	Charles Davies, Town Magistrate
T. VanHook, Community Development Director	Carl Drescher, Technology Services Director
Tom Ellis, Parks and Recreation Director	John Kmiec, Utilities Director

TOWN OF MARANA, ARIZONA ORGANIZATIONAL CHART FISCAL YEAR 2013





This page intentionally left blank

FINANCIAL SECTION



This page intentionally left blank



HENRY & HORNE, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
Town of Marana, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marana, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Tempe
2055 E. Warner Road
Suite 101
Tempe, AZ 85284-3487
(480) 839-4900
Fax (480) 839-1749

Scottsdale
7098 E. Cochise Road
Suite 100
Scottsdale, AZ 85253-4517
(480) 483-1170
Fax (480) 483-7126

Casa Grande
1115 E. Cottonwood Lane
Suite 100
Casa Grande, AZ 85122-2950
(520) 836-8201
Fax (520) 426-9432

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Marana, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Marana failed to use highway user revenue fund monies received by the Town of Marana pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the Town of Marana solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Governmental Accounting Standards Board (GASB) issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement No. 65, Items Previously Reported as Assets and Liabilities that could have a material impact on the financial statements. For the Town of Marana, GASB Statement No. 62 has not impacted the financial statements; however, GASB Statement No. 63 has impacted what was previously identified as "Statement of Net Assets" and renamed it to "Statement of Net Position" and GASB Statement No. 65 has impacted the presentation of the financial statements in the reclassification of deferred revenues from liabilities to deferred inflows of resources. As discussed in Note 15 to the financial statements, the adoption of GASB 65 resulted in the restatement of beginning net position. Our opinions are not modified with respect to those matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-20 and 72-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Marana, Arizona's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Marana, Arizona's, internal control over financial reporting and compliance.

Henry + Horne LLP

Casa Grande, Arizona
December 18, 2013



This page intentionally left blank

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



This page intentionally left blank

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

As management of the Town of Marana, Arizona, (Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$1 million or .3 percent from the previous fiscal year 2011-12. This slight increase is due to the modest improvement in sales taxes, State shared revenues, and building permits and planning fees.
- General revenues from governmental activities accounted for \$34.2 million in revenue, or 61.7 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21.2 million, or 38.3 percent of total revenues from governmental activities. The Town had \$6.4 million of program revenues related to business-type activities.
- The Town had approximately \$51.9 million in expenses related to governmental activities; of which \$21.2 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$34.2 million were adequate to provide for the remaining costs of these programs.
- Among major funds, the General Fund had \$34.4 million in fiscal year 2012-13 revenues, which primarily consisted of sales taxes, intergovernmental revenue and licenses, fees and permits. The General fund had \$29.1 million of expenditures and \$2.7 million in required transfers during the year. The \$2.6 million fund balance growth was due to unanticipated increases in taxes and permits revenue.
- Highway User Revenue Fund revenues improved modestly in fiscal year 2012-13 at \$2.2 million. Expenditure growth was more significant due to the establishment of the pavement preservation program which seeks to maximize pavement life. Even with those increases, fund balance increased by \$295,988 and ended the fiscal year at \$3.9 million.
- Tangerine Farms Road Improvement District Debt Service Fund, which accounts for special assessments, had a \$675,416 fund balance attributable to the accumulation prepaid assessments and resources required for the July 2013 debt service payment.
- The 2008 Debt Service Fund had a fund balance of \$12.7 million in fiscal year 2012-13, which is a change of \$5.2 million from the prior year. The change in fund

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

balance is attributable to the reimbursement of a major capital project, which was funded by the 2008 bond proceeds.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town'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 Town's finances, in a manner similar to a private-sector business. All of the activities of the Town, except those of a fiduciary nature, are included in these statements.

The Town's activities are presented in two columns on these statements; governmental activities and business-type activities. A total column for these activities is also provided.

- The governmental activities include basic services of the Town including general government (administration), public safety (police and building safety), highways and streets, health and welfare, economic and community development, culture and recreation, and transportation. These activities are primarily supported by general taxes and revenues.
- The business-type activities include the private sector-type activities such as water utility, wastewater utility, and airport operations. These activities are supported primarily through user charges and fees.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The focus on net position is important because increases and decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases may indicate an improved financial position. However, decreases in net position may not necessarily indicate the Town's financial position is deteriorating. Instead, it may reflect a situation where the Town may have used previously accumulated funds (i.e., cash collected over time to fund capital projects). As a result, other financial and non-financial indicators must also be considered to effectively assess the Town's overall financial health.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. Since economic resources measurement focus and accrual basis of accounting are used for the government-wide financial statements, all changes in net position are reported as soon as the underlying event giving rise to the

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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 long-term debt that has not matured). This statement also focuses on both the gross and net costs of various Town functions, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions are dependent on general taxes and revenues for support.

In addition to the Town itself (primary government), the government-wide financial statements also include the Marana Municipal Property Corporation, a legally separate entity, for which the Town is financially accountable. The Corporation also has substantially the same governing board as the Town and provides services entirely to the Town. Financial information for this component unit is blended into the Town's financial statements. In addition, the Gladden Farms Community Facilities District, Vanderbilt Farms Community Facilities District and Saguaro Springs Community Facilities District are discretely presented component units.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. Also presented are the financial statements for governmental funds and proprietary funds. 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 Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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 Town's near-term financing requirements and determining what financial resources are available in the near future to fund Town programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be 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 Town's near-term financing decision. To facilitate this comparison, reconciliations of the differences between the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances and government-wide statement of net position and statement of activities are provided immediately following the respective governmental fund statements.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

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, Highway User Revenue, Tangerine Farms Road Improvement District Debt Service and 2008 Debt Service all 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 statements and schedules. These statements are included as supplementary information after the basic financial statements starting on page 82.

The Town adopts an annual budget and legally allocates (or appropriates) available monies for the General, Highway User Revenue, Tangerine Farms Road Improvement District Debt Service and 2008 Debt Service, and other non-major governmental funds. Budgetary comparison schedules have been presented for the Town's major funds (pages 72-80), and budgetary comparison schedules have been presented for the Town's non-major funds to demonstrate compliance with the annual budget.

The basic governmental fund financial statements can be found on pages 30-37 and 82-127 of this report.

Proprietary funds. Proprietary funds are used to account for services primarily supported by user charges and fees. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, wastewater and airport services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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.

Required supplementary information other than MD&A. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process. Governments have an option of including budgetary comparison statement of the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or required supplementary information after the notes to the financial statements. The Town has elected to present these budgetary comparison schedules as required supplemental information immediately following the notes to the financial statements. Additionally, governments are required to disclose certain information about employee pension funds. These disclosures are included within Note 10 Employee Retirement Systems beginning on page 61 rather than separately presenting the information as required supplementary information.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$357.4 million as of June 30, 2013. Current and other assets increased \$16.6 million or 22 percent primarily due to unspent bond proceeds from the 2013 bond issuance, a change in accounting principle related to the previously reported deferred bond charges, and an increase in cash related to revenues received for reimbursement of major capital projects which had been completed in earlier years.

Net position. The majority of the Town's net position reflects its investment in capital assets (land, building and improvements, infrastructure, vehicles and equipment and construction in progress) net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 92,563,835	\$ 76,732,155	\$ (1,283,314)	\$ (2,064,863)	\$ 91,280,521	\$ 74,667,292
Capital assets, net	273,160,908	284,771,163	115,309,001	117,008,374	388,469,909	401,779,537
Total assets, net	365,724,743	361,503,318	114,025,687	114,943,511	479,750,430	476,446,829
Deferred charge on refunding	254,485	-	-	-	254,485	-
Total deferred outflows of resources						
Current and other liabilities	11,186,856	11,672,812	1,390,912	15,518,810	12,577,768	27,191,622
Long-term liabilities	106,021,794	86,628,111	4,048,219	4,269,721	110,070,013	90,897,832
Total liabilities	117,208,650	98,300,923	5,439,131	19,788,531	122,647,781	118,089,454
Net assets:						
Net investment in capital assets	184,949,436	194,287,243	111,044,427	112,527,911	295,993,863	306,815,154
Restricted	62,436,637	29,004,242	219,291	146,194	62,655,928	29,150,436
Unrestricted	1,384,505	39,910,910	(2,677,162)	(17,519,125)	(1,292,657)	22,391,785
Total net assets	\$248,770,578	\$263,202,395	\$108,586,556	\$ 95,154,980	\$357,357,134	\$358,357,375

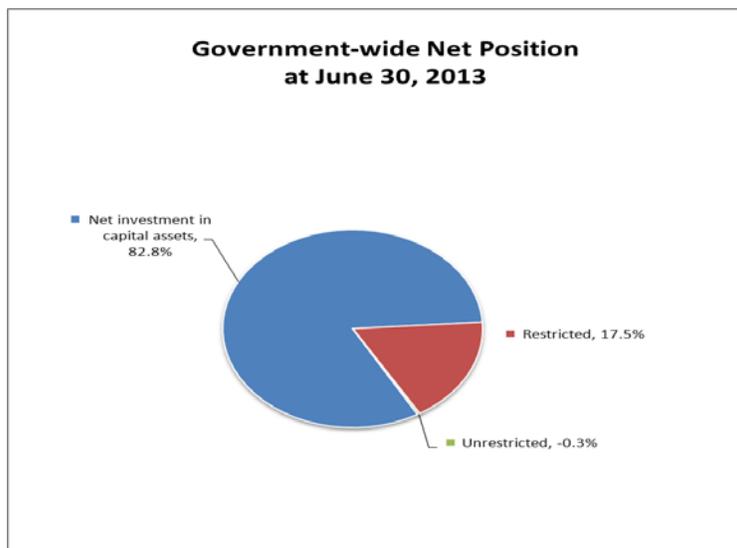
**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Net investment in capital assets of \$296 million or 82.8 percent represents the largest portion of net position. This reflects the Town's investment in capital assets, net of accumulated depreciation and related outstanding debt used to acquire those assets. These capital assets are used to provide services to the Town's citizens. Consequently, the Town does not intend to sell these assets and, therefore, they are not available for future spending. Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves are not intended to be used to liquidate these liabilities. This portion of net position decreased by \$10.8 million as of June 30, 2013, which is a result of depreciation, reduction of related outstanding debt, and additions of capital assets. Debt proceeds in the amount of \$16.5 million were issued in fiscal year 2013 for capital assets acquired for Wastewater, however the debt is not included in the net investment in capital assets since the debt is expected to be repaid by governmental activities.

The second portion of net position of \$62.7 million or 17.5 percent represents resources that are subject to external restrictions on how they may be utilized. The increase of \$33.5 million or 114.9 percent is due primarily to the increase in intergovernmental revenues in the 2008 Debt Service fund and the bond proceeds. Of the \$62.7 million in restricted net position, \$4.8 million is restricted by enabling legislation.

The third portion consists of unrestricted net position of \$(1.2) million. The unrestricted balance may be used to meet the Town's ongoing obligations to its citizens and creditors. Unrestricted net position is reporting a negative balance primarily due to the \$16.5 million of debt issued that is reducing governmental activities unrestricted net position as a result of the related capital asset being purchased in the business-type activities.



**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Changes in net position. The Town's total revenues for the fiscal year ended June 30, 2013, were \$61.8 million. The significant decrease in capital grants and contributions is due to the one time revenues from the transfer of operations of certain sewer facilities from Pima County to the Town of Marana in the previous year. The total cost of all programs and services was \$59.4 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 5,096,595	\$ 3,529,060	4,424,653	\$ 3,753,982	\$ 9,521,248	\$ 7,283,042
Operating grants and contributions	3,746,611	3,201,548	-	-	3,746,611	3,201,548
Capital grants and contributions	12,373,314	9,017,509	1,958,021	60,206,855	14,331,335	69,224,364
General revenues:						
Sales taxes	24,768,104	24,538,961	-	-	24,768,104	24,538,961
Property taxes	447,308	505,899	-	-	447,308	505,899
Franchise taxes	348,650	332,940	-	-	348,650	332,940
State shared revenues	7,713,524	6,943,479	-	-	7,713,524	6,943,479
Investment income	151,773	97,156	1,533	1,053	153,306	98,209
Miscellaneous revenues	737,173	802,534	19,047	1,058	756,220	803,592
Gain on sale of capital assets	36,391	-	-	-	-	-
Total revenues	55,419,443	48,969,086	6,403,254	63,962,948	61,786,306	112,932,034
Expenses:						
General government	9,531,516	10,832,681	-	-	9,531,516	10,832,681
Public safety	11,776,600	10,206,403	-	-	11,776,600	10,206,403
Highways and streets	18,326,851	17,232,852	-	-	18,326,851	17,232,852
Health and welfare	23,371	23,371	-	-	23,371	23,371
Economic and community development	4,123,656	4,258,045	-	-	4,123,656	4,258,045
Culture and recreation	3,830,633	2,173,327	-	-	3,830,633	2,173,327
Interest on long-term debt	4,312,582	4,720,785	-	-	4,312,582	4,720,785
Water	-	-	3,778,492	3,073,497	3,778,492	3,073,497
Wastewater	-	-	2,599,360	3,830,994	2,599,360	3,830,994
Airport	-	-	1,178,922	1,112,358	1,178,922	1,112,358
Total expenses	51,925,209	49,447,464	7,556,774	8,016,849	59,481,983	57,464,313
Increase/(decrease) in net assets before transfers & special items	3,494,234	(478,378)	(1,153,520)	55,946,099	2,340,714	55,467,721
Transfers	(15,911,553)	329,306	15,911,553	(329,306)	-	-
Special items	-	-	(1,326,457)	-	(1,326,457)	-
Increase/(decrease) in net position	\$ (12,417,319)	\$ (149,072)	\$ 13,431,576	\$ 55,616,793	\$ 1,014,257	\$ 55,467,721

Governmental Activities. Governmental activities decreased net position by \$12.4 million for fiscal year ended June 30, 2013. The overall decrease in net position during the year is primarily attributable to the transfer of bond proceeds to the business-type activities for the amount due to Pima County for the transfer of the Marana Wastewater Facility.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

General revenues of governmental activities of \$34.2 million increased by \$0.9 million or 2.9 percent from the previous year. This increase is primarily attributable to increased State shared revenue collections in fiscal year 2013 from the year earlier.

Program revenues of \$21.2 million increased by \$5.4 million or 34.7 percent from the previous year. This increase is largely due an increase in the capital grants and contributions revenues related to reimbursement of major capital projects which had been completed in earlier years.

The following table presents the cost of the nine major Town functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and Town's taxpayers by each of these functions.

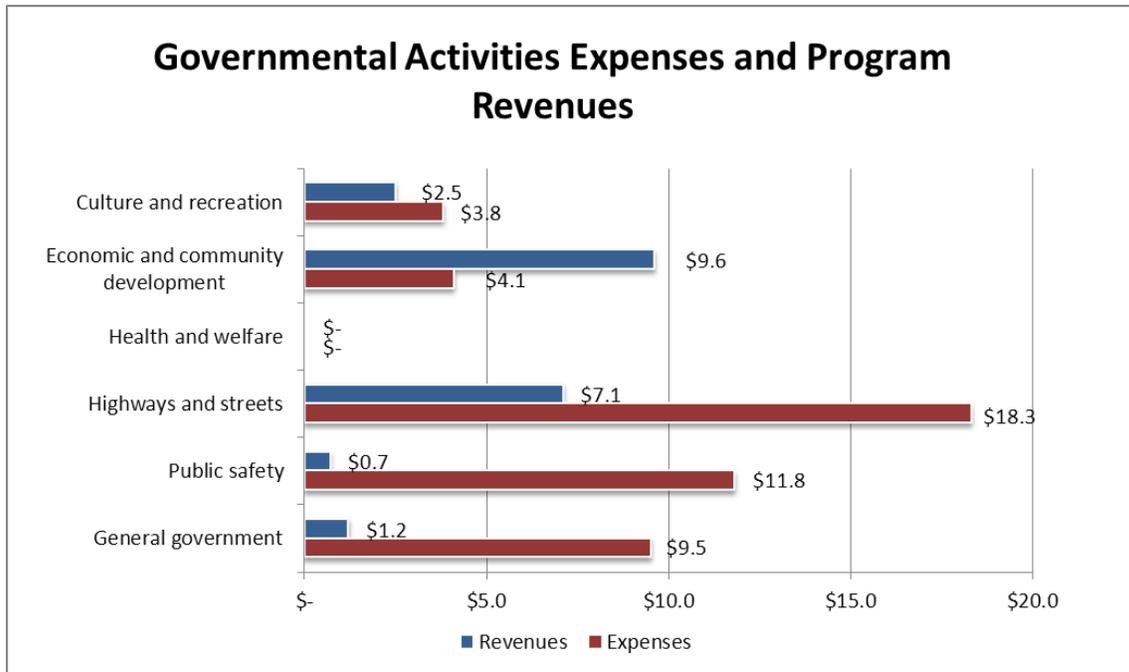
	Year Ended June 30, 2013		Year Ended June 30, 2012	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 9,531,516	\$ (8,297,187)	\$ 10,832,681	\$ (9,770,895)
Public safety	11,776,600	(11,074,749)	10,206,403	(9,383,165)
Highways and streets	18,326,851	(11,207,793)	17,232,852	(9,378,843)
Health and welfare	23,371	(6,732)	23,371	(6,183)
Economic and community development	4,123,656	5,474,515	4,258,045	18,796
Culture and recreation	3,830,633	(1,284,161)	2,173,327	(458,272)
Interest on long-term debt	4,312,582	(4,312,582)	4,720,785	(4,720,785)
Total	<u>\$ 51,925,209</u>	<u>\$ (30,708,689)</u>	<u>\$ 49,447,464</u>	<u>\$ (33,699,347)</u>
Business-Type Activities				
Water	\$ 3,778,492	\$ 400,203	\$ 3,073,497	\$ 1,654,046
Wastewater	2,599,360	(1,185,820)	3,830,994	55,155,238
Airport	1,178,922	(388,483)	1,112,358	(865,296)
Total	<u>\$ 7,556,774</u>	<u>\$ (1,174,100)</u>	<u>\$ 8,016,849</u>	<u>\$ 55,943,988</u>

- The cost of all governmental activities this year was \$51.9 million and the cost of all business-type activities this year was \$7.6 million. The slight 5 percent increase in governmental activities expenses is primarily due to bond issuance costs and cost of living increases for employees, which was the first increase for employees in over four years.
- Net cost of governmental activities (\$30.7 million) was largely financed by general revenues, which are made up of primarily sales taxes totaling \$24.8 million.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

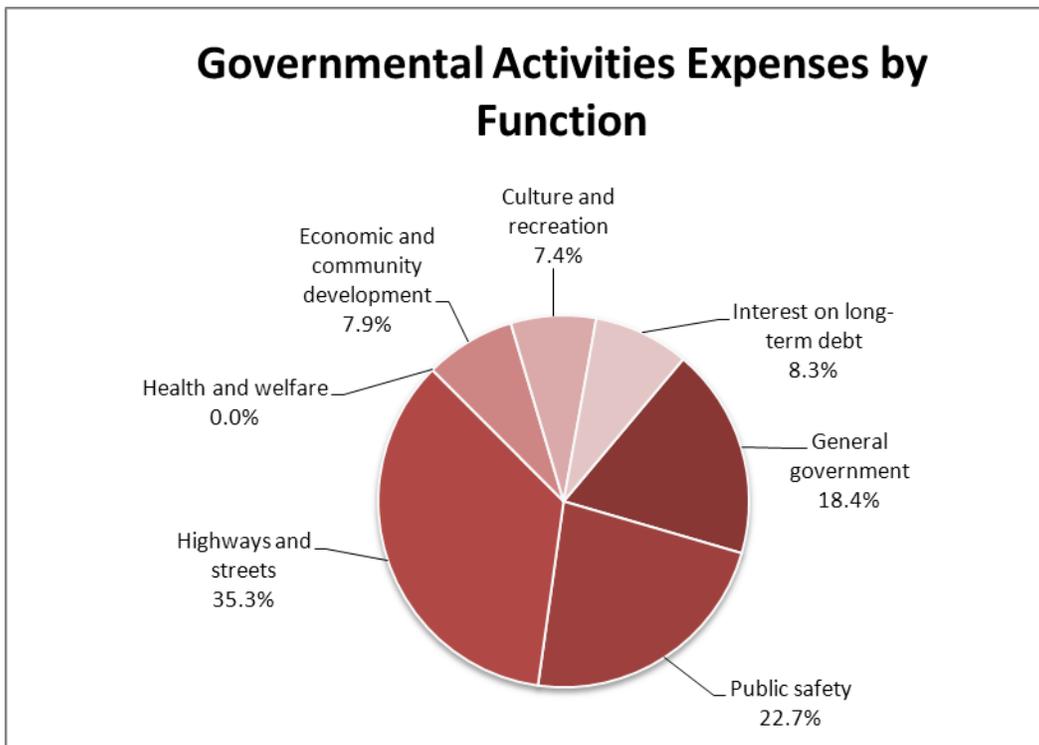
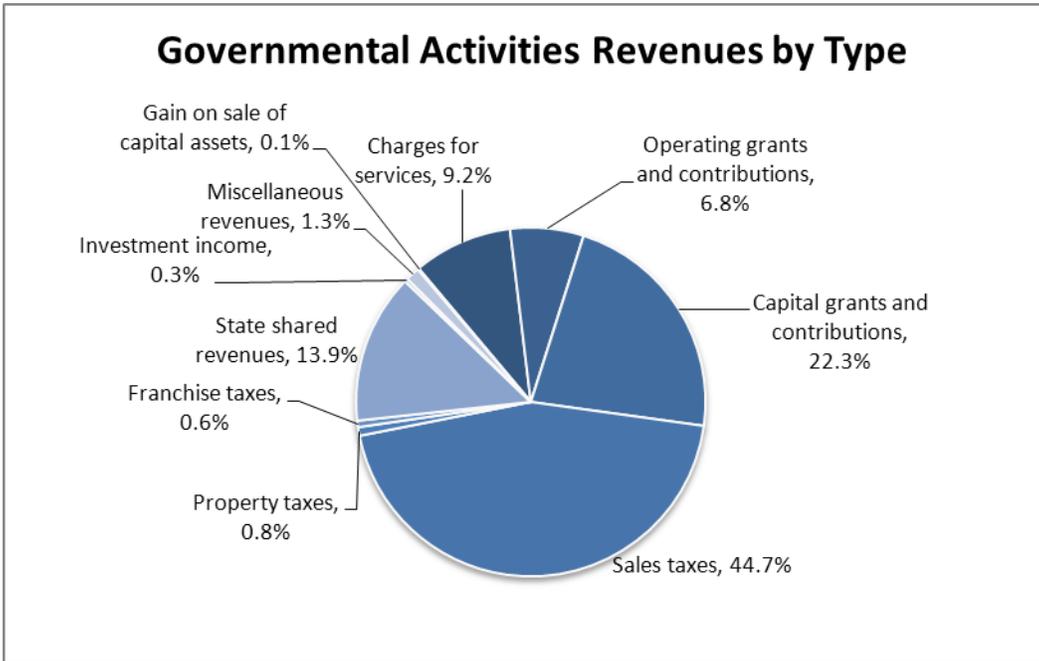
- The culture and recreation expenses increased \$1.7 million or 76 percent. This is primarily due to capitalization of expenditures in prior year for completed capital projects.

The following graph shows the functional revenues and expenses of the governmental activities in order to demonstrate the extent to which the governmental functions produce direct revenues to offset related program costs. It should be noted that this graph is not intended to represent a full allocation to these functions. As described above, expenses not covered by direct program revenues are covered by the Town's general revenues which consist primarily of taxes and unrestricted State shared revenues. In governmental activities, the functional revenues of \$21.2 million are 40.9 percent of expenses for fiscal year 2013, up from 31.9 percent a year earlier. As described earlier, this increase is primarily attributable to an increase in the capital grants and contributions revenues related to the completion of major capital projects in earlier years.



As seen on the following graphs, the largest revenue source for the Town's governmental activities is sales tax revenues at 44.7 percent followed by capital grants and contributions at 22.3 percent and State shared revenues at 13.9 percent. The Town's largest expense category is highways and streets at 35.3 percent, followed by public safety at 22.7 percent and general government at 18.4 percent.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

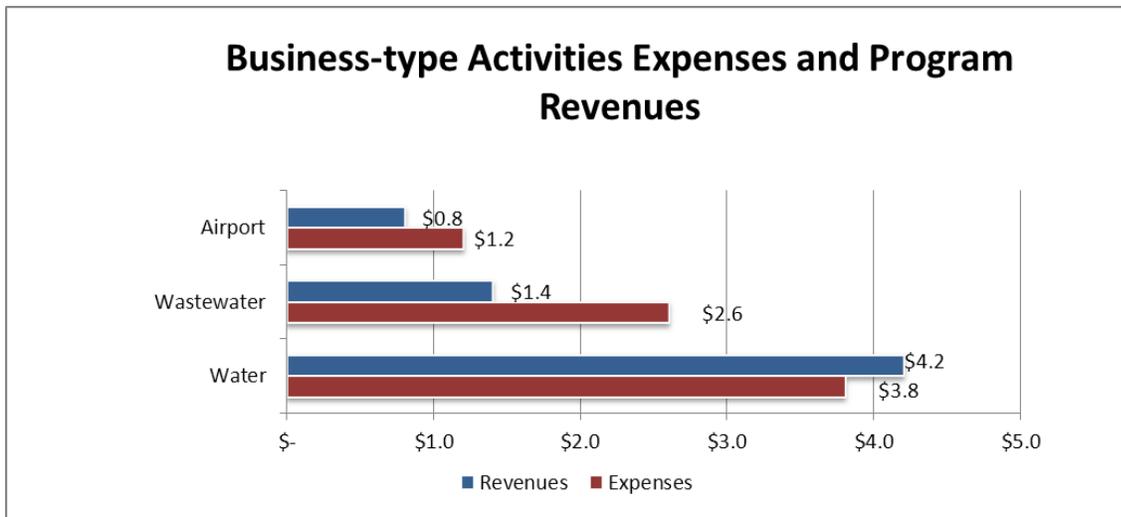


**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Business-type Activities

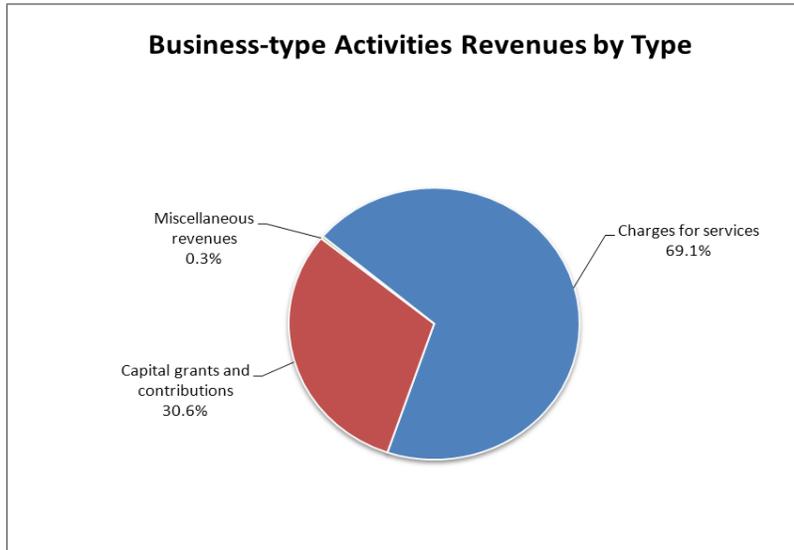
Business-type activities' net position increased by \$13.4 million for fiscal year ended June 30, 2013. This increase is largely due to a \$14.1 million or 91 percent reduction in the current and other liabilities primarily for the amount due to Pima County related to the transfer of operations of certain sewer facilities. Revenue bonds were issued to pay the debt owed to Pima County and the new debt is shown as a long-term debt in the governmental funds as excise taxes were pledged and are expected to repay the debt.

Charges for services increased by 17.9 percent due primarily the transfer of operations of certain sewer facilities from Pima County to the Town of Marana. Capital grants and contributions decreased by \$58.2 million or 96.7 percent from a year earlier due to the one time increase in the prior year related to the transfer of operations of certain sewer facilities from Pima County to the Town of Marana.



The Town's largest overall business-type activity is the Water Utility with \$3.8 million in expenses and \$4.2 million the in program revenues during the year. The second largest activity is the Wastewater Utility with \$2.6 million in expenses and \$1.4 million in program revenues, followed by the Airport with \$1.2 million in expenses and \$0.8 million in program revenues. The Wastewater Utility had a \$1.2 million or 32 percent decrease in expenditures primarily due to the improvements that were made in the prior years, which are increasing the efficiency of the operations.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

The financial performance of the Town as a whole is reflected in its governmental funds. As of June 30, 2013, the Town's governmental funds reported a combined fund balance of \$68.1 million, of which \$17.7 million is unassigned and undesignated and therefore available for spending at the Town's discretion.

The General Fund, which is the principal operating fund of the Town, had a fund balance of \$20.9 million. Revenues in the General Fund increased by \$1.3 million or 3.8 percent from the previous fiscal year.

The Highway User Revenue Fund had a fund balance of \$3.9 million which reflected an increase of \$295,988 from a year earlier.

The 2008 Debt Service Fund had a fund balance of \$12.7 million and reflects a \$5.2 million increase primarily due funds received from external funding sources for future repayment of debt related to the Marana Municipal Property Corporation Revenue Bonds, Series 2008A and 2008B.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

Proprietary funds. The proprietary funds in the financial statements are prepared on the same measurement focus and accounting basis as the government-wide financial statements, but they provide more detail since each major enterprise fund is presented discretely. Of the total proprietary funds net position of \$108.6 million, \$111 million comprised the funds' net investment in capital assets and unrestricted net position of \$(2.6) million. The factors concerning the finances of these funds, as well as the changes in net position, have been addressed previously in the discussion of the Town's business-type activities.

BUDGETARY HIGHLIGHTS

The Town's annual adopted budget established the legal level of expenditure control. Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original budget, the budget as amended throughout the year, and the actual revenues and expenditures. Budgetary schedules for other governmental funds are also presented in this report as other supplementary information.

The economy continued to improve modestly throughout the fiscal year. General Fund revenues exceeded conservative budget projections in several key revenue sources like sales taxes and licenses, permits and fees. Despite the improved revenue outlook, departments maintained their conservative use of available resources. The improved revenues along with the prudent use of resources allowed for fund balance in the General Fund to grow by \$4.1 million. The General Fund budget and actual variances are shown on page 72.

Amendments to the adopted budget may occur throughout the year between departments within the General Fund and between funds in all other funds in a legally permissible manner (see Note 4 – Budgetary Control). Budget adjustments between departments in the General Fund did occur. However, none of the amendments were significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the Town had invested \$388.5 million in governmental and business-type capital assets (net of accumulated depreciation). Total depreciation expense for the year was \$19.9 million, with \$16.1 million attributed to governmental activities and \$3.8 million to business-type activities.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012. Additional information on the Town's capital assets can be found in Note 6.

**TOWN OF MARANA, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	As of	As of	As of	As of	As of	As of
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Land	\$ 3,920,605	\$ 3,920,605	\$ 4,493,811	\$ 4,493,811	\$ 8,414,416	\$ 8,414,416
Water rights	-	-	2,994,627	2,735,220	2,994,627	2,735,220
Construction in progress	11,563,543	10,717,049	1,060,586	4,128,216	12,624,129	14,845,265
Buildings and improvements	45,537,781	44,482,713	114,821,395	110,030,713	160,359,176	154,513,426
Machinery and equipment	19,009,233	18,879,449	8,888,919	8,765,573	27,898,152	27,645,022
Infrastructure	314,507,563	312,776,349	-	-	314,507,563	312,776,349
Less: Accumulated depreciation	(121,377,817)	(106,005,001)	(16,950,337)	(13,144,891)	(138,328,154)	(119,149,892)
Total	\$ 273,160,908	\$ 284,771,164	\$ 115,309,001	\$ 117,008,642	\$ 388,469,909	\$ 401,779,806

Debt Administration. At year-end, the Town had \$115.4 million in long-term obligations outstanding with \$5.3 million due within one year.

The following table presents a summary of the Town's outstanding bonded debt for the fiscal years ended June 30, 2013 and June 30, 2012. Additional information on the Town's long-term obligations can be found in Note 7.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
	General obligation bonds	\$ 8,550,000	\$ 8,765,000	\$ -	\$ -	\$ 8,550,000
Revenue bonds	78,335,000	60,315,000	-	-	78,335,000	60,315,000
Special assessment bonds	19,926,000	21,288,000	-	-	19,926,000	21,288,000
Loan payable	-	-	4,264,574	4,480,462	4,264,574	4,480,462
Compensated absences	888,142	821,907	59,408	51,464	947,550	873,371
Judgments payable	-	-	-	203,725	-	203,725
Total	\$ 107,699,142	\$ 91,189,907	\$ 4,323,982	\$ 4,735,651	\$ 112,023,124	\$ 95,925,558

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Several key revenues like sales taxes, State shared revenues, building permits and planning fees increased modestly during the fiscal year. Although, these key revenue sources appear to be improving, the Town anticipates a slow recovery for at least the next fiscal year. In order to help better guide future decisions, the Town has implemented the economic recovery plan concept. This plan is based on economic analysis that projects a slow, multi-year recovery. As a result, the Town adopted a fiscal year 2013-14 budget which anticipates slightly increased revenue projections and will require a focus on the maintenance of essential services and programs in the development of future budgets.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Town of Marana, Arizona at 11555 West Civic Center Drive, Marana, Arizona 85653, or visit www.marana.com.

BASIC FINANCIAL STATEMENTS



This page intentionally left blank

GOVERNMENT-WIDE FINANCIAL STATEMENTS



This page intentionally left blank

TOWN OF MARANA, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 39,922,800	\$ 4,087,693	\$ 44,010,493
Accounts receivable	19,917,985	783,424	20,701,409
Interest receivable	15,035	-	15,035
Due from other governments	5,476,282	-	5,476,282
Internal balances	3,766,095	(3,766,095)	-
Prepaid items	177,156	17,854	195,010
Total current assets	<u>69,275,353</u>	<u>1,122,876</u>	<u>70,398,229</u>
Noncurrent assets:			
Restricted cash and investments	20,663,001	219,291	20,882,292
Internal balances	2,625,481	(2,625,481)	-
Capital assets not depreciated	15,484,148	8,549,024	24,033,172
Capital assets (net of depreciation)	257,676,760	106,759,977	364,436,737
Total noncurrent assets	<u>296,449,390</u>	<u>112,902,811</u>	<u>409,352,201</u>
Total assets	<u>365,724,743</u>	<u>114,025,687</u>	<u>479,750,430</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	254,485	-	254,485
Total deferred outflows of resources	<u>254,485</u>	<u>-</u>	<u>254,485</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,940,715	248,972	2,189,687
Accrued payroll and employee benefits	877,693	60,536	938,229
Unearned revenue	292,965	-	292,965
Deposits held for others	786,624	548,273	1,334,897
Due to other government	106,717	194,082	300,799
Accrued interest payable	2,119,837	63,286	2,183,123
Compensated absences	799,327	53,467	852,794
Loan payable	-	222,296	222,296
General obligation bonds - CFD	225,000	-	225,000
Special assessment bonds - TRFID	1,298,000	-	1,298,000
Revenue bonds	2,739,978	-	2,739,978
Total current liabilities	<u>11,186,856</u>	<u>1,390,912</u>	<u>12,577,768</u>
Noncurrent liabilities:			
Compensated absences	88,815	5,941	94,756
Loan payable	-	4,042,278	4,042,278
General obligation bonds - CFD	8,325,000	-	8,325,000
Special assessment bonds - TRFID	18,628,000	-	18,628,000
Revenue bonds	78,979,979	-	78,979,979
Total non-current liabilities	<u>106,021,794</u>	<u>4,048,219</u>	<u>110,070,013</u>
Total liabilities	<u>117,208,650</u>	<u>5,439,131</u>	<u>122,647,781</u>
<u>NET POSITION</u>			
Net investment in capital assets	184,949,436	111,044,427	295,993,863
Restricted for:			
Capital projects	21,327,315	-	21,327,315
Debt service	34,485,365	219,291	34,704,656
General government	954,150	-	954,150
Highways and streets	4,563,862	-	4,563,862
Economic and community development	256,575	-	256,575
Other	849,370	-	849,370
Unrestricted	1,384,505	(2,677,162)	(1,292,657)
Total net position	<u>\$ 248,770,578</u>	<u>\$ 108,586,556</u>	<u>\$ 357,357,134</u>

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

**TOWN OF MARANA, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities:				
General government	\$ 9,531,516	\$ 975,263	\$ 259,066	\$ -
Public safety	11,776,600	-	701,851	-
Highways and streets	18,326,851	-	2,256,920	4,862,138
Health and welfare	23,371	-	16,639	-
Economic and community development	4,123,656	3,905,723	506,875	5,185,573
Culture and recreation	3,830,633	215,609	5,260	2,325,603
Interest on long-term debt	4,312,582	-	-	-
Total governmental activities	<u>51,925,209</u>	<u>5,096,595</u>	<u>3,746,611</u>	<u>12,373,314</u>
Business-type activities:				
Water	3,778,492	3,455,329	-	723,366
Wastewater	2,599,360	730,192	-	683,348
Airport	1,178,922	239,132	-	551,307
Total business-type activities	<u>7,556,774</u>	<u>4,424,653</u>	<u>-</u>	<u>1,958,021</u>
Total primary government	<u>\$ 59,481,983</u>	<u>\$ 9,521,248</u>	<u>\$ 3,746,611</u>	<u>\$ 14,331,335</u>

General revenues:

Taxes:

Sales taxes

Property taxes

Franchise taxes

State shared revenues, unrestricted

Investment income

Miscellaneous

Gain on sale of assets

Special item

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (8,297,187)	\$ -	\$ (8,297,187)
(11,074,749)	-	(11,074,749)
(11,207,793)	-	(11,207,793)
(6,732)	-	(6,732)
5,474,515	-	5,474,515
(1,284,161)	-	(1,284,161)
(4,312,582)	-	(4,312,582)
<u>(30,708,689)</u>	<u>-</u>	<u>(30,708,689)</u>
-	400,203	400,203
-	(1,185,820)	(1,185,820)
-	(388,483)	(388,483)
-	(1,174,100)	(1,174,100)
<u>(30,708,689)</u>	<u>(1,174,100)</u>	<u>(31,882,789)</u>
24,768,104	-	24,768,104
447,308	-	447,308
348,650	-	348,650
7,713,524	-	7,713,524
151,773	1,533	153,306
737,173	19,047	756,220
36,391	-	36,391
-	(1,326,457)	(1,326,457)
(15,911,553)	15,911,553	-
<u>18,291,370</u>	<u>14,605,676</u>	<u>32,897,046</u>
(12,417,319)	13,431,576	1,014,257
<u>261,187,897</u>	<u>95,154,980</u>	<u>356,342,877</u>
<u>\$ 248,770,578</u>	<u>\$ 108,586,556</u>	<u>\$ 357,357,134</u>



This page intentionally left blank

FUND FINANCIAL STATEMENTS

TOWN OF MARANA, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Highway User Revenue	Tangerine Farms Improvement District Debt Service
<u>ASSETS</u>			
Cash and cash equivalents	\$ 12,421,905	\$ 3,940,333	\$ 64,118
Accounts receivable	111,561	-	-
Special assessments receivable	-	-	19,738,348
Interest receivable	7,480	-	-
Due from other governments	3,472,590	213,415	-
Due from other funds	7,153,171	-	-
Prepaid items	177,156	-	-
Restricted cash and investments	-	-	611,298
Total assets	<u>\$ 23,343,863</u>	<u>\$ 4,153,748</u>	<u>\$ 20,413,764</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,043,965	\$ 183,784	\$ -
Accrued payroll and employee benefits	845,447	19,801	-
Due to other funds	-	-	-
Due to other governments	106,717	-	-
Deposits held for others	136,577	-	-
Unearned revenue	292,965	-	-
Total liabilities	<u>2,425,671</u>	<u>203,585</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	-	-	19,738,348
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>19,738,348</u>
<u>FUND BALANCES (DEFICITS)</u>			
Nonspendable	2,802,637	-	-
Restricted	-	3,950,163	675,416
Unassigned	18,115,555	-	-
Total fund balances (deficits)	<u>20,918,192</u>	<u>3,950,163</u>	<u>675,416</u>
Total liabilities, deferred inflow of resources, and fund balances (deficits)	<u>\$ 23,343,863</u>	<u>\$ 4,153,748</u>	<u>\$ 20,413,764</u>

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

2008 Bond Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,754,703	\$ 21,741,741	\$ 39,922,800
-	68,076	179,637
-	-	19,738,348
-	7,555	15,035
-	1,790,277	5,476,282
-	-	7,153,171
-	-	177,156
10,912,576	9,139,127	20,663,001
<u>\$ 12,667,279</u>	<u>\$ 32,746,776</u>	<u>\$ 93,325,430</u>
\$ -	\$ 712,966	\$ 1,940,715
-	12,445	877,693
-	761,595	761,595
-	-	106,717
-	650,047	786,624
-	-	292,965
<u>-</u>	<u>2,137,053</u>	<u>4,766,309</u>
-	730,642	20,468,990
<u>-</u>	<u>730,642</u>	<u>20,468,990</u>
-	-	2,802,637
12,667,279	30,322,656	47,615,514
-	(443,575)	17,671,980
<u>12,667,279</u>	<u>29,879,081</u>	<u>68,090,131</u>
<u>\$ 12,667,279</u>	<u>\$ 32,746,776</u>	<u>\$ 93,325,430</u>



This page intentionally left blank

**TOWN OF MARANA, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2013**

Total governmental fund balances **\$ 68,090,131**

Amounts reported for governmental activities in the Statement of Net Position 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	\$ 394,538,725	
Less accumulated depreciation	<u>(121,377,817)</u>	273,160,908

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Compensated absences	(888,142)	
Revenue bonds payable	(78,335,000)	
General obligation bonds payable	(8,550,000)	
Special assessment bonds	(19,926,000)	
Accrued interest payable	<u>(2,119,837)</u>	(109,818,979)

Deferred items related to the issuance of bonds are amortized over the life of the associated issue in the government-wide statements

Bond premium	(3,455,905)	
Bond discount	70,948	
Deferred charge on refunding	<u>254,485</u>	(3,130,472)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Intergovernmental revenue	730,642	
Special assessments revenue	<u>19,738,348</u>	<u>20,468,990</u>

Net position of governmental activities **\$ 248,770,578**

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

TOWN OF MARANA, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General Fund	Highway User Revenue	Tangerine Farms Improvement District Debt Service
Revenues:			
Sales taxes	\$ 20,451,798	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	7,717,086	2,256,920	-
Licenses, fees & permits	4,323,155	-	-
Fines, forfeitures & penalties	674,082	-	-
Charges for services	379,348	-	-
Lease income	105,358	-	-
Special assessments	-	-	2,337,438
Contributions	3,000	-	-
Investment income	155,464	3,186	-
Miscellaneous	685,850	-	-
Total revenues	<u>34,495,141</u>	<u>2,260,106</u>	<u>2,337,438</u>
Expenditures:			
Current -			
General government	6,840,103	-	-
Public safety	10,853,678	-	-
Highways and streets	2,105,164	1,831,699	-
Economic and community development	4,347,660	-	-
Culture and recreation	2,859,189	-	-
Capital outlay	2,129,458	189,329	-
Debt service -			
Principal retirement	-	-	1,362,000
Interest and fiscal charges	-	-	976,535
Bond issuance costs	-	-	-
Total expenditures	<u>29,135,252</u>	<u>2,021,028</u>	<u>2,338,535</u>
Excess (deficiency) of revenues over expenditures	<u>5,359,889</u>	<u>239,078</u>	<u>(1,097)</u>
Other financing sources (uses):			
Face value of bonds issued	-	-	-
Refunded bond escrow payment	-	-	-
Refunding bonds	-	-	-
Premium on bonds issued	-	-	-
Proceeds from sale of capital assets	-	56,910	-
Transfers in	-	-	-
Transfers out	(2,739,259)	-	-
Total other financing sources (uses)	<u>(2,739,259)</u>	<u>56,910</u>	<u>-</u>
Changes in fund balances	<u>2,620,630</u>	<u>295,988</u>	<u>(1,097)</u>
Fund balances (deficits), beginning of year	18,297,562	3,654,175	676,513
Fund balances (deficits), end of year	<u>\$ 20,918,192</u>	<u>\$ 3,950,163</u>	<u>\$ 675,416</u>

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

2008 Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 4,316,306	\$ 24,768,104
-	496,540	496,540
5,200,000	2,826,118	18,000,124
-	4,262,564	8,585,719
-	197,043	871,125
-	-	379,348
-	-	105,358
-	-	2,337,438
-	585,568	588,568
56	(6,933)	151,773
-	118,274	804,124
<u>5,200,056</u>	<u>12,795,480</u>	<u>57,088,221</u>
-	1,019,700	7,859,803
-	465,331	11,319,009
-	88,737	4,025,600
-	131,437	4,479,097
-	-	2,859,189
-	2,129,420	4,448,207
1,380,000	1,435,000	4,177,000
1,747,578	1,683,600	4,407,713
-	520,850	520,850
<u>3,127,578</u>	<u>7,474,075</u>	<u>44,096,468</u>
<u>2,072,478</u>	<u>5,321,405</u>	<u>12,991,753</u>
-	21,730,000	21,730,000
-	(14,160,000)	(14,160,000)
-	13,050,000	13,050,000
-	3,031,217	3,031,217
-	-	56,910
3,127,853	16,571,897	19,699,750
-	(32,872,044)	(35,611,303)
<u>3,127,853</u>	<u>7,351,070</u>	<u>7,796,574</u>
<u>5,200,331</u>	<u>12,672,475</u>	<u>20,788,327</u>
7,466,948	17,206,606	47,301,804
<u>\$ 12,667,279</u>	<u>\$ 29,879,081</u>	<u>\$ 68,090,131</u>



This page intentionally left blank

TOWN OF MARANA, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds **\$ 20,788,327**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives depreciation expense.

Expenditures for capitalized assets	\$ 4,121,900	
Less current year depreciation	<u>(16,086,877)</u>	(11,964,977)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Debt issued	(21,730,000)	
Premium on bonds	(3,031,217)	
Proceeds on refunding bonds	(13,050,000)	
Payment to escrow agent for refunding	14,160,000	
Special assessment bond retirement	1,362,000	
General obligation bond retirement	215,000	
Revenue bond principal retirement	<u>2,600,000</u>	(19,474,217)

Contributions of infrastructure assets are not recorded as revenues in the governmental funds. 375,241

Some revenues and expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.

Accrued interest	77,517	
Developer contributions	(77,481)	
Intergovernmental revenue	(1,114,543)	
Special assessments	(957,097)	
Compensated absences	(66,235)	
Disposal of asset	(56,910)	
Gain on sale of assets	36,391	
Amortization of deferred charges	<u>16,665</u>	<u>(2,141,693)</u>

Change in net position in governmental activities **\$ (12,417,319)**

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

TOWN OF MARANA, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds			
	Water	Wastewater	Airport	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,087,693	\$ -	\$ -	\$ 4,087,693
Accounts receivable	653,781	80,113	49,530	783,424
Prepaid items	16,246	1,608	-	17,854
Total current assets	<u>4,757,720</u>	<u>81,721</u>	<u>49,530</u>	<u>4,888,971</u>
Noncurrent assets:				
Restricted cash	219,291	-	-	219,291
Capital assets not depreciated	3,639,560	2,878,887	2,030,577	8,549,024
Capital assets (net of depreciation)	19,415,141	69,508,582	17,836,254	106,759,977
Total noncurrent assets	<u>23,273,992</u>	<u>72,387,469</u>	<u>19,866,831</u>	<u>115,528,292</u>
Total assets	<u>28,031,712</u>	<u>72,469,190</u>	<u>19,916,361</u>	<u>120,417,263</u>
LIABILITIES				
Current liabilities:				
Accounts payable	164,374	74,545	10,053	248,972
Accrued payroll and employee benefits	45,227	10,370	4,939	60,536
Compensated absences	44,449	8,364	654	53,467
Due to other funds	-	3,616,095	150,000	3,766,095
Deposits held for others	548,273	-	-	548,273
Due to other governments	194,082	-	-	194,082
Loan payable	222,296	-	-	222,296
Interest payable	63,286	-	-	63,286
Total current liabilities	<u>1,281,987</u>	<u>3,709,374</u>	<u>165,646</u>	<u>5,157,007</u>
Noncurrent liabilities:				
Due to other funds	-	-	2,625,481	2,625,481
Compensated absences	4,939	929	73	5,941
Loan payable	4,042,278	-	-	4,042,278
Total non-current liabilities	<u>4,047,217</u>	<u>929</u>	<u>2,625,554</u>	<u>6,673,700</u>
Total liabilities	<u>5,329,204</u>	<u>3,710,303</u>	<u>2,791,200</u>	<u>11,830,707</u>
NET POSITION				
Net investment in capital assets	18,790,127	72,387,469	19,866,831	111,044,427
Restricted for debt service	219,291	-	-	219,291
Unrestricted	3,693,090	(3,628,582)	(2,741,670)	(2,677,162)
Total net position	<u>\$ 22,702,508</u>	<u>\$ 68,758,887</u>	<u>\$ 17,125,161</u>	<u>\$ 108,586,556</u>

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

TOWN OF MARANA, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Enterprise Funds			
	Water	Wastewater	Airport	Total
Operating revenues:				
Charges for services	\$ 3,455,329	\$ 730,192	\$ 239,132	\$ 4,424,653
Miscellaneous	-	-	19,047	19,047
Total operating revenues	<u>3,455,329</u>	<u>730,192</u>	<u>258,179</u>	<u>4,443,700</u>
Operating expenses:				
Personnel costs	1,252,543	273,716	132,310	1,658,569
Contractual services	149,378	57,635	9,214	216,227
Commodities	744,125	341,276	22,570	1,107,971
Other	612,980	2,676	90,301	705,957
Depreciation expense	956,862	1,924,057	924,527	3,805,446
Total operating expenses	<u>3,715,888</u>	<u>2,599,360</u>	<u>1,178,922</u>	<u>7,494,170</u>
Operating loss	<u>(260,559)</u>	<u>(1,869,168)</u>	<u>(920,743)</u>	<u>(3,050,470)</u>
Nonoperating revenues (expenses):				
Investment income	1,533	-	-	1,533
Interest Expense	(62,604)	-	-	(62,604)
Total nonoperating revenues (expenses)	<u>(61,071)</u>	<u>-</u>	<u>-</u>	<u>(61,071)</u>
Net loss before contributions, special items, and transfers	<u>(321,630)</u>	<u>(1,869,168)</u>	<u>(920,743)</u>	<u>(3,111,541)</u>
Capital contributions	723,366	683,348	551,307	1,958,021
Transfers in		16,115,926	-	16,115,926
Transfers out	(204,373)	-	-	(204,373)
Special item	-	(1,326,457)	-	(1,326,457)
Changes in net position	<u>197,363</u>	<u>13,603,649</u>	<u>(369,436)</u>	<u>13,431,576</u>
Net position, beginning of year	22,505,145	55,155,238	17,494,597	95,154,980
Net position, end of year	<u>\$ 22,702,508</u>	<u>\$ 68,758,887</u>	<u>\$ 17,125,161</u>	<u>\$ 108,586,556</u>

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

**TOWN OF MARANA, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Funds			
	Water	Wastewater	Airport	Total
Cash flows from operating activities:				
Received from customers	\$ 3,479,197	\$ 738,500	\$ 239,342	\$ 4,457,039
Payments to suppliers for goods and services	(1,433,270)	(617,975)	(315,790)	(2,367,035)
Payments to employees for services	(1,235,807)	(265,295)	(127,976)	(1,629,078)
Miscellaneous revenues	-	-	19,047	19,047.00
Net cash provided by (used for) operating activities	<u>810,120</u>	<u>(144,770)</u>	<u>(185,377)</u>	<u>479,973</u>
Cash flows from non-capital activities:				
Interfund borrowing	(3,000)	(22,315)	(365,930)	(391,245)
Transfers in	-	16,115,926	-	16,115,926
Transfers out	(204,373)	-	-	(204,373)
Net cash provided by (used for) non-capital activities	<u>(207,373)</u>	<u>16,093,611</u>	<u>(365,930)</u>	<u>15,520,308</u>
Cash flows from capital activities and related financing activities:				
Capital grants received	-	-	551,307	551,307
Development fees received	547,430	683,348	-	1,230,778
Principal payments	(215,888)	-	-	(215,888)
Interest paid on debt	(64,890)	-	-	(64,890)
Acquisition and construction of capital assets	(524,001)	(16,632,189)	-	(17,156,190)
Net cash provided by (used for) capital activities	<u>(257,349)</u>	<u>(15,948,841)</u>	<u>551,307</u>	<u>(15,654,883)</u>
Cash flows from investing activities:				
Interest on investments	1,533	-	-	1,533
Net cash provided by (used for) investing activities	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>1,533</u>
Net increase (decrease) in cash and cash equivalents	<u>346,931</u>	<u>-</u>	<u>-</u>	<u>346,931</u>
Cash and cash equivalents, beginning of year	<u>3,960,053</u>	<u>-</u>	<u>-</u>	<u>3,960,053</u>
Cash and cash equivalents, end of year	<u>\$ 4,306,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,306,984</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating revenue (loss)	\$ (260,559)	\$ (1,869,168)	\$ (920,743)	\$ (3,050,470)
Adjustments to reconcile operating (loss) to net cash provided by operating activities				
Depreciation	956,862	1,924,057	924,527	3,805,446
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(51,180)	9,916	210	(41,054)
(Increase) in prepaid items	(711)	(1,608)	-	(2,319)
Increase (Decrease) in accounts payable	73,213	(216,388)	1,223	(141,952)
(Decrease) in accrued payroll	10,724	7,216	3,607	21,547
Increase in compensated absences payable	6,012	1,205	727	7,944
Increase in deposits held for others	59,919	-	-	59,919
Increase in due to other governments	15,840	-	(194,928)	(179,088)
Net cash provided by operating activities	<u>\$ 810,120</u>	<u>\$ (144,770)</u>	<u>\$ (185,377)</u>	<u>\$ 479,973</u>
Noncash investing, capital and financing activities:				
Capital contributions	\$ 175,936	\$ 1,073,691	\$ -	\$ 1,249,627

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

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

For the year ended June 30, 2013, the Town implemented the provisions of GASB Statement No. 61 through 63, 65 and 66. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 66, *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

A. Reporting Entity

The Town of Marana, Arizona (the Town) was incorporated on March 21, 1977, under the provisions of the Constitution of Arizona and the Arizona Revised Statutes. The Town operates under a council-mayor form of government. All funds and entities related to the Town that are controlled by the Mayor and Council are included in the annual financial report. Control is determined on the basis of budget adoption, taxing authority, and the ability to significantly influence operations and accountability for fiscal matters. The Town provides a full range of services including general government, development and planning services, legal, public safety, public works, and parks and recreation services.

In accordance with generally accepted accounting principles, these financial statements present the Town and its component units, the Town of Marana Municipal Property Corporation (MMPC), the Gladden Farms Community Facilities District (GFCFD), Gladden Farms Community Facilities District II (GFCFD II), the Vanderbilt Farms Community Facilities District (VFCFD), the Saguaro Springs Community Facilities District (SSCFD) and the Tangerine Farms Road Improvement District (TFRID). The MMPC, GFCFD, GFCFD II, VFCFD, SSCFD and TFRID are discretely presented component units with the Town in these financial statements as all five were established by the Town in order to fund the debt incurred to finance the purchase of the Town hall, various capital projects, and capital assets used by the water fund. In addition, the MMPC only provides services to the Town.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The MMPC, GFCFD, GFCFD II, VFCFD, SSCFD and TFRID component units each have a June 30 year-end and are included in the 1997 Bond, 2003 Bond, 2004 Bond Debt Service Funds, and 2008 Bond Debt Service Funds, the Gladden Farms Capital Projects and Debt Service Funds, the Vanderbilt Farms Capital Projects and Debt Service Funds, the Saguaro Springs Capital Projects Fund, the Tangerine Farms Improvement District Debt Service Fund, and the Other Capital Projects Funds, respectively. Separate financial statements of the MMPC, the GFCFD, the GFCFD II, the VFCFD, the SSCFD and the TFRID are not prepared on a stand-alone basis.

B. Basis of Presentation

The basic financial statements include both the government-wide statements and fund-based financial statements. The government-wide statements focus on the Town as a whole, while the fund-based statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the activities of the Town and its component units. 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 Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which are financed in whole or part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function of the Town's governmental activities or segment of its business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town does not currently have an indirect cost allocation system. However, the General Fund does allocate administrative charges to the Enterprise funds to support general services used by those funds (like purchasing, accounting, administration, etc.) These fees are included in the expense column on the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income, and other items not included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Wastewater Utility, and Airport funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However,

charges for interfund services provided and used are not eliminated if doing so would distort the direct costs and program revenues reported by the departments concerned.

Fund Financial Statements

Fund statements provide information about the Town's funds, including blended component units. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

General Fund – This fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Highway User Revenue Fund – This fund accounts for excise fuel taxes which are distributed to cities and towns based on a formula. A constitutional restriction requires that these funds be used solely for street and highway purposes.

Tangerine Farms Improvement District Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the Tangerine Farms Road Improvement District Special Assessment Bonds.

2008 Bond Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the series 2008 revenue bonds. The Town has pledged Town sales tax revenue, state shared revenues, licenses, fees and permits revenue, and fine, forfeiture and penalty revenues to make the required payments for this series.

The Town reports the following major proprietary funds:

Water Fund – This fund is used to account for the financing and operation of the Water Utility.

Wastewater Fund – This fund is used to account for the financing and operation of the Wastewater Utility.

Airport Fund – This fund is used to account for the financing and operation of the Marana Airport.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

C. 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, as are the proprietary fund financial statements. Revenues are recorded when earned, including unbilled water services which are accrued, 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 all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Town 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. Debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year. Compensated absences are recorded only when payment is due.

Sales taxes, licenses and permits, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 they are not measurable until received in cash.

Property taxes are levied by community facility districts, which are component units of the Town and collected by the Pima County Treasurer and special assessment property taxes are levied and collected by the Town. All property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to ARS, a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

Tangerine Farms Road Improvement District (a component unit) issued special assessment bonds for infrastructure improvements. These bonds will be paid through assessments made to the property owners within the Tangerine Farms Road Improvement District. The Town is responsible for the collection of the assessments and the disbursement of funds to retire the bonds. If a delinquency on an assessment occurs, the Town is required to cover the delinquency with other resources until foreclosure proceeds are received.

Proceeds of long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

D. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including the funds' participation in the investment pool account, and appropriate restricted assets) to be cash equivalents. Individual fund investments with a maturity of three months or less when purchased are considered as cash equivalents.

E. Investments

Arizona Revised Statutes authorize the Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, towns, school districts, and special districts as specified by statute.

The State Board of Investment 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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All investments are stated at fair value.

F. Restricted Assets

The trust indentures executed for the entire bond series issued require all cash and investments for each bond series to be held on deposit by the trustee/fiscal agents. These assets are restricted for payment of interest and trustee fees associated with the bond issues, retirement of principal balances, and to finance various capital projects.

In addition, the State of Arizona required that assets obtained at the completion of criminal proceedings by the Town's police department be given to Pima County for custodial purposes. These assets are restricted for expenses that will enhance the Town's ability to conduct police investigations.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements. Prepaid items are recorded as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

H. Receivables and Payables

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"

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

(i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All trade and other receivables are shown net of an allowance for uncollectible amounts.

I. 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 non-operating revenues/expenses in proprietary funds.

J. Capital Assets

Capital assets, including public domain infrastructure such as roads, bridges, curbs and sidewalks, lighting system, water distribution system and other assets that are immovable and of value to the Town, are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at estimated fair value on the date donated. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. No long-term assets or depreciation are shown in the governmental funds financial statements.

The Town has chosen not to apply the modified approach to any network, system, or subsystem of infrastructure assets.

The cost of normal maintenance and repairs that do not significantly add to the value of the asset or materially extend the life of the asset are not capitalized. Major improvements are capitalized and depreciated over the remaining useful life 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 is included as part of the capitalized value of the assets constructed.

Depreciation is provided over the estimated useful lives of such assets using the straight-line method. These estimated useful lives are as follows.

	Years
Buildings	40
Building improvements	10-15
Pump stations, distribution systems, equipment and improvements	20-75
Public domain infrastructure	20-50
Machinery, equipment, and assets under capital lease	4-10

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

K. 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 business-type activities and proprietary fund type statement of net position. Bond related charges and credits, such as premium discounts and issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

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.

L. Compensated Absences

The Town's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation leave vests with the employee as it is earned. The current and long-term liabilities for accumulated vacation, including related benefits, 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. Sick leave benefits provided for ordinary sick pay are not vested with the employees. Generally, resources from the General Fund are used to pay for compensated absences.

M. Transactions Between Funds

Transactions that would be treated as revenue or expenses if they involved organizations external to the governmental unit are accounted for as revenue or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenses initially made from that fund which are properly applicable to another fund are recorded as expenses in the reimbursing fund and as reductions of the expense in the fund that is reimbursed.

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 non-operating revenues/expenses in proprietary funds.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

O. Seized Property

The Town Police have in their custody certain assets seized in criminal proceedings. Until formal procedures have been finalized, the ownership of this property is not determinable. In addition, legal requirements dictate that such assets not be reflected on the Town's financial records in an agency capacity until Town ownership has been determined. Consequently, no such assets are recorded on these financial statements.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet.

Q. Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the Town funds certain programs by a combination of grants and general revenues. The Town applies grant resources to such programs before using general revenues.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications. Committed fund balance can be used only for specific purposes determined by formal action of Town Council. Town Council is the highest level of decision-making authority for the town. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council.

Nonspendable Fund Balance consists of funds that are not in a spendable form, such as inventories and prepaids, or can be legally or contractually required to be maintained intact. Restricted Fund Balance consists of funds that are externally imposed by creditors, grantors, contributors, law or regulations of other governments, or by law imposed through constitutional provisions or enabling legislation. Committed Fund Balance consists of funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. Assigned Fund Balance consists of funds constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This classification of fund balance must be designated by the Town’s highest level of decision making authority or a Town official that has been delegated the authority to assign funds. Unassigned Fund Balance consists of the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that can report a positive unassigned fund balance and any other governmental fund can report a negative fund balance. When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources.

As of June 30, 2013, the fund balance details by classification are listed below:

	General Fund	Highway User Revenue	Tangerine Farms Improvement District Debt Service	2008 Bond Debt Service	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid expenditures	\$ 177,156	\$ -	\$ -	\$ -	\$ -
Long-term due from other funds	2,625,481	-	-	-	-
Restricted:					
General government	-	-	-	-	1,041,131
Public safety	-	-	-	-	1,303,951
Highways and streets	-	3,950,163	-	-	-
Economic and community development	-	-	-	-	252,120
Capital projects	-	-	-	-	26,321,132
Debt service	-	-	675,416	12,667,279	1,404,322
Unassigned:	18,115,555	-	-	-	(443,575)
Total fund balances:	<u>\$20,918,192</u>	<u>\$3,950,163</u>	<u>\$ 675,416</u>	<u>\$ 12,667,279</u>	<u>\$ 29,879,081</u>

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At June 30, 2013, the Local Transportation Assistance Fund, the PAG Capital Fund, and the Pima County Bond Capital Fund, all non-major governmental funds, reported deficits in fund balance of \$1,539, \$268,570, and \$173,466, respectively.

All funds with deficit fund balance account for the activity of cost/reimbursement programs. The deficits are as a result of the timing difference between the expenditures and the receipt of reimbursement. The Town expects reimbursement for these expenditures early in fiscal year 2013-14, which are expected to eliminate the deficits.

NOTE 4 - BUDGETARY CONTROL

Excess Expenditures Over Budget – At June 30, 2013, the Town had expenditures in funds that exceeded the budget; however, this does not constitute a violation of any legal provisions.

The voters of the State of Arizona, on June 3, 1980, approved an expenditure limitation that is applicable to all local governments. This limitation, based on expenditures of the 1979-80 fiscal year, restricts the growth of expenditures based on a factor of increases in population and inflation. Certain expenditures are held to be excludable. The limitation is set by the State Economic Estimates Commission prior to April 1 of each year for the following fiscal year. As allowed, the voters of the Town of Marana, on May 21, 2013, approved an alternative expenditure limitation - home rule option to be applicable to the Town.

This alternative expenditure limitation is free from any ties to the state imposed limitations and is in effect for four consecutive years beginning with the fiscal year ended June 30, 2014. This limitation provides for the Town to allow the Mayor and Council to adopt an annual expenditure limitation each year with no expenditures held to be excludable. Therefore, the annual expenditure limitation equals the adopted budget.

The Town establishes its fiscal year as the twelve-month period beginning July 1. The departments submit to the Town manager a budget of estimated expenditures for the ensuing fiscal year. The Town manager and each department head meet to discuss mutually acceptable changes for the estimated expenditures for that department after which the Town manager subsequently submits a budget of estimated expenditures and revenues to the Town Council.

Upon receipt of the budget estimates, the Town Council will hold a public meeting to obtain taxpayer comments. Concurrently, a copy of the budget estimates is published in a local newspaper. The Town Council is prevented from legally enacting the budget through passage of a resolution until 15 days have passed after the date of the public meeting. Prior to July 1, the budget is legally enacted.

The Town Council formally adopts the budget and legally allocates the available monies for the General Fund, the Highway User Revenue Fund, the Local Transportation Assistance Fund, the Community Development Block Grant Fund, the Affordable Housing Revolving Fund, the Local JCEF Fund, the Local Technology Enhancement Fund, the Fill the Gap Fund, the Other Special Revenue Fund, the Other Debt Service Fund, the Transportation Fund, the

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 - BUDGETARY CONTROL (Cont'd)

1/2 Cent Sales Tax Fund, the Impact Fee Funds, the Other Capital Projects Funds and the Tangerine Farms Improvement District Fund. The enterprise funds, Water Department, Wastewater Department and Airport Authority, are subject to flexible budgets.

The Town manager is authorized to transfer budgeted amounts within any department in the General Fund or between funds for any other fund; however, any revisions that reallocate budgeted amounts between departments within the General Fund or from the budget line items labeled "contingency" must be approved by the Town Council.

NOTE 5 - CASH AND INVESTMENTS

A.R.S. authorize the Town to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, towns, school districts, and special districts as specified by statute. 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 Town's investments. The State Board of Investment provides oversight for the State Treasurer's pools.

At June 30, 2013, the carrying amount of the Town's deposits was \$1,677,925, and the bank balance was \$1,741,579. The differences between the book and bank balances are due to timing of certain transactions like deposits in transit and outstanding checks.

Of the bank balance, \$500,000 was covered by Federal depository insurance and \$1,241,579 was covered by collateral; no portion of the balance was uninsured and uncollateralized. The Town had \$1,460 in petty cash funds, change drawers and other related items at year end. Additionally, the Town had deposits of \$603,775 held by Pima County in a fiduciary capacity.

At June 30, 2013, the Town's investments consisted of the following.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Money Market Investments	\$ 22,476,235	\$ 22,476,235	\$ -
Repurchase Agreement	15,851,264	15,851,264	-
Federal Home Loan Mortgage Corp.	1,081,201	-	1,081,201
Federal National Mortgage Assn.	5,813,863	-	5,813,863
		<u>\$ 38,327,499</u>	<u>\$ 6,895,064</u>
State Treasurer's investment pool 7	<u>17,387,062</u>	15 days average maturities	
	<u>\$ 62,609,625</u>		

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - CASH AND INVESTMENTS (Cont'd)

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Town has no investment policy that would further limit its investment choices. As of June 30, 2013, the Town's investment in the State Treasurer's investment pool 7 was rated AAA by Standard & Poor's. The Town's investments in U.S. Agencies were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

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

Concentration of Credit Risk. The Town places no limit on the amount it may invest in any one issuer. More than 5 percent of the Town's investments are in U.S. Agencies. These investments are 9% of the Town's total investments.

NOTE 6 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for fiscal year ended June 30, 2013.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,920,605	\$ -	\$ -	\$ 3,920,605
Construction in progress	10,717,049	2,706,443	1,859,949	11,563,543
Total capital assets, not being depreciated	<u>14,637,654</u>	<u>2,706,443</u>	<u>1,859,949</u>	<u>15,484,148</u>
Capital assets, being depreciated:				
Buildings and improvements	44,482,713	1,055,068	-	45,537,781
Machinery, equipment, and other assets	18,879,449	864,365	734,581	19,009,233
Infrastructure	312,776,349	1,731,214	-	314,507,563
Total capital assets being depreciated	<u>376,138,511</u>	<u>3,650,647</u>	<u>734,581</u>	<u>379,054,577</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,361,187)	(1,393,377)	-	(11,754,564)
Machinery, equipment, and other assets	(17,306,716)	(1,058,444)	(714,061)	(17,651,099)
Infrastructure	(78,337,098)	(13,635,056)	-	(91,972,154)
Total accumulated depreciation	<u>(106,005,001)</u>	<u>(16,086,877)</u>	<u>(714,061)</u>	<u>(121,377,817)</u>
Total capital assets, being depreciated, net	<u>270,133,510</u>	<u>(12,436,230)</u>	<u>20,520</u>	<u>257,676,760</u>
Governmental activities capital assets, net	<u>\$284,771,164</u>	<u>\$(9,729,787)</u>	<u>\$1,880,469</u>	<u>\$273,160,908</u>

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – CAPITAL ASSETS (Cont'd)

Governmental activities depreciation expense was charged to function/programs as follows.

Governmental Activities:	
General government	\$ 1,026,286
Public safety	596,303
Highways and streets	13,676,645
Health and welfare	23,371
Economic and community development	12,636
Culture and recreation	751,636
Total depreciation expense – governmental activities	<u>\$ 16,086,877</u>

A summary of changes in capital assets for business-type activities is as follows.

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,493,811	\$ -	\$ -	\$ 4,493,811
Water rights	2,735,220	259,407	-	2,994,627
Construction in progress	4,128,216	1,521,341	4,588,971	1,060,586
Total capital assets, not being depreciated	<u>11,357,247</u>	<u>1,780,748</u>	<u>4,588,971</u>	<u>8,549,024</u>
Capital assets, being depreciated:				
Buildings, improvements and infrastructure	110,030,713	4,927,077	136,395	114,821,395
Machinery, equipment, and other assets	8,765,573	123,346	-	8,888,919
Total capital assets being depreciated	<u>118,796,286</u>	<u>5,050,423</u>	<u>136,395</u>	<u>123,710,314</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	(12,029,055)	(3,192,886)	-	(15,221,941)
Machinery, equipment, and other assets	(1,115,836)	(612,560)	-	(1,728,396)
Total accumulated depreciation	<u>(13,144,891)</u>	<u>(3,805,446)</u>	<u>-</u>	<u>(16,950,337)</u>
Total capital assets, being depreciated, net	<u>105,651,395</u>	<u>1,244,977</u>	<u>136,395</u>	<u>106,759,977</u>
Business-type activities capital assets, net	<u>\$ 117,008,642</u>	<u>\$ 3,025,725</u>	<u>\$ 4,725,366</u>	<u>\$115,309,001</u>

Business-type depreciation expense was charged to functions/programs as follows.

Business-type Activities:	
Airport	\$ 924,527
Water	956,862
Wastewater	1,924,057
Total depreciation expense – business-type activities	<u>\$ 3,805,446</u>

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT

A. Notes Payable

Business-type activities loan payable consists of a loan from the Water Infrastructure Finance Authority (WIFA), the proceeds of which were used to acquire and construct various water related infrastructure. The loans are to be repaid in annual principal payments, plus semiannual interest payments, and a semiannual servicing fee.

During 2010, the Town obtained \$5,250,000 in financing from WIFA for the acquisition and construction of a new water infrastructure. As of year-end, the Town has drawn on \$4,690,128 of the loan, leaving \$559,872 available for drawdown. The interest rate at June 30, 2013 on the outstanding balance is 2.968 percent.

The following is a schedule by years of the debt service requirements for the loan as of June 30, 2013.

Fiscal Year	Principal	Interest	Total
2014	\$ 222,296	\$ 123,274	\$ 345,570
2015	228,894	116,578	345,472
2016	235,687	109,684	345,371
2017	242,682	102,585	345,267
2018	249,885	95,275	345,160
2019 – 2023	1,365,176	358,907	1,724,083
2024 – 2028	1,580,156	140,736	1,720,892
2029 - 2030	139,798	3,123	142,921
Totals	<u>\$ 4,264,574</u>	<u>\$ 1,050,162</u>	<u>\$ 5,314,736</u>

B. Community Facilities District (CFD) General Obligation Bonds

Gladden Farms Community Facilities District (a component unit) issued general obligation bonds for infrastructure improvements. The CFD general obligation bonds outstanding as reported in governmental activities as of June 30, 2013, were as follows.

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 – LONG-TERM DEBT (Cont'd)

	Outstanding June 30, 2013
\$2,105,000 CFD General Obligation Bonds, 2004 Series, due in annual installments of \$45,000 to \$165,000; through July 15, 2029; at a 5.0% to 6.5% interest rate.	\$ 1,790,000
\$3,250,000 CFD General Obligation Bonds, 2006 Series, due in annual installments of \$70,000 to \$395,000; through July 15, 2031; at a 4.9% to 5.5% interest rate.	2,950,000
\$3,075,000 CFD General Obligation Bonds, 2007 Series, due in annual installments of \$60,000 to \$605,000; through July 15, 2032; at a 4.4% to 5.45% interest rate.	2,820,000
\$1,000,000 CFD General Obligation Bonds, 2010 Series, due in annual installments of \$10,000 to \$665,000; through July 15, 2033; at a 2.7% to 5.75% interest rate.	990,000
Total	\$ 8,550,000

Annual debt service requirements to maturity on the CFD general obligation bonds at June 30, 2013, are summarized as follows.

Year ending June 30	Principal	Interest	Total
2014	\$ 225,000	\$ 469,753	\$ 694,753
2015	240,000	457,903	697,903
2016	250,000	445,273	695,273
2017	265,000	431,872	696,872
2018	280,000	417,568	697,568
2019 - 2023	1,640,000	1,838,183	3,478,183
2024 - 2028	2,010,000	1,303,894	3,313,894
2029 - 2033	2,975,000	598,756	3,573,756
2034	665,000	19,119	684,119
Totals	\$ 8,550,000	\$ 5,982,321	\$ 14,532,320

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 – LONG-TERM DEBT (Cont'd)

C. Tangerine Farms Road Improvement District Improvement Bonds

Tangerine Farms Road Improvement District (a component unit) issued special assessment bonds for infrastructure improvements. These bonds will be paid through assessments made to the property owners within the Tangerine Farms Road Improvement District. The Town is responsible for the collection of the assessments and the disbursement of funds to retire the bonds. If a delinquency on an assessment occurs, the Town is required to cover the delinquency with other resources until foreclosure proceeds are received. The TFRID special assessment bonds outstanding as reported in governmental activities as of June 30, 2013, were as follows.

	<u>Outstanding June 30, 2013</u>
\$25,774,000 TFRID Special Assessment Bonds, due in annual installments of \$951,000 to \$1,965,000; through January 1, 2026; at an interest rate of 4.6%.	\$ 19,926,000
Total	<u>\$ 19,926,000</u>

Annual debt service requirements to maturity on the TFRID special assessment bonds at June 30, 2013, are summarized as follows.

Year ending June 30	Principal	Interest	Total
2014	\$ 1,298,000	\$ 913,077	\$ 2,211,077
2015	1,197,000	856,888	2,053,888
2016	1,253,000	801,826	2,054,826
2017	1,311,000	744,188	2,055,188
2018	1,370,000	683,882	2,053,882
2019 - 2023	7,859,000	2,413,850	10,272,850
2024 - 2026	5,638,000	526,516	6,164,516
Totals	<u>\$ 19,926,000</u>	<u>\$ 6,940,227</u>	<u>\$ 26,866,227</u>

D. Revenue Bonds

The Town issued \$13,050,000 of pledged excise tax revenue and refunding obligation bonds with interest rates ranging from 2.0% to 5.0%. The proceeds were used to advance refund \$14,160,000 of outstanding 2003 Series revenue bonds, which had interest rates ranging from 2.0% to 5.0%. The net proceeds of \$14,162,443 (including a \$1,308,014 premium and after payment of \$195,571 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2003 Series revenue bonds are considered defeased and the liability for the refunded bonds has been removed from the statement of net position.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (Cont'd)

The reacquisition price exceeded the net carrying amount of the old debt by \$2,443. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The Town advance refunded the 2003 Series revenue bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,542,648.

The Town has issued revenue bonds for acquiring water systems, infrastructure upgrades, the design and construction of the new municipal complex and to refund prior issuances. These bonds are payable solely from the excise taxes collected by the Town. The revenue bonds outstanding as reported in governmental activities as of June 30, 2013 were as follows.

	<u>Outstanding June 30, 2013</u>
\$8,175,000 Revenue Bonds, 1997 Series, due in bi-annual installments of \$105,000 to \$300,000; through July 1, 2022; at a 3.85% to 5.25% interest rate.	\$ 2,550,000
\$19,700,000 Revenue Bonds, 2003 Series, due in bi-annual installments of \$260,000 to \$665,000; through July 1, 2028; at a 2.0% to 5.0% interest rate.	675,000
\$8,675,000 Revenue and Refunding Bonds, 2004 Series, due in bi-annual installments of \$115,000 to \$320,000; through July 1, 2025; at a 3.0% to 5.25% interest rate.	6,025,000
\$31,090,000 Revenue Bonds, 2008 Series A, due in bi-annual installments of \$570,000 to \$1,275,000; through July 1, 2028; at a 4.0% to 5.25% interest rate.	28,140,000
\$8,700,000 Revenue Bonds, 2008 Series B, due in bi-annual installments of \$70,000 to \$360,000; through July 1, 2028; at a 5.125% interest rate.	6,165,000
\$34,780,000 Pledged Excise Tax Revenue and Revenue Refunding Obligations, 2013 Series, due in bi-annual installments of \$315,000 to \$2,570,000; through July 1, 2033; at a 2.0% to 5.0% interest rate.	<u>34,780,000</u>
Total	<u>\$ 78,335,000</u>

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 – LONG-TERM DEBT (Cont'd)

Annual debt service requirements to maturity on revenue bonds at June 30, 2013, are summarized as follows.

Year ending June 30	Principal	Interest	Total
2014	\$ 2,710,000	\$ 3,605,748	\$ 6,315,748
2015	2,430,000	3,564,706	5,994,706
2016	2,910,000	3,455,075	6,365,075
2017	3,870,000	3,308,597	7,178,597
2018	4,055,000	3,128,628	7,183,628
2019 - 2023	23,175,000	12,691,688	35,866,688
2024 - 2028	27,110,000	6,526,369	33,636,369
2029 - 2033	10,355,000	1,414,550	11,769,550
2034	1,720,000	43,000	1,763,000
Totals	<u>\$ 78,335,000</u>	<u>\$ 37,738,361</u>	<u>\$ 116,073,361</u>

E. Pledged Revenues

The Town has pledged certain future revenues to repay specific bonded debt as follows. The Town has pledged future excise tax revenues to repay \$111.1 million in Excise Tax Revenue Bonds issued in 1997, 2003, 2004, 2008 and 2013. The various bonds were issued for the construction of the municipal complex, the acquisition of certain water systems, acquisition of the Marana Wastewater Reclamation Facility, infrastructure upgrades and to refund prior debt issuances. At year end, \$78.3 million in bonds remain outstanding to be repaid by future excise tax revenues and the net revenues available for service of this debt were \$36.2 million. The debt principal and interest paid on this debt during fiscal year 2013 was \$5.5 million (15% of available net pledged revenues).

In addition, the Town has pledged future water utility revenues to repay a \$5.3 million Water Infrastructure Financing Authority loan. The loan was issued for the acquisition of well sites and the construction of certain infrastructure. At year end, \$4.26 million remains outstanding to be repaid by future water revenues. For the fiscal year ended June 30, 2013, the net revenues available for service of this debt were \$3.7 million. The debt principal and interest paid on this debt during fiscal year 2013 was \$278,492.

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LONG-TERM DEBT (Cont'd)

H. Changes in Long-term Debt

The following is a summary of changes in long-term debt activity for fiscal year ended June 30, 2013.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,765,000	\$ -	\$ 215,000	\$ 8,550,000	\$ 225,000
Revenue bonds	60,315,000	34,780,000	16,760,000	78,335,000	2,710,000
Compensated absences	821,907	927,166	860,931	888,142	799,327
Special assessment bonds	21,288,000	-	1,362,000	19,926,000	1,298,000
Deferred bond premium	459,099	3,031,218	34,412	3,455,905	34,412
Deferred bond discount	(75,384)	-	(4,436)	(70,948)	(4,434)
Total	<u>\$ 91,573,622</u>	<u>\$ 38,738,384</u>	<u>\$ 19,227,907</u>	<u>\$ 111,084,099</u>	<u>\$ 5,062,305</u>
Business-type activities:					
Loan payable	\$ 4,480,462	\$ -	\$ 215,888	\$ 4,264,574	\$ 222,296
Compensated absences	51,464	60,192	52,248	59,408	53,467
Judgments payable	203,725	-	203,725	-	-
Total	<u>\$ 4,735,651</u>	<u>\$ 60,192</u>	<u>\$ 471,861</u>	<u>\$ 4,323,982</u>	<u>\$ 275,763</u>

NOTE 8 – DEFERRED AMOUNTS

Governmental funds report deferred inflows of resources for revenue due and receivable but not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred amounts reported in the governmental funds were as follows.

<u>Deferred revenue</u>	<u>Unavailable</u>	<u>Unearned</u>
Program revenues (General Fund)	\$ -	\$ 292,965
Intergovernmental (Non-Major governmental funds)	730,642	-
Special assessments (Tangerine Farms Improvement District Debt Service Fund)	19,738,348	-
Total deferred amounts for governmental funds	<u>\$ 20,468,990</u>	<u>\$ 292,965</u>

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

At June 30, 2013, several funds were involved in interfund borrowing arrangements with the General Fund due to insufficient resources available in the funds to cover expenditures. Through the fiscal year 2013-2014, these interfund borrowing will be eliminated as sufficient resources become available. Listed below is a summary of the interfund borrowing transactions.

Due To	Due From			Total
	Non-Major Governmental Funds	Wastewater Fund	Airport Fund	
General Fund	\$ 761,595	\$3,616,095	\$2,775,481	\$7,153,171
Total	\$ 761,595	\$3,616,095	\$2,775,481	\$7,153,171

Interfund transfers:

Interfund transfers were made by the Town during the fiscal year to ensure that sufficient resources were available to cover expenditures in the applicable funds. These were direct transfers between funds and will not be eliminated as sufficient resources become available in the receiving funds. Listed below is a summary of transfers between funds.

Transfer Out	Transfers In			Total
	2008 Debt Service Fund	Non-Major Governmental Funds	Wastewater Fund	
General Fund	\$ 531,735	\$ 2,207,524	\$ -	\$2,739,259
Non-Major Governmental Water Fund	2,596,118 -	14,160,000 204,373	16,115,926 -	32,872,044 204,373
Total	\$3,127,853	\$ 16,571,897	\$16,115,926	\$35,815,676

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

All full-time and permanent part-time employees participate in one of four different retirement plans. With the exception of public safety personnel, police dispatchers and elected officials, all other employees participate in the Arizona State Retirement System (ASRS). Certified public safety personnel participate in the Public Safety Retirement Systems (PSPRS). Police dispatch and communication staff participate in the Corrections Officer Retirement Plan (CORP). The Town's Mayor and Council Members participate in the Elected Officials' Retirement Plan (EORP).

A. Public Safety Personnel Retirement System

All of the Town's full-time police officers are covered by the Arizona Public Safety Personnel Retirement System (PSPRS), which is an agent multiple-employer defined benefit plan. PSPRS was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS is jointly administered by the fund manager and participating local boards. The fund manager is a five-member board appointed by the Governor and the State Legislature. The fund manager is responsible for establishing contribution rates in accordance with an actuarial study. The PSPRS provides retirement benefits, as well as death and disability and health insurance premium benefits. PSPRS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing to the PSPRS 3010 E Camelback Rd, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

For the fiscal year ending June 30, 2013, the required employee contribution rate was 9.55% of the members' annual covered payroll; the Town was required to contribute at the actuarially determined rate of 18.51% (17.25% retirement and 1.26% health insurance premium) of the covered payroll.

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Cont'd)

The Town's pension cost for the year ending June 30, 2013, the date of the most recent actuarial valuation and related information are summarized as follows:

Contribution rates:	
Town – retirement	17.25%
Town – health insurance premium	1.26%
Plan members	7.65%
Annual pension cost	\$834,869
Contributions made:	
Retirement	\$778,039
Health insurance premium	\$56,830
Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0%
Post-retirement benefit increase	Based on Investment Income
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for underfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Cont'd)

Trend Information

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2013			
Pension	\$778,039	100.0	-
Health	\$56,830	100.0	-
2012			
Pension	\$ 644,505	100.0	-
Health	\$ 53,783	100.0	-
2011			
Pension	\$ 554,132	100.0	-
Health	\$ 45,620	100.0	-

SCHEDULE OF FUNDING PROGRESS

An analysis of funding progress for each of the agent plans as most recent actuarial valuations, June 30, 2011 reporting period determines the rates for fiscal year 2013. For this valuation, fiscal years prior to 2008 (which were prior to the period of implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2008, GASB Statement Nos. 43 and 45 measurements were made and reported; therefore, these benefits are disaggregated and reported separately.

Pension Plan

<u>Valuation Date June 30</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Percent Funded (1)/(2)</u>	<u>(4) Unfunded AAL (2)-(1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)</u>
2011	\$11,606,757	\$15,764,471	73.6%	\$4,157,714	\$4,254,314	97.7%
2010	\$10,545,546	\$13,952,924	75.6%	\$3,407,378	\$4,345,965	78.4%
2009	\$10,195,941	\$12,810,429	79.6%	\$2,614,488	\$4,625,605	56.5%

Health Insurance Plan

<u>Valuation Date June 30</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Percent Funded (1)/(2)</u>	<u>(4) Unfunded AAL (2)-(1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)</u>
2011	\$0	\$590,843	0.00%	\$590,843	\$4,254,314	13.89%
2010	\$0	\$459,531	0.00%	\$459,531	\$4,345,965	10.57%
2009	\$0	\$397,840	0.00%	\$397,840	\$4,625,605	8.60%

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Cont'd)

Annual Required Contribution – Health Insurance Plan

Valuation Date	Fiscal Year Ended	Normal Cost (a)	Actuarial Accrued Liability (b)	Total (a+b)	Dollar Amount
<u>June 30,</u>	<u>June 30,</u>	<u>Normal Cost (a)</u>	<u>Liability (b)</u>	<u>Total (a+b)</u>	<u>Amount</u>
2011	2013	.51%	.75%	1.26%	\$59,099
2010	2012	.67%	.54%	1.21%	\$58,530
2009	2011	.67%	.42%	1.09%	\$56,118

The Health Insurance Subsidy payments reported for valuation year 2011 were \$12,793.

B. Arizona State Retirement System

All full-time and permanent part-time employees not in the Public Safety Retirement System, Corrections Officers Retirement System or Elected Officials Retirement System are eligible to participate in the Arizona State Retirement System (ASRS) a cost sharing multiple-employer defined benefit plan. The ASRS was established by the State of Arizona to provide pension benefits for employees of the State and employees of participating political subdivisions and school districts. The ASRS is administered in accordance with the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS provides for retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to ASRS, 3300 N. Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling 602-240-2000 or 1-800-621-3778.

Funding Policy

Cost-sharing plan - Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts. The ASRS funding policy provides for actuarially determined employer contributions at rates which will provide assets sufficient to pay benefits when due.

For the fiscal year ending June 30, 2013, the required contribution rate of members was 11.14% (10.9% retirement and 0.24% long-term disability) and the Town was required by statute to contribute at an actuarially determined rate of 11.14% (10.25% retirement, 0.65% health insurance premium, and 0.24% long-term disability). The Town's contributions to ASRS for the year's ended June 30, 2013, 2012 and 2011 were \$1,273,770, \$1,192,032, and \$1,021,756, respectively, equal to the required contributions for each year.

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Cont'd)

The Town's contribution for the current and two proceeding year's, all of which were equal to the required contributions are as follows:

Years ended <u>June 30,</u>	<u>Retirement</u>	<u>Health Insurance</u>	<u>Long-term Disability</u>	<u>Total</u>
2013	\$ 1,172,006	\$ 74,322	\$ 27,442	\$ 1,273,770
2012	1,095,471	69,924	26,638	1,192,032
2011	934,621	61,202	25,933	1,021,756

C. Corrections Officers Retirement Plan

All full-time and permanent part-time employees employed as police dispatchers or communications operators are eligible to participate in the Corrections Officers Retirement Plan (CORP), a multiple-employer cost-sharing defined benefit plan. The CORP is governed by the Corrections Officers Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 6. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. CORP issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained by writing to CORP, 3010 E Camelback Rd, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

The contribution requirements of plan members are established and may be amended by Arizona State statute. The CORP funding policy provides for actuarially determined employer contributions at rates which will provide assets sufficient to pay benefits when due. For the fiscal year ending June 30, 2013, the required contribution rate of members was 7.96%; the Town's contribution rate was 7.27%. The Town's contributions to CORP for the fiscal years ended June 30, 2013, 2012, and 2011 were \$34,906, \$27,800, and \$28,555, respectively, which were equal to the required contributions for those years.

D. Elected Officials' Retirement Plan

The Town's Mayor and Council Members are eligible to participate in the Elected Officials' Retirement Plan (EORP), a multiple employer cost-sharing defined benefit plan. The EORP is governed by the Public Safety Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. Benefits are established by the State statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. EORP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to EORP, 3010 E Camelback Rd, Ste 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the fund manager, a five-member board. For the fiscal year ending June 30, 2013, the

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS (Cont'd)

required contribution rate of members was 11.50%; the Town's contribution rate was 36.44%. The Town's contributions to EORP for the fiscal years ended June 30, 2013, 2012 and 2011 were \$43,518, \$40,861, and \$34,226, respectively, which were equal to the required contributions for those years.

NOTE 11 - RISK MANAGEMENT

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

The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims-made purpose. Excess coverage is for an additional \$13,000,000 per occurrence on a follow form, claims-made basis. The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town continues to carry commercial insurance for all other risks of loss, including workers' compensation and 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.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Town is subject to a number of lawsuits, investigations, and other claims (some of which involve substantial amounts) that are incidental to the ordinary course of its operations, including those related to wrongful death and personal injury matters. Although the Town Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the Town's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of Town management, based on the advice of the Town Attorney, the resolution of these matters will not have a material adverse effect on the Town's financial position.

Significant Contractual Commitments

At the end of fiscal year 2013, the Town was obligated to \$2.5 million in significant contractual commitments for transportation, park, water facility, and wastewater facility related construction projects. Tangerine Corridor improvements, Camino de Manana road improvements, Heritage Park improvements, Continental Ranch improvements, Constructed Recharge for Effluent project, and Palo Verde Water Plant upgrade accounted for \$2.1 million in commitments. Other transportation and park related projects accounted for \$398,583.

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 13 - LEASING ARRANGEMENTS

Land – State of Arizona

The Town has assigned and assumed a non-cancelable long-term operating lease for 2,400 acres of land with the State of Arizona with an expiration of October 2099. This lease had an initial annual rent of \$432,000 that requires 10% increases in the annual rent payments for each succeeding five year period. In conjunction with the Town assuming the long-term operating lease, a developer signed a non-cancelable agreement to reimburse the Town the annual rental payment for either a minimum of twenty years or until the first twelve consecutive months the developer generates more than \$1,000,000 in resort sales tax to the Town from the development project known as "Dove Mountain".

This threshold was reached on June 30, 2011, and therefore the developer ceased reimbursing the Town for the annual rent payment. These leases provide for payments of minimum annual rentals as follows, excluding real estate taxes, common area charges, management fees, and sales taxes.

Years Ending June 30,	Total
2014	\$ 522,720
2015	522,720
2016	574,992
2017	574,992
2018	574,992
2019 - 2023	3,047,457
2024 - 2028	3,352,202
2029 - 2033	3,687,422
2034 - 2038	4,056,163
2039 - 2043	4,461,780
2044 - 2048	4,907,959
2049 - 2053	5,398,754
2054 - 2058	5,938,630
2059 - 2063	6,532,495
2064 - 2068	7,185,745
2069 - 2073	7,904,319
2074 - 2078	8,694,751
2079 - 2083	9,564,226
2084 - 2088	10,520,649
2089 - 2093	11,572,714
2094 - 2098	12,729,984
2099	2,642,072
Total	<u>\$ 114,967,738</u>

**TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 13 - LEASING ARRANGEMENTS (Cont'd)

Minimum annual rentals above excludes annual rental under the remaining renewal options as of June 30, 2013. Rent expense under the above leases for fiscal 2012-13 aggregated \$522,720.

NOTE 14 – SPECIAL ITEM

In 2011, the Town requested Pima County to transfer certain sewer facilities located in northwest Marana. On January 3, 2012, the Town began operating and maintaining the facilities, however, the transfer of assets and debt attributable to the treatment plant were in dispute. At that time, the net investment in capital assets was recognized from the valuation provided in Pima County's disclosure. In April of 2013, the Town entered into an agreement for the purchase of the facilities. In June of 2013 the Town took ownership of the facilities when the agreement was settled. The valuation of the net investment in capital assets after the resolution of the dispute was \$2.4 million less than the amount recognized in the fiscal year ended June 30, 2012.

Also, in conjunction with the acquisition of the sewer facilities, certain soft costs attributable to the acquisition were eligible for reimbursement through capital funding. \$1.1 million is related to soft costs recaptured and capitalized for this purpose.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 65 for the fiscal year ended June 30, 2013. As a result, the Town's net asset balances as of June 30, 2012 have been restated as net position in the government-wide and proprietary fund financial statements.

	Governmental Activities
Net assets at June 30, 2012	\$263,202,395
GASB Statement No. 65 adjustment	
Debt issuance cost	(2,014,498)
Net position at July 1, 2012	\$261,187,897

NOTE 16 – SUBSEQUENT EVENTS

Bond Call:

In July 2013, the Tangerine Road Farms Improvement District, a component unit of the Town, retired \$153,000 of the outstanding bonds through an early bond call. The debt was issued as special assessment bonds for infrastructure improvements and is paid by the property owners within the Tangerine Road Farms Improvement District. The bonds were issued at an interest rate of 4.6%.

In July 2013, the Marana Municipal Property Corporation (MMPC), a component unit of the Town, retired \$6,060,000 of the outstanding MMPC Series 2008B bonds through an early bond call. The debt was issued in order to advance fund various projects to acquire,

TOWN OF MARANA, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 16 – SUBSEQUENT EVENTS (Cont'd)

construct, improve, and extend sewer facilities, streets and parks within the Town of Marana. The bonds were issued at an interest rate of 5.125%.

Pima County v. Town of Marana (2011):

On August 25, 2011, Pima County filed suit against the Town in Superior Court seeking declaratory and injunctive relief on the constitutionality and enforceability of 2011 Arizona legislation, Senate Bill 1171, that would require Pima County to transfer to the Town at its request and upon payment of outstanding debt all sewer facilities located in or primarily serving the Town. The Town requested the transfer of certain sewer facilities pursuant to the 2011 legislation, Pima County transferred the disputed sewer facilities to the Town on January 3, 2012, and the Town has been operating them since that time. In April 2013, the Town entered into a settlement and purchase agreement with Pima County. The Town took ownership of the facilities in June 2013 when the purchase closed. The agreement was filed in July 2013, which concludes the dispute of the transfer of sewer facilities.



This page intentionally left blank

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

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			Variance - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Sales taxes	\$ 19,835,770	\$ 19,835,770	\$ 20,451,798	\$ 616,028
Intergovernmental	7,821,591	7,821,591	7,717,086	(104,505)
Licenses, fees & permits	2,413,600	2,413,600	4,323,155	1,909,555
Fines, forfeitures & penalties	570,000	570,000	674,082	104,082
Charges for services	310,250	310,250	379,348	69,098
Lease income	875,000	875,000	105,358	(769,642)
Contributions	-	-	3,000	3,000
Investment income	100,000	100,000	155,464	55,464
Miscellaneous	544,320	544,320	685,850	141,530
Total revenues	<u>32,470,531</u>	<u>32,470,531</u>	<u>34,495,141</u>	<u>2,024,610</u>
Expenditures:				
General government:				
General government	2,437,357	1,936,664	671,424	1,265,240
Town council	289,343	289,343	269,266	20,077
Town clerk	385,235	385,235	355,751	29,484
Town manager	804,196	859,050	772,669	86,381
Human Resources	632,007	632,007	621,385	10,622
Finance	841,714	841,714	727,068	114,646
Legal	762,016	716,149	713,686	2,463
Technical Services	1,751,505	1,767,505	1,766,626	879
Municipal Courts	963,109	963,109	942,228	20,881
Public Safety:				
Police	10,294,369	10,309,369	10,240,743	68,626
Building Safety	672,942	672,942	612,935	60,007
Highways and streets				
Public works	2,104,779	2,105,779	2,105,164	615
Economic and community development				
Development Services	3,819,995	4,184,251	4,039,211	145,040
Community development	240,571	321,521	308,449	13,072
Culture and recreation				
Parks and recreation	2,848,980	2,860,180	2,859,189	991
Capital outlay	2,292,900	2,296,200	2,129,458	166,742
Total expenditures	<u>31,141,018</u>	<u>31,141,018</u>	<u>29,135,252</u>	<u>2,005,766</u>
Excess (deficiency) of revenues over expenditures	<u>1,329,513</u>	<u>1,329,513</u>	<u>5,359,889</u>	<u>4,030,376</u>
Other financing sources (uses):				
Transfers out	(2,839,259)	(2,839,259)	(2,739,259)	100,000
Total other financing sources (uses)	<u>(2,839,259)</u>	<u>(2,839,259)</u>	<u>(2,739,259)</u>	<u>100,000</u>
Changes in fund balances	<u>(1,509,746)</u>	<u>(1,509,746)</u>	<u>2,620,630</u>	<u>4,130,376</u>
Fund balances, beginning of year	<u>14,291,897</u>	<u>14,291,897</u>	<u>18,297,562</u>	<u>4,005,665</u>
Fund balances, end of year	<u>\$ 12,782,151</u>	<u>\$ 12,782,151</u>	<u>\$ 20,918,192</u>	<u>\$ 8,136,041</u>

See accompanying notes to this schedule.

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 2,307,021	\$ 2,307,021	\$ 2,256,920	\$ (50,101)
Investment income	7,500	7,500	3,186	(4,314)
Total revenues	2,314,521	2,314,521	2,260,106	(54,415)
Expenditures:				
Current -				
Highways and streets	2,635,203	2,559,203	1,831,699	727,504
Capital outlay	367,000	443,000	189,329	253,671
Total expenditures	3,002,203	3,002,203	2,021,028	981,175
Excess (deficiency) of revenues over expenditures	(687,682)	(687,682)	239,078	926,760
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	56,910	(56,910)
Total other financing sources (uses)	-	-	56,910	(56,910)
Change in fund balance	(687,682)	(687,682)	295,988	983,670
Fund balance, July 1, 2012	52,724	52,724	3,654,175	3,601,451
Fund balance (deficits), June 30, 2013	\$ (634,958)	\$ (634,958)	\$ 3,950,163	\$ 4,585,121

TOWN OF MARANA, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**



This page intentionally left blank

**OTHER MAJOR GOVERNMENTAL FUNDS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL**



This page intentionally left blank

**TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - TANGERINE FARMS
IMPROVEMENT DISTRICT DEBT SERVICE
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Special assessments	\$ 2,097,748	\$ 2,097,748	\$ 2,337,438	\$ 239,690
Total revenues	<u>2,097,748</u>	<u>2,097,748</u>	<u>2,337,438</u>	<u>239,690</u>
Expenditures:				
Debt service -				
Principal retirement	1,117,000	1,117,000	1,362,000	(245,000)
Interest and fiscal charges	980,748	980,748	976,535	4,213
Total expenditures	<u>2,097,748</u>	<u>2,097,748</u>	<u>2,338,535</u>	<u>(240,787)</u>
 Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,097)</u>	<u>(1,097)</u>
 Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>676,513</u>	<u>676,513</u>
 Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,416</u>	<u>\$ 675,416</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - 2008 BOND DEBT SERVICE
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,200,000	5,200,000
Contributions	-	-	-	-
Investment income	-	-	56	56
Total revenues	<u>-</u>	<u>-</u>	<u>5,200,056</u>	<u>5,200,056</u>
Expenditures:				
Debt service -				
Principal retirement	1,380,000	1,380,000	1,380,000	-
Interest and fiscal charges	1,747,853	1,747,853	1,747,578	275
Total expenditures	<u>3,127,853</u>	<u>3,127,853</u>	<u>3,127,578</u>	<u>275</u>
Excess (deficiency) of revenues over expenditures	<u>(3,127,853)</u>	<u>(3,127,853)</u>	<u>2,072,478</u>	<u>5,200,331</u>
Other financing sources:				
Transfers in	3,127,853	3,127,853	3,127,853	-
Total other financing sources	<u>3,127,853</u>	<u>3,127,853</u>	<u>3,127,853</u>	<u>-</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>5,200,331</u>	<u>5,200,331</u>
Fund balances, beginning of year	<u>6,456,288</u>	<u>6,456,288</u>	<u>7,466,948</u>	<u>1,010,660</u>
Fund balances, end of year	<u>\$ 6,456,288</u>	<u>\$ 6,456,288</u>	<u>\$ 12,667,279</u>	<u>\$ 6,210,991</u>

NON-MAJOR GOVERNMENTAL FUNDS

TOWN OF MARANA, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE
JUNE 30, 2013

	Special Revenue	Capital Projects	Debt Service	Total Non-Major Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,410,253	\$ 19,060,785	\$ 270,703	\$ 21,741,741
Accounts receivable	60,655	7,421	-	68,076
Interest receivable	-	7,549	6	7,555
Due from governments	275,067	1,515,210	-	1,790,277
Restricted cash and investments	-	7,267,424	1,871,703	9,139,127
Total assets	<u>\$ 2,745,975</u>	<u>\$ 27,858,389</u>	<u>\$ 2,142,412</u>	<u>\$ 32,746,776</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 58,819	\$ 654,147	\$ -	\$ 712,966
Accrued payroll and employee benefits	6,201	6,244	-	12,445
Due to other funds	7,161	663,006	91,428	761,595
Deposits held for others	-	3,385	646,662	650,047
Total liabilities	<u>72,181</u>	<u>1,326,782</u>	<u>738,090</u>	<u>2,137,053</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	78,131	652,511	-	730,642
Total deferred inflows of resources	<u>78,131</u>	<u>652,511</u>	<u>-</u>	<u>730,642</u>
<u>FUND BALANCES (DEFICITS)</u>				
Fund balances:				
Restricted	2,597,202	26,321,132	1,404,322	30,322,656
Unassigned	(1,539)	(442,036)	-	(443,575)
Total fund balances	<u>2,595,663</u>	<u>25,879,096</u>	<u>1,404,322</u>	<u>29,879,081</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,745,975</u>	<u>\$ 27,858,389</u>	<u>\$ 2,142,412</u>	<u>\$ 32,746,776</u>

TOWN OF MARANA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2013

	Special Revenue	Capital Projects	Debt Service	Total Non-Major Governmental Funds
Revenues:				
Sales tax	\$ 983,992	\$ 3,332,314	\$ -	\$ 4,316,306
Property tax	-	99,825	396,715	496,540
Intergovernmental	674,407	2,151,711	-	2,826,118
Licenses, fees & permits	-	4,262,564	-	4,262,564
Fines, forfeitures & penalties	197,043	-	-	197,043
Contributions	154,984	115,886	314,698	585,568
Investment income	2,975	(9,981)	73	(6,933)
Miscellaneous	1,920	116,354	-	118,274
Total revenues	<u>2,015,321</u>	<u>10,068,673</u>	<u>711,486</u>	<u>12,795,480</u>
Expenditures:				
Current -				
General government	792,173	227,527	-	1,019,700
Public safety	465,331	-	-	465,331
Highways and streets	88,737	-	-	88,737
Economic and community development	131,437	-	-	131,437
Capital outlay	63,336	2,066,084	-	2,129,420
Debt service -				
Principal retirement	-	-	1,435,000	1,435,000
Interest and fiscal charges	-	-	1,683,600	1,683,600
Bond issuance costs	-	520,850	-	520,850
Total expenditures	<u>1,541,014</u>	<u>2,814,461</u>	<u>3,118,600</u>	<u>7,474,075</u>
Excess (deficiency) of revenues over expenditures	<u>474,307</u>	<u>7,254,212</u>	<u>(2,407,114)</u>	<u>5,321,405</u>
Other financing sources (uses):				
Face value of bonds issued	-	21,730,000	-	21,730,000
Refunded bond escrow payment	-	-	(14,160,000)	(14,160,000)
Premium on bonds issued	-	3,031,217	-	3,031,217
Refunding bonds	-	13,050,000	-	13,050,000
Transfers in	-	-	16,571,897	16,571,897
Transfers out	-	(32,872,044)	-	(32,872,044)
Total other financing sources (uses)	<u>-</u>	<u>4,939,173</u>	<u>2,411,897</u>	<u>7,351,070</u>
Change in fund balances	<u>474,307</u>	<u>12,193,385</u>	<u>4,783</u>	<u>12,672,475</u>
Fund balances, beginning of year	<u>2,121,356</u>	<u>13,685,711</u>	<u>1,399,539</u>	<u>17,206,606</u>
Fund balances, end of year	<u>\$ 2,595,663</u>	<u>\$ 25,879,096</u>	<u>\$ 1,404,322</u>	<u>\$ 29,879,081</u>



This page intentionally left blank

NON-MAJOR SPECIAL REVENUE FUNDS

Community Development Grant Fund (CDBG) – This fund accounts for the CDBG program which provides resources to address community development needs

Affordable Housing Fund – This revolving fund accounts for resources utilized on affordable housing projects and programs.

Bed Tax Fund – This fund accounts for the collection of the discriminatory portion of bed tax revenues which funds economic development and tourism initiatives.

Judicial Collection Enhancement Fund – This fund accounts for resources required to improve, maintain and enhance the ability to collect and manage monies assessed or received by the courts including restitution, child support, fines and civil penalties; and to improve court automation projects likely to improve case processing or the administration of justice.

Local Transportation Assistance Fund – This fund accounts for special distributions of state lottery monies which are restricted for transportation and/or transit related projects and programs.

Fill-the-Gap Fund – This fund accounts for local Fill The Gap resources which shall be used to improve, maintain and enhance the ability to collect and manage monies assessed or received by the courts, to improve court automation and to improve case processing or the administration of justice.

Local Technology Fund – This fund accounts for resources required to fund local or collaborative technology improvement projects and programs.

Other Special Revenue Fund – includes all other grant related programs and projects.

TOWN OF MARANA, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Community Development Block Grant</u>	<u>Affordable Housing</u>	<u>Bed Tax</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13,974	\$ 204,441	\$ 241,331
Accounts receivable	-	-	-
Due from governments	49,847	-	60,219
Total assets	<u>\$ 63,821</u>	<u>\$ 204,441</u>	<u>\$ 301,550</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 2,481	\$ 1,097	\$ 31,445
Accrued payroll and employee benefits	948	-	817
Due to other funds	7,161	-	-
Total liabilities	<u>10,590</u>	<u>1,097</u>	<u>32,262</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	4,455	-	-
Total deferred inflows of resources	<u>4,455</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES (DEFICITS)</u>			
Restricted	48,776	203,344	269,288
Unassigned	-	-	-
Total fund balances	<u>48,776</u>	<u>203,344</u>	<u>269,288</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,821</u>	<u>\$ 204,441</u>	<u>\$ 301,550</u>

Judicial Collection Enhancement	Fill-the-Gap	Local Transportation Assistance	Local Technology	Other Special Revenue Fund	Totals
\$ 96,774	\$ 59,452	\$ 20,645	\$ 615,039	\$ 1,158,597	\$ 2,410,253
-	1,918	-	-	58,737	60,655
-	-	-	-	165,001	275,067
<u>\$ 96,774</u>	<u>\$ 61,370</u>	<u>\$ 20,645</u>	<u>\$ 615,039</u>	<u>\$ 1,382,335</u>	<u>\$ 2,745,975</u>
\$ -	\$ -	\$ 22,184	\$ 145	\$ 1,467	\$ 58,819
-	-	-	1,195	3,241	6,201
-	-	-	-	-	7,161
-	-	22,184	1,340	4,708	72,181
-	-	-	-	73,676	\$ 78,131
-	-	-	-	73,676	78,131
96,774	61,370	-	613,699	1,303,951	\$ 2,597,202
-	-	(1,539)	-	-	(1,539)
<u>96,774</u>	<u>61,370</u>	<u>(1,539)</u>	<u>613,699</u>	<u>1,303,951</u>	<u>2,595,663</u>
<u>\$ 96,774</u>	<u>\$ 61,370</u>	<u>\$ 20,645</u>	<u>\$ 615,039</u>	<u>\$ 1,382,335</u>	<u>\$ 2,745,975</u>

TOWN OF MARANA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Community Development Block Grant	Affordable Housing	Bed Tax	Judicial Collection Enhancement
Revenues:				
Sales taxes	\$ -	\$ -	\$ 983,992	\$ -
Intergovernmental	142,946	-	-	-
Fines, forfeitures & penalties	-	-	-	13,307
Contributions	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	1,920	-	-
Total revenues	<u>142,946</u>	<u>1,920</u>	<u>983,992</u>	<u>13,307</u>
Expenditures:				
Current -				
General government	-	-	702,185	1,717
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Economic and community development	86,986	31,932	12,519	-
Capital outlay	1,217	-	-	-
Total expenditures	<u>88,203</u>	<u>31,932</u>	<u>714,704</u>	<u>1,717</u>
Excess (deficiency) of revenues over expenditures	<u>54,743</u>	<u>(30,012)</u>	<u>269,288</u>	<u>11,590</u>
Change in fund balances	<u>54,743</u>	<u>(30,012)</u>	<u>269,288</u>	<u>11,590</u>
Fund balances (deficits), beginning of year	<u>(5,967)</u>	<u>233,356</u>	<u>-</u>	<u>85,184</u>
Fund balances (deficits), end of year	<u>\$ 48,776</u>	<u>\$ 203,344</u>	<u>\$ 269,288</u>	<u>\$ 96,774</u>

Fill-the-Gap	Local Transportation Assistance	Local Technology	Other Special Revenue Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 983,992
-	-	-	531,461	674,407
6,144	-	125,486	52,106	197,043
-	-	-	154,984	154,984
-	-	-	2,975	2,975
-	-	-	-	1,920
<u>6,144</u>	<u>-</u>	<u>125,486</u>	<u>741,526</u>	<u>2,015,321</u>
-	-	38,505	49,766	792,173
-	-	-	465,331	465,331
-	88,737	-	-	88,737
-	-	-	-	131,437
-	-	-	62,119	63,336
<u>-</u>	<u>88,737</u>	<u>38,505</u>	<u>577,216</u>	<u>1,541,014</u>
<u>6,144</u>	<u>(88,737)</u>	<u>86,981</u>	<u>164,310</u>	<u>474,307</u>
<u>6,144</u>	<u>(88,737)</u>	<u>86,981</u>	<u>164,310</u>	<u>474,307</u>
<u>55,226</u>	<u>87,198</u>	<u>526,718</u>	<u>1,139,641</u>	<u>2,121,356</u>
<u>\$ 61,370</u>	<u>\$ (1,539)</u>	<u>\$ 613,699</u>	<u>\$ 1,303,951</u>	<u>\$ 2,595,663</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED JUNE 30, 2013

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
Intergovernmental	\$ 245,000	\$ 245,000	\$ 142,946	\$ (102,054)
Total revenues	<u>245,000</u>	<u>245,000</u>	<u>142,946</u>	<u>(102,054)</u>
Expenditures:				
Current -				
Economic and community development	333,945	333,945	86,986	246,959
Capital outlay	-	-	1,216	(1,216)
Total expenditures	<u>333,945</u>	<u>333,945</u>	<u>88,202</u>	<u>245,743</u>
Excess (deficiency) of revenues over expenditures	<u>(88,945)</u>	<u>(88,945)</u>	<u>54,744</u>	<u>143,689</u>
Fund balance, July 1, 2012	<u>-</u>	<u>-</u>	<u>(5,967)</u>	<u>(5,967)</u>
Fund balance, June 30, 2013	<u>\$ (88,945)</u>	<u>\$ (88,945)</u>	<u>\$ 48,777</u>	<u>\$ 137,722</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
AFFORDABLE HOUSING REVOLVING FUND
YEAR ENDED JUNE 30, 2013

	Affordable Housing Revolving Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Miscellaneous	\$ 100,000	\$ 100,000	\$ 1,920	\$ (98,080)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>1,920</u>	<u>(98,080)</u>
Expenditures:				
Current -				
Economic and community development	45,000	45,000	31,932	13,068
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>31,932</u>	<u>13,068</u>
Excess (deficiency) of revenues over expenditures	<u>55,000</u>	<u>55,000</u>	<u>(30,012)</u>	<u>(85,012)</u>
Change in fund balance	<u>55,000</u>	<u>55,000</u>	<u>(30,012)</u>	<u>(85,012)</u>
Fund balance (deficits), July 1, 2012	<u>309,200</u>	<u>309,200</u>	<u>233,356</u>	<u>(75,844)</u>
Fund balance (deficits), June 30, 2013	<u><u>\$ 364,200</u></u>	<u><u>\$ 364,200</u></u>	<u><u>\$ 203,344</u></u>	<u><u>\$ (160,856)</u></u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
BED TAX FUND
YEAR ENDED JUNE 30, 2013

	Bed Tax Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Sales taxes	\$ 732,300	\$ 732,300	\$ 983,992	\$ 251,692
Total revenues	<u>732,300</u>	<u>732,300</u>	<u>983,992</u>	<u>251,692</u>
Expenditures:				
Current -				
General government	732,300	684,036	702,185	(18,149)
Economic and community development	-	45,650	12,519	33,131
Total expenditures	<u>732,300</u>	<u>729,686</u>	<u>714,704</u>	<u>14,982</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,614</u>	<u>269,288</u>	<u>266,674</u>
Fund balance (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ 2,614</u>	<u>\$ 269,288</u>	<u>\$ 266,674</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
JUDICIAL COLLECTION ENHANCEMENT FUND
YEAR ENDED JUNE 30, 2013

	Judicial Collection Enhancement Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines, forfeitures & penalties	\$ 13,500	\$ 13,500	\$ 13,307	\$ (193)
Total revenues	<u>13,500</u>	<u>13,500</u>	<u>13,307</u>	<u>(193)</u>
Expenditures:				
Current -				
General government	35,800	35,800	1,717	34,083
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>40,800</u>	<u>40,800</u>	<u>1,717</u>	<u>39,083</u>
Excess (deficiency) of revenues over expenditures	<u>(27,300)</u>	<u>(27,300)</u>	<u>11,590</u>	<u>38,890</u>
Fund balance (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>85,184</u>	<u>85,184</u>
Fund balance (deficits), June 30, 2013	<u>\$ (27,300)</u>	<u>\$ (27,300)</u>	<u>\$ 96,774</u>	<u>\$ 124,074</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
FILL-THE-GAP FUND
YEAR ENDED JUNE 30, 2013

	Fill-the-Gap			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines, forfeitures & penalties	\$ 3,000	\$ 3,000	\$ 6,144	\$ 3,144
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>6,144</u>	<u>3,144</u>
Expenditures:				
Current -				
General government	31,000	31,000	-	31,000
Total expenditures	<u>31,000</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Excess (deficiency) of revenues over expenditures	<u>(28,000)</u>	<u>(28,000)</u>	<u>6,144</u>	<u>34,144</u>
Fund balance (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>55,226</u>	<u>55,226</u>
Fund balance (deficits), June 30, 2013	<u>\$ (28,000)</u>	<u>\$ (28,000)</u>	<u>\$ 61,370</u>	<u>\$ 89,370</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
LOCAL TRANSPORTATION ASSISTANCE FUND
YEAR ENDED JUNE 30, 2013

	Local Transportation Assistance Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current -				
Highways and streets	100,000	100,000	88,737	11,263
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>88,737</u>	<u>11,263</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>(88,737)</u>	<u>11,263</u>
Change in fund balance	<u>(100,000)</u>	<u>(100,000)</u>	<u>(88,737)</u>	<u>11,263</u>
Fund balance (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>87,198</u>	<u>87,198</u>
Fund balance (deficits), June 30, 2013	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (1,539)</u>	<u>\$ 98,461</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
LOCAL TECHNOLOGY
YEAR ENDED JUNE 30, 2013

	Local Technology Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 116,000	\$ 116,000	\$ 125,486	\$ 9,486
Total revenues	<u>116,000</u>	<u>116,000</u>	<u>125,486</u>	<u>9,486</u>
Expenditures:				
Current -				
General government	302,337	302,337	38,505	263,832
Total expenditures	<u>302,337</u>	<u>302,337</u>	<u>38,505</u>	<u>263,832</u>
Change in fund balance	<u>(186,337)</u>	<u>(186,337)</u>	<u>86,981</u>	<u>273,318</u>
Fund balance (deficits), July 1, 2012	<u>(177,229)</u>	<u>(177,229)</u>	<u>526,718</u>	<u>703,947</u>
Fund balance (deficits), June 30, 2013	<u>\$ (363,566)</u>	<u>\$ (363,566)</u>	<u>\$ 613,699</u>	<u>\$ 977,265</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2013

	Other Special Revenue Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 1,476,513	\$ 1,476,513	\$ 531,461	\$ (945,052)
Fines, forfeitures & penalties	50,000	50,000	52,106	2,106
Contributions	51,000	51,000	154,984	103,984
Investment income	1,615	1,615	2,975	1,360
Total revenues	<u>1,579,128</u>	<u>1,579,128</u>	<u>741,526</u>	<u>(837,602)</u>
Expenditures:				
Current -				
General government	1,051,000	999,500	49,766	949,734
Public safety	406,341	410,841	465,331	(54,490)
Community development	-	-	-	-
Capital outlay	414,606	461,606	62,119	399,487
Total expenditures	<u>1,871,947</u>	<u>1,871,947</u>	<u>577,216</u>	<u>1,294,731</u>
Excess (deficiency) of revenues over expenditures	<u>(292,819)</u>	<u>(292,819)</u>	<u>164,310</u>	<u>457,129</u>
Change in fund balance	<u>(292,819)</u>	<u>(292,819)</u>	<u>164,310</u>	<u>457,129</u>
Fund balance (deficits), July 1, 2012	<u>(247,464)</u>	<u>(247,464)</u>	<u>1,139,641</u>	<u>1,387,105</u>
Fund balance (deficits), June 30, 2013	<u>\$ (540,283)</u>	<u>\$ (540,283)</u>	<u>\$ 1,303,951</u>	<u>\$ 1,844,234</u>



This page intentionally left blank

NON-MAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

Northwest (Benefit Area) Transportation Impact Fees – This fund accounts for the financing and construction of transportation projects that are defined within the northwest benefit area.

Northeast (Benefit Area) Transportation Impact Fees – This fund accounts for the financing and construction of transportation projects that are defined within the northeast benefit area.

South (Benefit Area) Transportation Impact Fees – This fund accounts for the financing and construction of the Twin Peaks Interchange Project.

Park Impact Fees Fund – This fund accounts for park impact fees collected by the Town and utilized for authorized capital improvements.

PAG Capital Fund – This fund accounts for proceeds from Pima Association of Governments which are used for the Thornydale Road and Silverbell Road Improvements Projects.

Pima County Bond Capital Fund – This fund accounts for the financing and construction of projects funded through Pima County Bond program.

Sales Tax Capital Fund – This fund accounts for sales tax proceeds which are used for authorized capital improvements.

Gladden Farms Capital Fund – This fund accounts for the proceeds from the sale of general obligation bonds which are used for authorized capital improvements.

Vanderbilt Farms Capital Fund – This fund accounts for the proceeds from property tax revenues to be used for authorized capital improvements.

Saguaro Springs Capital Fund – This fund accounts for the financing and construction of authorized capital improvements.

Transportation – This fund accounts for the financing and construction of transportation capacity improvement projects.

TOWN OF MARANA, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2013

	Northwest Transportation Impact Fees	Northeast Transportation Impact Fees	South Transportation Impact Fees	Transportation
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,550,676	\$ 2,691,838	\$ 2,511,912	\$ 3,731,443
Accounts receivable	-	-	-	-
Interest receivable	-	-	4,296	3,241
Due from governments	-	-	-	571,741
Restricted cash	-	-	-	-
Total assets	<u>\$ 1,550,676</u>	<u>\$ 2,691,838</u>	<u>\$ 2,516,208</u>	<u>\$ 4,306,425</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 6,930	\$ 289,382
Accrued payroll and employee benefits	-	-	-	-
Due to other funds	-	-	-	-
Deposits held for others	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>6,930</u>	<u>289,382</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES (DEFICITS)</u>				
Restricted	1,550,676	2,691,838	2,509,278	4,017,043
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>1,550,676</u>	<u>2,691,838</u>	<u>2,509,278</u>	<u>4,017,043</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,550,676</u>	<u>\$ 2,691,838</u>	<u>\$ 2,516,208</u>	<u>\$ 4,306,425</u>

Park Impact Fees	PAG Capital	Pima County Bond Capital	Sales Tax Capital	Other Capital Projects	Gladden Farms Capital	Vanderbilt Farms Capital
\$ 4,672,672	\$ -	\$ -	\$ 758,087	\$ 2,679,801	\$ 366,216	\$ 45,612
-	7,421	-	-	-	-	-
-	-	-	6	6	-	-
-	859,631	38,982	-	44,856	-	-
-	-	-	-	7,170,606	96,818	-
<u>\$ 4,672,672</u>	<u>\$ 867,052</u>	<u>\$ 38,982</u>	<u>\$ 758,093</u>	<u>\$ 9,895,269</u>	<u>\$ 463,034</u>	<u>\$ 45,612</u>
\$ 39,990	69,088	1,966	\$ -	\$ 246,791	\$ -	\$ -
-	-	6,244	-	-	-	-
-	458,723	204,238	-	-	45	-
-	-	-	-	-	-	-
<u>39,990</u>	<u>527,811</u>	<u>212,448</u>	<u>-</u>	<u>246,791</u>	<u>45</u>	<u>-</u>
-	607,811	-	-	44,700	-	-
-	607,811	-	-	44,700	-	-
4,632,682	-	-	758,093	9,603,778	462,989	45,612
-	(268,570)	(173,466)	-	-	-	-
<u>4,632,682</u>	<u>(268,570)</u>	<u>(173,466)</u>	<u>758,093</u>	<u>9,603,778</u>	<u>462,989</u>	<u>45,612</u>
<u>\$ 4,672,672</u>	<u>\$ 867,052</u>	<u>\$ 38,982</u>	<u>\$ 758,093</u>	<u>\$ 9,895,269</u>	<u>\$ 463,034</u>	<u>\$ 45,612</u>

**TOWN OF MARANA, ARIZONA
COMBINING BALANCE SHEET -
NON-MAJOR CAPITAL PROJECT FUNDS (concl'd)
YEAR ENDED JUNE 30, 2013**

	Saguaro Springs Capital	Totals
<u>ASSETS</u>		
Cash and cash equivalents	\$ 52,528	\$ 19,060,785
Accounts receivable	-	7,421
Interest receivable	-	7,549
Due from governments	-	1,515,210
Restricted cash	-	7,267,424
Total assets	<u>\$ 52,528</u>	<u>\$ 27,858,389</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 654,147
Accrued payroll and employee benefits	-	6,244
Due to other funds	-	663,006
Deposits held for others	3,385	3,385
Total liabilities	<u>3,385</u>	<u>1,326,782</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue	-	\$ 652,511
Total deferred inflows of resources	<u>-</u>	<u>652,511</u>
<u>FUND BALANCES (DEFICITS)</u>		
Restricted	49,143	\$ 26,321,132
Unassigned	-	(442,036)
Total fund balances (deficits)	<u>49,143</u>	<u>25,879,096</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,528</u>	<u>\$ 27,858,389</u>



This page intentionally left blank

TOWN OF MARANA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR
CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2013

	Northwest Transportation Impact Fees	Northeast Transportation Impact Fees	South Transportation Impact Fees	Transportation
Revenues:				
Sales tax	\$ -	\$ -	\$ -	\$ 3,332,314
Property tax	-	-	-	-
Intergovernmental	-	-	-	-
Licenses, fees & permits	89,011	924,969	1,156,171	-
Contributions	-	-	-	115,553
Investment income	1,062	-	(14,226)	(11,981)
Miscellaneous revenue	-	-	110,369	-
Total revenues	<u>90,073</u>	<u>924,969</u>	<u>1,252,314</u>	<u>3,435,886</u>
Expenditures:				
Current -				
General government	-	-	-	227,437
Capital outlay	-	-	37,336	425,623
Debt service				
Bond Issuance Costs	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>37,336</u>	<u>653,060</u>
Excess (deficiency) of revenues over expenditures	<u>90,073</u>	<u>924,969</u>	<u>1,214,978</u>	<u>2,782,826</u>
Other financing sources (uses):				
Face value of bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	-	-	(594,292)	(2,001,826)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(594,292)</u>	<u>(2,001,826)</u>
Change in fund balances	<u>90,073</u>	<u>924,969</u>	<u>620,686</u>	<u>781,000</u>
Fund balances (deficits), beginning of year	<u>1,460,603</u>	<u>1,766,869</u>	<u>1,888,592</u>	<u>3,236,043</u>
Fund balances (deficits), end of year	<u>\$ 1,550,676</u>	<u>\$ 2,691,838</u>	<u>\$ 2,509,278</u>	<u>\$ 4,017,043</u>

Park Impact Fees	PAG Capital	Pima County Bond Capital	Sales Tax Capital	Other Capital Projects	Gladden Farms Capital	Vanderbilt Farms Capital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	47,756	2,838
-	1,344,154	233,189	-	574,368	-	-
2,071,413	-	-	-	21,000	-	-
-	-	-	-	333	-	-
5,540	-	-	4,859	4,092	652	21
-	5,985	-	-	-	-	-
<u>2,076,953</u>	<u>1,350,139</u>	<u>233,189</u>	<u>4,859</u>	<u>599,793</u>	<u>48,408</u>	<u>2,859</u>
-	-	-	-	-	45	45
136,669	1,072,992	142,025	-	251,439	-	-
-	-	-	-	520,850	-	-
<u>136,669</u>	<u>1,072,992</u>	<u>142,025</u>	<u>-</u>	<u>772,289</u>	<u>45</u>	<u>45</u>
<u>1,940,284</u>	<u>277,147</u>	<u>91,164</u>	<u>4,859</u>	<u>(172,496)</u>	<u>48,363</u>	<u>2,814</u>
-	-	-	-	21,730,000	-	-
-	-	-	-	13,050,000	-	-
-	-	-	-	3,031,217	-	-
-	-	-	-	(30,275,926)	-	-
-	-	-	-	7,535,291	-	-
<u>1,940,284</u>	<u>277,147</u>	<u>91,164</u>	<u>4,859</u>	<u>7,362,795</u>	<u>48,363</u>	<u>2,814</u>
<u>2,692,398</u>	<u>(545,717)</u>	<u>(264,630)</u>	<u>753,234</u>	<u>2,240,983</u>	<u>414,626</u>	<u>42,798</u>
<u>\$ 4,632,682</u>	<u>\$ (268,570)</u>	<u>\$ (173,466)</u>	<u>\$ 758,093</u>	<u>\$ 9,603,778</u>	<u>\$ 462,989</u>	<u>\$ 45,612</u>

TOWN OF MARANA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NON-MAJOR CAPITAL PROJECT FUNDS (concl'd)
YEAR ENDED JUNE 30, 2013

	Saguaro Springs Capital	<u>Totals</u>
Revenues:		
Sales tax	\$ -	\$ 3,332,314
Property tax	49,231	99,825
Intergovernmental	-	2,151,711
Licenses, fees & permits	-	4,262,564
Contributions	-	115,886
Investment income	-	(9,981)
Miscellaneous revenue	-	116,354
Total revenues	<u>49,231</u>	<u>10,068,673</u>
Expenditures:		
Current -		
General government	-	227,527
Capital outlay	-	2,066,084
Debt service		
Bond Issuance Costs	-	520,850
Total expenditures	<u>-</u>	<u>2,814,461</u>
 Excess (deficiency) of revenues over expenditures	 <u>49,231</u>	 <u>7,254,212</u>
 Other financing sources (uses):		
Face value of bonds issued	-	21,730,000
Refunding bonds issued	-	13,050,000
Premium on bonds issued	-	3,031,217
Transfers out	-	(32,872,044)
Total other financing sources (uses)	<u>-</u>	<u>4,939,173</u>
 Change in fund balances	 <u>49,231</u>	 <u>12,193,385</u>
 Fund balances (deficits), beginning of year	 <u>(88)</u>	 <u>13,685,711</u>
 Fund balances (deficits), end of year	 <u>\$ 49,143</u>	 <u>\$ 25,879,096</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
NORTHWEST TRANSPORTATION IMPACT FEES
YEAR ENDED JUNE 30, 2013

	Northwest Transportation Impact Fees			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, fees & permits	\$ 89,453	\$ 89,453	\$ 89,011	\$ (442)
Investment income	-	-	1,062	1,062
Total revenues	<u>89,453</u>	<u>89,453</u>	<u>90,073</u>	<u>620</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>89,453</u>	<u>89,453</u>	<u>90,073</u>	<u>620</u>
Change in fund balances	<u>89,453</u>	<u>89,453</u>	<u>90,073</u>	<u>620</u>
Fund balances (deficits), July 1, 2012	<u>756,212</u>	<u>756,212</u>	<u>1,460,603</u>	<u>704,391</u>
Fund balances (deficits), June 30, 2013	<u><u>\$ 845,665</u></u>	<u><u>\$ 845,665</u></u>	<u><u>\$ 1,550,676</u></u>	<u><u>\$ 705,011</u></u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
NORTHEAST TRANSPORTATION IMPACT FEES
YEAR ENDED JUNE 30, 2013

	Northeast Transportation Impact Fees			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, fees & permits	\$ 519,289	\$ 519,289	\$ 924,969	\$ 405,680
Total revenues	<u>519,289</u>	<u>519,289</u>	<u>924,969</u>	<u>405,680</u>
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>519,289</u>	<u>519,289</u>	<u>924,969</u>	<u>405,680</u>
Change in fund balances	<u>519,289</u>	<u>519,289</u>	<u>924,969</u>	<u>405,680</u>
Fund balances (deficits), July 1, 2012	<u>323,750</u>	<u>323,750</u>	<u>1,766,869</u>	<u>1,443,119</u>
Fund balances (deficits), June 30, 2013	<u><u>\$ 843,039</u></u>	<u><u>\$ 843,039</u></u>	<u><u>\$ 2,691,838</u></u>	<u><u>\$ 1,848,799</u></u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
SOUTH TRANSPORTATION IMPACT FEES
YEAR ENDED JUNE 30, 2013

	South Transportation Impact Fees			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, fees & permits	\$ 266,805	\$ 266,805	\$ 1,156,171	\$ 889,366
Investment income	-	-	(14,226)	(14,226)
Miscellaneous	-	-	110,369	110,369
Total revenues	<u>266,805</u>	<u>266,805</u>	<u>1,252,314</u>	<u>875,140</u>
Expenditures:				
Capital outlay	162,817	162,817	37,336	125,481
Total expenditures	<u>162,817</u>	<u>162,817</u>	<u>37,336</u>	<u>125,481</u>
Excess (deficiency) of revenues over expenditures	<u>103,988</u>	<u>103,988</u>	<u>1,214,978</u>	<u>1,110,990</u>
Other financing sources (uses):				
Transfers out	-	-	(594,292)	(594,292)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(594,292)</u>	<u>(594,292)</u>
Change in fund balances	<u>103,988</u>	<u>103,988</u>	<u>620,686</u>	<u>516,698</u>
Fund balances (deficits), July 1, 2012	<u>8,723,881</u>	<u>8,723,881</u>	<u>1,888,592</u>	<u>(6,835,289)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 8,827,869</u>	<u>\$ 8,827,869</u>	<u>\$ 2,509,278</u>	<u>\$ (6,318,591)</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
TRANSPORTATION CAPITAL
YEAR ENDED JUNE 30, 2013

	Transportation Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Sales taxes	\$ 3,420,950	\$ 3,420,950	\$ 3,332,314	\$ (88,636)
Contributions	-	-	115,553	115,553
Investment income	-	-	(11,981)	(11,981)
Total revenues	<u>3,420,950</u>	<u>3,420,950</u>	<u>3,435,886</u>	<u>14,936</u>
Expenditures:				
Current -				
General government	-	-	227,437	(227,437)
Capital outlay	2,275,407	2,275,407	425,623	1,849,784
Total expenditures	<u>2,275,407</u>	<u>2,275,407</u>	<u>653,060</u>	<u>1,622,347</u>
Excess (deficiency) of revenues over expenditures	<u>1,145,543</u>	<u>1,145,543</u>	<u>2,782,826</u>	<u>1,637,283</u>
Other financing sources (uses):				
Transfers out	(2,001,826)	(2,001,826)	(2,001,826)	-
Total other financing sources (uses)	<u>(2,001,826)</u>	<u>(2,001,826)</u>	<u>(2,001,826)</u>	<u>-</u>
Changes in fund balances	<u>(856,283)</u>	<u>(856,283)</u>	<u>781,000</u>	<u>1,637,283</u>
Fund balances (deficits), July 1, 2012	<u>4,951,151</u>	<u>4,951,151</u>	<u>3,236,043</u>	<u>(1,715,108)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 4,094,868</u>	<u>\$ 4,094,868</u>	<u>\$ 4,017,043</u>	<u>\$ (77,825)</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
PARK IMPACT FEES
YEAR ENDED JUNE 30, 2013

	Park Impact Fees			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses, fees & permits	\$ 650,444	\$ 650,444	\$ 2,071,413	\$ 1,420,969
Investment income	-	-	5,540	5,540
Total revenues	<u>650,444</u>	<u>650,444</u>	<u>2,076,953</u>	<u>1,426,509</u>
Expenditures:				
Capital outlay	1,129,731	1,129,731	136,669	993,062
Total expenditures	<u>1,129,731</u>	<u>1,129,731</u>	<u>136,669</u>	<u>993,062</u>
Excess (deficiency) of revenues over expenditures	<u>(479,287)</u>	<u>(479,287)</u>	<u>1,940,284</u>	<u>2,419,571</u>
Change in fund balances	<u>(479,287)</u>	<u>(479,287)</u>	<u>1,940,284</u>	<u>2,419,571</u>
Fund balances (deficits), July 1, 2012	<u>3,727,977</u>	<u>3,727,977</u>	<u>2,692,398</u>	<u>(1,035,579)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 3,248,690</u>	<u>\$ 3,248,690</u>	<u>\$ 4,632,682</u>	<u>\$ 1,383,992</u>

**TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - PAG CAPITAL
YEAR ENDED JUNE 30, 2013**

	PAG Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 7,288,956	\$ 7,288,956	\$ 1,344,154	\$ (5,944,802)
Miscellaneous	-	-	5,985	5,985
Total revenues	<u>7,288,956</u>	<u>7,288,956</u>	<u>1,350,139</u>	<u>(5,938,817)</u>
Expenditures:				
Capital outlay	<u>7,288,956</u>	<u>7,288,956</u>	<u>1,072,992</u>	<u>6,215,964</u>
Total expenditures	<u>7,288,956</u>	<u>7,288,956</u>	<u>1,072,992</u>	<u>6,215,964</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>277,147</u>	<u>277,147</u>
 Changes in fund balances	 <u>-</u>	 <u>-</u>	 <u>277,147</u>	 <u>277,147</u>
 Fund balances (deficits), July 1, 2012	 <u>-</u>	 <u>-</u>	 <u>(545,717)</u>	 <u>(545,717)</u>
 Fund balances (deficits), June 30, 2013	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (268,570)</u>	 <u>\$ (268,570)</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
PIMA COUNTY BOND CAPITAL
YEAR ENDED JUNE 30, 2013

	Pima County Bond Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 233,189	\$ 233,189
Contributions	381,366	381,366	-	(381,366)
Total revenues	<u>381,366</u>	<u>381,366</u>	<u>233,189</u>	<u>(148,177)</u>
Expenditures:				
Capital outlay	381,366	381,366	142,025	239,341
Total expenditures	<u>381,366</u>	<u>381,366</u>	<u>142,025</u>	<u>239,341</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>91,164</u>	<u>91,164</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>91,164</u>	<u>91,164</u>
Fund balances (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>(264,630)</u>	<u>(264,630)</u>
Fund balances (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (173,466)</u>	<u>\$ (173,466)</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
SALES TAX CAPITAL
YEAR ENDED JUNE 30, 2013

	Sales Tax Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment income	\$ -	\$ -	\$ 4,859	\$ 4,859
Total revenues	<u>-</u>	<u>-</u>	<u>4,859</u>	<u>4,859</u>
Expenditures:				
Capital outlay	331,500	331,500	-	331,500
Total expenditures	<u>331,500</u>	<u>331,500</u>	<u>-</u>	<u>331,500</u>
Excess (deficiency) of revenues over expenditures	<u>(331,500)</u>	<u>(331,500)</u>	<u>4,859</u>	<u>336,359</u>
Change in fund balances	<u>(331,500)</u>	<u>(331,500)</u>	<u>4,859</u>	<u>336,359</u>
Fund balances (deficits), July 1, 2012	<u>94,630</u>	<u>94,630</u>	<u>753,234</u>	<u>(658,604)</u>
Fund balances (deficits), June 30, 2013	<u>\$ (236,870)</u>	<u>\$ (236,870)</u>	<u>\$ 758,093</u>	<u>\$ (322,245)</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - OTHER CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2013

	Other Capital Projects			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 2,993,134	\$ 2,993,134	\$ 574,368	\$ (2,418,766)
Licenses, fees & permits	30,000	30,000	21,000	(9,000)
Contributions	60,000	60,000	333	(59,667)
Investment income	-	-	4,092	4,092
Total revenues	<u>3,083,134</u>	<u>3,083,134</u>	<u>599,793</u>	<u>(2,483,341)</u>
Expenditures:				
Highways and streets	60,000	60,000	251,439	(191,439)
Capital outlay	3,273,516	3,273,516	520,850	2,752,666
Total expenditures	<u>3,333,516</u>	<u>3,333,516</u>	<u>772,289</u>	<u>2,561,227</u>
Excess (deficiency) of revenues over expenditures	<u>(250,382)</u>	<u>(250,382)</u>	<u>(172,496)</u>	<u>77,886</u>
Other financing sources (uses):				
Face value of bonds issued	-	-	21,730,000	21,730,000
Refunding bonds issued	-	-	13,050,000	13,050,000
Premium on bonds issued	-	-	3,031,217	3,031,217
Transfers out	-	-	(30,275,926)	(30,275,926)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,535,291</u>	<u>7,535,291</u>
Changes in fund balances	<u>-</u>	<u>-</u>	<u>7,362,795</u>	<u>7,362,795</u>
Fund balances (deficits), July 1, 2012	<u>2,530,000</u>	<u>2,530,000</u>	<u>2,240,983</u>	<u>(289,017)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 2,530,000</u>	<u>\$ 2,530,000</u>	<u>\$ 9,603,778</u>	<u>\$ 7,073,778</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
GLADDEN FARMS COMMUNITY FACILITIES DISTRICT CAPITAL
YEAR ENDED JUNE 30, 2013

	Gladden Farms Community Facilities District Capital			
	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
Property tax	\$ 49,721	\$ 49,721	\$ 47,756	\$ (1,965)
Investment income	-	-	652	652
Total revenues	<u>49,721</u>	<u>49,721</u>	<u>48,408</u>	<u>(1,313)</u>
Expenditures:				
Current -				
General government	49,721	49,721	45	49,676
Capital outlay	900,000	900,000	-	900,000
Debt service -				
Bond issuance costs	100,000	100,000	-	100,000
Total expenditures	<u>1,049,721</u>	<u>1,049,721</u>	<u>45</u>	<u>1,049,676</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>48,363</u>	<u>1,048,363</u>
Other financing sources (uses):				
Bond proceeds	1,000,000	1,000,000	-	(1,000,000)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>48,363</u>	<u>48,363</u>
Fund balances (deficits), July 1, 2012	<u>178,557</u>	<u>178,557</u>	<u>414,626</u>	<u>236,069</u>
Fund balances (deficits), June 30, 2013	<u>\$ 178,557</u>	<u>\$ 178,557</u>	<u>\$ 462,989</u>	<u>\$ 284,432</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
VANDERBILT FARMS COMMUNITY FACILITIES DISTRICT CAPITAL
YEAR ENDED JUNE 30, 2013

	Vanderbilt Farms Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Sales tax	\$ -	\$ -	\$ -	\$ -
Property tax	2,830	2,830	2,838	8
Contributions	27,170	27,170	-	(27,170)
Investment income	-	-	21	21
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>2,859</u>	<u>(27,141)</u>
Expenditures:				
Current -				
General government	2,000	2,000	45	1,955
Economic and community development	28,000	28,000	-	28,000
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>45</u>	<u>29,955</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,814</u>	<u>2,814</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>2,814</u>	<u>2,814</u>
Fund balances (deficits), July 1, 2012	<u>-</u>	<u>-</u>	<u>42,798</u>	<u>42,798</u>
Fund balances (deficits), June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,612</u>	<u>\$ 45,612</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR CAPITAL PROJECTS FUNDS
SAGUARO SPRINGS COMMUNITY FACILITIES DISTRICT CAPITAL
YEAR ENDED JUNE 30, 2013

	Saguaro Springs Capital			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property tax	\$ 5,244	\$ 5,244	\$ 49,231	\$ 43,987
Contributions	193,006	193,006	-	(193,006)
Total revenues	<u>198,250</u>	<u>198,250</u>	<u>49,231</u>	<u>(149,019)</u>
Expenditures:				
Current -				
Economic and community development	298,250	298,250	-	298,250
Capital outlay	2,150,000	2,150,000	-	2,150,000
Debt service -				
Bond issuance costs	250,000	250,000	-	250,000
Total expenditures	<u>2,698,250</u>	<u>2,698,250</u>	<u>-</u>	<u>2,698,250</u>
Excess (deficiency) of revenues over expenditures	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>49,231</u>	<u>2,549,231</u>
Other financing sources (uses):				
Bond proceeds	2,500,000	2,500,000	-	(2,500,000)
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>	<u>(2,500,000)</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>49,231</u>	<u>49,231</u>
Fund balances (deficits), July 1, 2012	<u>257,164</u>	<u>257,164</u>	<u>(88)</u>	<u>(257,252)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 257,164</u>	<u>\$ 257,164</u>	<u>\$ 49,143</u>	<u>\$ (208,021)</u>

NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1997 Bond Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the series 1997 revenue bonds. The Town has pledged Town sales tax revenue, state shared revenues licenses, fees and permits revenue, and fines, forfeitures and penalties revenue to make the required payments for this series.

2003 Bond Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the Series 2003 Revenue Bonds. The Town has pledged Town sales tax revenue, state shared revenues, licenses, fees and permits revenue, and fines, forfeitures and penalties revenue to make the required payments for this series.

2004 Bond Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the series 2004 revenue bonds. The Town has pledged Town sales tax revenue, state shared revenues, licenses, fees and permits revenue, and fines, forfeitures and penalties revenue to make the required payments for this series.

Gladden Farms Debt Service Fund – This fund accounts for the accumulation of resources and payment of principal and interest on the Gladden Farms general obligation bonds.

TOWN OF MARANA, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2013

	<u>1997 Bond Debt Service</u>	<u>2003 Bond Debt Service</u>	<u>2004 Bond Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 15,710	\$ 5,154	\$ 2,538
Interest receivable	-	-	-
Restricted cash and investments	171,860	684,665	326,512
Total assets	<u>\$ 187,570</u>	<u>\$ 689,819</u>	<u>\$ 329,050</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 81,124	\$ -	\$ 10,304
Deposits held for others	-	-	-
Total liabilities	<u>81,124</u>	<u>-</u>	<u>10,304</u>
Fund balances:			
Restricted	106,446	689,819	318,746
Total fund balances	<u>106,446</u>	<u>689,819</u>	<u>318,746</u>
Total liabilities and fund balances	<u>\$ 187,570</u>	<u>\$ 689,819</u>	<u>\$ 329,050</u>

Other Debt Service	Gladden Farms Debt Service	Totals
\$ 45,514	\$ 201,787	\$ 270,703
-	6	6
-	688,666	1,871,703
<u>\$ 45,514</u>	<u>\$ 890,459</u>	<u>\$ 2,142,412</u>
\$ -	\$ -	\$ 91,428
-	646,662	646,662
<u>-</u>	<u>646,662</u>	<u>738,090</u>
45,514	243,797	1,404,322
<u>45,514</u>	<u>243,797</u>	<u>1,404,322</u>
<u>\$ 45,514</u>	<u>\$ 890,459</u>	<u>\$ 2,142,412</u>

TOWN OF MARANA, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	<u>1997 Bond Debt Service</u>	<u>2003 Bond Debt Service</u>	<u>2004 Bond Debt Service</u>
Revenues:			
Property Taxes	\$ -	\$ -	\$ -
Investment income	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Debt service -			
Principal retirement	220,000	650,000	350,000
Interest and fiscal charges	<u>143,705</u>	<u>731,429</u>	<u>315,913</u>
Total expenditures	<u>363,705</u>	<u>1,381,429</u>	<u>665,913</u>
Excess (deficiency) of revenues over expenditures	<u>(363,705)</u>	<u>(1,381,429)</u>	<u>(665,913)</u>
Other financing sources (uses):			
Refunded bond escrow payment	-	(14,160,000)	-
Transfers in	<u>363,805</u>	<u>15,541,429</u>	<u>666,663</u>
Total other financing sources (uses)	<u>363,805</u>	<u>1,381,429</u>	<u>666,663</u>
Change in fund balances	<u>100</u>	<u>-</u>	<u>750</u>
Fund balances, beginning of year	<u>106,346</u>	<u>689,819</u>	<u>317,996</u>
Fund balances, end of year	<u>\$ 106,446</u>	<u>\$ 689,819</u>	<u>\$ 318,746</u>

Other Debt Service	Gladden Farms Debt Service	Totals
\$ -	\$ 396,715	\$ 396,715
-	73	73
-	711,486	711,486
-	215,000	1,435,000
-	492,553	1,683,600
-	707,553	3,118,600
-	3,933	(2,407,114)
-	-	(14,160,000)
-	-	16,571,897
-	-	2,411,897
-	3,933	4,783
45,514	239,864	1,399,539
<u>\$ 45,514</u>	<u>\$ 243,797</u>	<u>\$ 1,404,322</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS
1997 BOND DEBT SERVICE
YEAR ENDED JUNE 30, 2013

	1997 Bond Debt Service			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service -				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	143,805	143,805	143,705	100
Total expenditures	<u>363,805</u>	<u>363,805</u>	<u>363,705</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures	<u>(363,805)</u>	<u>(363,805)</u>	<u>(363,705)</u>	<u>100</u>
Other financing sources (uses):				
Refunded bond escrow payment	-	-	-	-
Transfers in	363,805	363,805	363,805	-
Total other financing sources (uses)	<u>363,805</u>	<u>363,805</u>	<u>363,805</u>	<u>-</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Fund balances (deficits), July 1, 2012	<u>1,985</u>	<u>1,985</u>	<u>106,346</u>	<u>104,361</u>
Fund balances (deficits), June 30, 2013	<u>\$ 1,985</u>	<u>\$ 1,985</u>	<u>\$ 106,446</u>	<u>\$ 104,461</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS
2003 BOND DEBT SERVICE
YEAR ENDED JUNE 30, 2013

	2003 Bond Debt Service			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service -				
Principal retirement	650,000	650,000	650,000	-
Interest and fiscal charges	731,429	731,429	731,428	1
Total expenditures	<u>1,381,429</u>	<u>1,381,429</u>	<u>1,381,428</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(1,381,429)</u>	<u>(1,381,429)</u>	<u>(1,381,428)</u>	<u>1</u>
Other financing sources (uses):				
Refunded bond escrow payment	-	-	(14,160,000)	14,160,000
Transfers in	1,381,429	1,381,429	15,541,429	(14,160,000)
Total other financing sources (uses)	<u>1,381,429</u>	<u>1,381,429</u>	<u>1,381,429</u>	<u>-</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances (deficits), July 1, 2012	<u>1,508</u>	<u>1,508</u>	<u>689,818</u>	<u>688,310</u>
Fund balances (deficits), June 30, 2013	<u>\$ 1,508</u>	<u>\$ 1,508</u>	<u>\$ 689,819</u>	<u>\$ 688,311</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS
2004 BOND DEBT SERVICE
YEAR ENDED JUNE 30, 2013

	2004 Bond Debt Service			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service -				
Principal retirement	350,000	350,000	350,000	-
Interest and fiscal charges	316,663	316,663	315,913	750
Total expenditures	<u>666,663</u>	<u>666,663</u>	<u>665,913</u>	<u>750</u>
Excess (deficiency) of revenues over expenditures	<u>(666,663)</u>	<u>(666,663)</u>	<u>(665,913)</u>	<u>750</u>
Other financing sources (uses):				
Refunded bond escrow payment	-	-	-	-
Transfers in	666,663	666,663	666,663	-
Total other financing sources (uses)	<u>666,663</u>	<u>666,663</u>	<u>666,663</u>	<u>-</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>750</u>	<u>750</u>
Fund balances (deficits), July 1, 2012	<u>2,950</u>	<u>2,950</u>	<u>317,996</u>	<u>315,046</u>
Fund balances (deficits), June 30, 2013	<u>\$ 2,950</u>	<u>\$ 2,950</u>	<u>\$ 318,746</u>	<u>315,796</u>

TOWN OF MARANA, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUNDS
GLADDEN FARMS DEBT SERVICE
YEAR ENDED JUNE 30, 2013

	Gladden Farms Debt Service			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 413,077	\$ 413,077	\$ 396,715	\$ (16,362)
Contributions	286,976	286,976	314,698	27,722
Investment income	-	-	73	73
Total revenues	<u>700,053</u>	<u>700,053</u>	<u>711,486</u>	<u>11,433</u>
Expenditures:				
Debt service -				
Principal retirement	215,000	215,000	215,000	-
Interest and fiscal charges	485,053	485,053	492,551	(7,498)
Total expenditures	<u>700,053</u>	<u>700,053</u>	<u>707,551</u>	<u>(7,498)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>3,935</u>	<u>3,935</u>
Other financing sources (uses):				
Refunded bond escrow payment	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>3,935</u>	<u>3,935</u>
Fund balances (deficits), July 1, 2012	<u>386,979</u>	<u>386,979</u>	<u>239,862</u>	<u>(147,117)</u>
Fund balances (deficits), June 30, 2013	<u>\$ 386,979</u>	<u>\$ 386,979</u>	<u>\$ 243,797</u>	<u>\$ (143,182)</u>



This page intentionally left blank

STATISTICAL INFORMATION



This page intentionally left blank

**TOWN OF MARANA, ARIZONA
STATISTICAL SECTION
JUNE 30, 2013**

Statistical Section

Financial presentations included in the Statistical Section provide data and information on the financial, physical, a and economic characteristics of the Town of Marana. The following schedules cover multiple fiscal years and provide users with a broader and more complete understanding of the Town and its financial affairs and economic condition. They also present detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

	Schedule	Page
Financial Trends		
These schedules contain trend information to help users understand and assess how the Town's financial position has changed over time.		
Net Position by Component - Last Ten Fiscal Years	1	132
Changes in Net Position - Last Ten Fiscal Years	2	134
Governmental Activities Tax Revenues by Source - Last Ten Years	3	138
Fund Balances of Governmental Funds - Last Ten Fiscal Years	4	139
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	5	140
Revenue Capacity		
These schedules contain information to help users understand and assess the Town's local revenue source, the property tax.		
Assessed Value, Estimated Actual Value and Assessment Ratios of Taxable Property - Last Nine Years	6	142
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	7	143
Principal Property Taxpayers - Current Year and Six Years Ago	8	144
Property Tax Levies and Collections - Last Ten Fiscal Years	9	145
Debt Capacity		
These schedules present information to help users understand and assess the Town's debt burden and its ability to service current debt and to issue additional debt in the future.		
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	10	146
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	11	147
Direct and Overlapping Governmental Activities Debt	12	148
Legal Debt Margin Information	13	149
Pledged-Revenue Coverage - Last Ten Fiscal Years	14	150
Demographic and Economic Information		
These schedules present economic and demographic indicators to help users understand the environment within which the Town's financial activities take place.		
Demographic and Economic Statistics - Last Ten Fiscal Years	15	151
Principal Employers - Current Year and Six Years Ago	16	152
Operating Information		
These schedules present information to help users understand the Town's operations and resources as well as to provide a context for understanding and assessing the Town's economic condition.		
Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years	17	153
Other Information		
These schedules present information to help users understand potential for growth and economic opportunities within the town.		
Sales Tax by Industry - Last Ten Years	18	154
Excise Tax Collections - Last Ten Years	19	155
Principal Retail and Contracting Sales Taxpayers	20	156
Single Family Residential Permits Issued - Last Ten Years	21	157
Capital Assets Statistics by Function	22	158

TOWN OF MARANA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

Schedule 1

	2004	2005	2006 (as restated)	2007
Governmental activities				
Net investment in capital assets	\$ 20,043	\$ 28,450	\$ 73,954	\$ 159,963
Restricted	-	-	11,939	59,313
Unrestricted	25,044	31,044	33,018	(279)
Total governmental activities net position	<u>45,087</u>	<u>59,494</u>	<u>118,912</u>	<u>218,998</u>
Business-type activities				
Net investment in capital assets	11,749	11,657	14,990	25,522
Restricted	-	-	-	-
Unrestricted	(2,091)	(236)	131	966
Total business-type activities net position	<u>9,658</u>	<u>11,421</u>	<u>15,122</u>	<u>26,488</u>
Primary government				
Net investment in capital assets	31,792	40,107	88,944	185,485
Restricted	-	-	11,939	59,313
Unrestricted	22,953	30,808	33,149	687
Total primary government net position	<u>\$ 54,745</u>	<u>\$ 70,915</u>	<u>\$ 134,033</u>	<u>\$ 245,485</u>

2008	2009	2010	2011	2012	2013
\$ 184,396	\$ 174,286	\$ 193,721	\$ 196,326	\$ 194,287	\$ 184,949
25,465	45,727	25,459	28,136	29,004	62,437
22,320	39,916	39,929	38,889	39,911	1,384
<u>232,181</u>	<u>259,929</u>	<u>259,109</u>	<u>263,351</u>	<u>263,202</u>	<u>248,770</u>
32,341	41,643	44,310	42,148	112,528	111,045
1,297	-	-	73	146	219
(1,242)	(4,714)	(5,813)	(2,683)	(17,519)	(2,677)
<u>32,396</u>	<u>36,929</u>	<u>38,497</u>	<u>39,538</u>	<u>95,155</u>	<u>108,587</u>
216,737	215,929	238,031	238,474	306,815	295,994
26,762	45,727	25,459	28,209	29,150	62,656
21,078	35,202	34,116	36,206	22,392	(1,293)
<u>\$ 264,577</u>	<u>\$ 296,858</u>	<u>\$ 297,606</u>	<u>\$ 302,889</u>	<u>\$ 358,357</u>	<u>\$ 357,357</u>

TOWN OF MARANA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

Schedule 2

	2004	2005	2006	2007
Expenses				
Government activities:				
General government	\$ 5,845	\$ 6,175	\$ 8,740	\$ 10,134
Development & planning services	3,465	4,803	6,438	3,442
Town Attorney **	208	401	489	-
Public safety	5,305	6,309	8,948	9,187
Magistrate court **	492	741	807	-
Highways and streets	3,294	4,086	5,510	15,898
Health & Welfare **	-	-	-	-
Culture & recreation	2,079	2,642	3,307	3,557
Economic & community development ***	275	238	256	375
Interest on long-term debt	689	1,709	1,816	2,297
Total government activities expenses	<u>21,652</u>	<u>27,104</u>	<u>36,311</u>	<u>44,891</u>
Business-type activities:				
Airport	391	564	837	1,028
Wastewater	N/A	N/A	N/A	N/A
Water	1,730	1,974	2,629	3,227
Total business-type activities expenses	<u>2,121</u>	<u>2,538</u>	<u>3,466</u>	<u>4,255</u>
Total primary government expenses	<u>\$ 23,773</u>	<u>\$ 29,642</u>	<u>\$ 39,777</u>	<u>\$ 49,146</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,797	\$ 696	\$ 472	\$ 1,108
Development & planning services	1,050	3,153	5,969	4,718
Town attorney	70	26	13	-
Public safety	1,580	338	192	19
Magistrate court	163	521	648	-
Highways and streets	801	3,933	590	5
Health & Welfare	-	-	-	-
Culture and recreation	577	722	191	208
Economic & community development	-	77	51	-
Operating grants and contributions	534	785	450	1,404
Capital grants and contributions	4,323	3,135	26,036	5,904
Total government activities program revenues	<u>10,895</u>	<u>13,386</u>	<u>34,614</u>	<u>13,365</u>
Business-type activities:				
Charges for services:				
Airport	102	134	144	185
Wastewater	N/A	N/A	N/A	N/A
Water	1,552	2,375	3,216	2,905
Capital grants and contributions	729	595	3,531	9,073
Total business-type activity program revenues	<u>2,383</u>	<u>3,104</u>	<u>6,891</u>	<u>12,163</u>
Total primary government program revenues	<u>13,278</u>	<u>16,490</u>	<u>41,506</u>	<u>25,528</u>
Net (expense)/revenue				
Governmental activities	(10,757)	(13,718)	(1,697)	(31,525)
Business-type activities	262	566	3,426	7,908
Total primary government net expense	<u>\$ (10,495)</u>	<u>\$ (13,152)</u>	<u>\$ 1,729</u>	<u>\$ (23,618)</u>

2008	2009	2010	2011	2012	2013
\$ 12,925	\$ 9,565	\$ 14,638	\$ 10,643	\$ 10,833	\$ 9,532
-	1,304	-	-	-	-
-	917	-	-	-	-
11,215	12,255	10,675	9,044	10,206	11,777
-	946	-	-	-	-
10,269	6,734	14,986	15,425	17,233	18,327
130	112	102	86	23	23
3,978	4,818	3,943	3,335	2,173	3,831
8,643	12,751	4,835	4,596	4,258	4,123
2,500	2,530	865	5,173	4,721	4,312
49,660	51,932	50,044	48,302	49,447	51,925
1,196	2,546	3,803	3,392	1,112	1,179
N/A	N/A	N/A	N/A	3,831	2,599
3,276	1,178	1,136	1,273	3,074	3,779
4,472	3,724	4,939	4,665	8,017	7,557
\$ 54,132	\$ 55,656	\$ 54,983	\$ 52,967	\$ 57,464	\$ 59,482

\$ 899	\$ 918	\$ 939	\$ 830	\$ 881	\$ 975
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200	315	211	140	134	216
2,380	1,740	1,974	2,256	2,513	3,906
4,700	3,537	4,221	3,555	3,202	3,747
14,590	40,725	11,618	14,963	9,017	12,373
22,768	47,235	18,963	21,744	15,747	21,217

221	227	235	238	233	239
N/A	N/A	N/A	N/A	241	730
2,968	2,718	3,035	3,103	3,281	3,455
6,885	5,269	3,489	2,669	60,207	1,958
10,074	8,214	6,759	6,010	63,962	6,382
32,842	55,449	25,722	27,754	79,709	27,599

(26,892)	(4,697)	(31,081)	(26,558)	(33,699)	(30,708)
5,602	4,490	1,820	1,345	55,944	(1,175)
\$ (21,290)	\$ (207)	\$ (29,261)	\$ (25,213)	\$ 22,245	\$ (31,883)

**TOWN OF MARANA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)**

Schedule 2

	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
General revenues				
City sales taxes	\$ 20,059	\$ 25,126	\$ 34,167	\$ 30,900
Property taxes	-	-	-	-
Franchise fees	-	-	-	-
Highway Users/Local Transit Assistance Funding	2,471	1,285	1,253	2,068
State shared revenues	2,938	1,803	3,634	6,894
Pima Association of Governments Funding	1,418	-	-	-
Intergovernmental	-	-	-	4,810
System development fees	-	115	3,588	231
Investment income (loss)	602	757	1,835	4,463
Miscellaneous	-	-	-	221
Gain on sale of assets	-	-	-	-
Transfers	-	-	-	470
Total governmental activities	<u>27,488</u>	<u>29,086</u>	<u>44,476</u>	<u>50,057</u>
Business-type activities:				
General revenues				
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	-	-	-	(470)
Special item	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(470)</u>
Total primary government	<u><u>27,488</u></u>	<u><u>29,086</u></u>	<u><u>44,476</u></u>	<u><u>49,586</u></u>
Change in Net Position				
Governmental activities	16,731	15,368	42,779	18,531
Business-type activities	262	566	3,426	7,437
Total primary government	<u><u>\$ 16,993</u></u>	<u><u>\$ 15,934</u></u>	<u><u>\$ 46,204</u></u>	<u><u>\$ 25,968</u></u>

* In prior fiscal years, 2003 through 2006, the functions of Town Attorney and Magistrate Court were reported separately. However, both functions have been consolidated as par of the General Government function, as per General Accounting and Financial Reporting standards.

**In prior fiscal years, 2003 through 2008, programs and services offered by the Senior Center were included in the function of Culture and Recreation. Effective fiscal year 2008, these programs and services are reported under the function of Health and Welfare.

***In prior fiscal years, 2003 through 2007, the functions of Development and Planning Services and Economic Development were reported separately. Effective fiscal year 2008, the functions were consolidated under one function, Economic and Community Development.

In prior fiscal years, Highway Users Revenues and Local Transportation Assistance Funds were reported as general revenues. Effective fiscal year 2008, these revenues are being reported as program revenues.

2008	2009	2010	2011	2012	2013
\$ 27,173	\$ 22,404	\$ 21,662	\$ 22,948	\$ 24,539	\$ 24,768
460	691	623	584	506	447
309	315	313	322	333	349
-	-	-	-	-	-
7,397	7,221	6,462	5,719	6,943	7,714
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,024	595	135	105	97	152
459	1,227	774	814	803	737
-	-	-	-	-	36
(160)	(8)	291	309	329	(15,912)
<u>38,661</u>	<u>32,445</u>	<u>30,260</u>	<u>30,801</u>	<u>33,550</u>	<u>18,291</u>
110	8	1	1	1	2
37	26	38	4	1	19
160	8	(291)	(309)	(329)	15,911
-	-	-	-	-	(1,326)
<u>307</u>	<u>42</u>	<u>(252)</u>	<u>(304)</u>	<u>(327)</u>	<u>14,606</u>
<u>38,968</u>	<u>32,487</u>	<u>30,008</u>	<u>30,497</u>	<u>33,223</u>	<u>32,897</u>
11,769	27,748	(821)	4,243	(149)	(12,417)
5,909	4,532	1,568	1,041	55,617	13,431
<u>\$ 17,678</u>	<u>\$ 32,280</u>	<u>\$ 747</u>	<u>\$ 5,284</u>	<u>\$ 55,468</u>	<u>\$ 1,014</u>

TOWN OF MARANA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)
(Amounts expressed in thousands)

Schedule 3

Fiscal Year	Sales Tax	Highway User Revenue taxes	Total
2013	\$ 24,618	\$ 2,257	\$ 26,875
2012	24,300	2,061	26,361
2011	22,800	1,869	24,669
2010	21,578	1,806	23,384
2009	22,718	1,936	24,654
2008	27,173	2,036	29,209
2007	30,900	2,068	32,969
2006	34,167	1,253	35,420
2005	25,126	1,285	26,411
2004	20,059	2,471	22,530

TOWN OF MARANA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)
 (Amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 90	\$ -	\$ 13,718	\$ 213	\$ 286	\$ 185	\$ 313	\$ -	\$ -	\$ -
Unreserved	22,099	13,140	13,718	19,035	20,128	14,299	14,779	-	-	-
Nonspendable	-	-	-	-	-	-	-	229	293	2,803
Unassigned	-	-	-	-	-	-	-	16,149	18,004	18,115
Total general fund	<u>22,189</u>	<u>13,140</u>	<u>13,718</u>	<u>19,248</u>	<u>20,414</u>	<u>14,484</u>	<u>15,092</u>	<u>16,378</u>	<u>18,297</u>	<u>20,918</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ 17,910	\$ 257	\$ 7,221	\$ 7,099	\$ -	\$ -	\$ -
Unreserved, reported in:										
Major governmental funds	8,049	20,096	33,274	37,903	13,978	23,762	6,341	-	-	-
Special revenue funds	1,531	556	650	12	1,193	2,561	4,844	-	-	-
Capital revenue funds	7,015	2,804	2,633	49	6,438	4,648	7,174	-	-	-
Debt service funds	722	16	567	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	28,137	29,004	47,172
Total all other governmental funds	<u>\$ 17,318</u>	<u>\$ 23,472</u>	<u>\$ 37,124</u>	<u>\$ 55,874</u>	<u>\$ 21,866</u>	<u>\$ 38,192</u>	<u>\$ 25,458</u>	<u>\$ 28,137</u>	<u>\$ 29,004</u>	<u>\$ 47,172</u>
Total fund balance of governmental funds	<u>\$ 39,507</u>	<u>\$ 36,612</u>	<u>\$ 50,842</u>	<u>\$ 75,121</u>	<u>\$ 42,280</u>	<u>\$ 52,676</u>	<u>\$ 40,550</u>	<u>\$ 44,515</u>	<u>\$ 47,301</u>	<u>\$ 68,090</u>

TOWN OF MARANA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)
 (Amounts expressed in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Sales taxes	\$ 20,059	\$ 25,126	\$ 34,167	\$ 30,900	\$ 27,173	\$ 22,404	\$ 21,662	\$ 22,948	\$ 24,539	\$ 24,768
Property taxes	-	-	-	-	460	692	622	584	506	497
Intergovernmental revenues	7,189	4,160	11,227	14,690	19,280	21,607	16,331	17,707	14,960	18,000
Licenses, fees and permits	6,264	7,914	6,201	10,109	3,341	2,521	3,681	4,361	4,906	8,586
Fines, forfeitures and penalties	365	481	628	767	808	869	879	730	752	871
Charges for services	116	113	220	380	980	706	621	430	456	379
Lease income	442	438	498	20	987	543	555	647	92	105
Special assessments	-	-	-	-	-	2,136	2,352	2,239	2,302	2,337
Contributions	-	-	-	379	1,457	658	381	3,690	537	589
System development fees	-	1,721	3,588	355	-	-	-	-	-	-
Investment earnings	602	757	1,835	4,445	3,025	595	135	105	97	152
Miscellaneous	719	518	511	1,054	484	286	820	614	636	804
Total revenues	35,758	41,230	58,874	63,096	57,995	53,017	48,039	54,055	49,783	57,088
Expenditures										
General government	5,307	5,626	6,533	8,485	9,999	8,947	9,080	9,661	8,481	7,860
Public safety	4,865	5,325	7,125	7,910	10,500	11,204	10,164	9,334	10,590	12,067
Highways and streets	2,365	2,833	3,152	5,868	3,897	3,693	2,854	3,043	3,657	4,026
Health and welfare	-	-	-	-	130	113	75	59	-	-
Economic and community development	3,101	4,050	5,615	3,345	4,910	4,405	4,654	4,520	4,259	4,479
Culture and recreation	1,705	2,045	2,574	2,894	3,267	3,665	3,309	2,552	2,604	2,859
Town attorney	208	365	427	-	-	917	-	-	-	-
Magistrate Court	480	557	704	-	-	946	-	-	-	-
Community development	275	202	217	343	-	370	-	-	-	-
Capital outlay	18,808	29,084	13,062	32,710	57,213	35,888	29,420	13,800	7,040	3,700
Debt service										
Principal	1,569	1,489	3,450	3,477	2,129	2,535	3,191	3,490	6,059	4,177
Interest	689	1,611	1,785	2,453	3,121	2,313	4,931	4,832	4,635	4,408
Other charges	505	465	-	1,184	-	628	-	109	-	521
Total expenditures	39,876	53,651	44,644	68,670	95,165	75,624	67,678	51,400	47,325	44,097
Excess of revenues over (under) expenditures	(4,119)	(12,421)	14,230	(5,574)	(37,171)	(22,607)	(19,639)	2,655	2,458	12,991

Schedule 5

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses)										
Transfers in	12,211	39,766	4,698	2,826	4,195	15,978	8,492	5,297	5,998	19,700
Transfers out	(12,211)	(39,766)	(4,698)	(2,355)	(4,355)	(15,987)	(8,201)	(4,988)	(5,669)	(35,611)
Proceeds from sale of capital asset	-	-	-	-	-	-	-	-	-	57
Bonds issued	19,700	10,780	-	29,024	3,075	39,790	-	1,000	-	34,780
Note Proceeds	-	7,000	-	-	-	-	-	-	-	-
Lease purchase proceeds	-	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	307	-	-	-	443	-	-	-	3,031
Discount on bonds issued	(111)	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(6,644)	-	-	-	-	-	-	-	(14,160)
Total other financing sources (uses)	19,589	11,443	-	29,494	2,915	40,224	291	1,309	329	7,797
Net change in fund balance	\$ 15,470	\$ (978)	\$ 14,230	\$ 23,920	\$ (34,256)	\$ 17,617	\$ (19,348)	\$ 3,964	\$ 2,787	\$ 20,788

Debt service as a percentage of noncapital expenditures 12.0% 14.4% 19.9% 19.7% 16.1% 13.9% 27.0% 27.5% 26.5% 21.5%

TOWN OF MARANA
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY
LAST NINE FISCAL YEARS
(Amounts expressed in thousands)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2013	\$ 16,176	\$ 5	\$ 1,354	\$ 14,827	\$ 2.8000	\$ 150,182	9.9%
2012	17,850	4	1,342	16,512	2.8000	165,517	10.0%
2011	18,920	10	1,338	17,592	2.8000	176,256	10.0%
2010	21,859	7	1,250	20,616	2.8000	201,038	10.3%
2009	23,441	8	1,190	22,259	2.8000	215,989	10.3%
2008	24,964	23	405	24,582	2.8000	230,393	10.7%
2007	10,329	35	68	10,296	2.8000	94,390	10.9%
2006	2,285	2	9	2,278	2.8000	14,286	15.9%
2005	468	2	190	280	2.8000	2,948	9.5%

SOURCE: Pima County Assessor's Office

NOTES:

1) The Town of Marana does not impose a property tax; principal property taxpayers represented above reflect those properties within the boundaries of the Gladden Farms Community Facilities District, which does impose a property tax.

**TOWN OF MARANA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Town of Marana	State of Arizona	Pima County	County Library District	Flood Control District	Marana School District	Flowing Wells School District	Community College District	Fire Assistance Districts	Central Arizona Water Conservation District	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Total Direct & Overlapping Rates
2013	-	-	\$4,9588	\$0.3753	\$0.2635	\$4.3127	\$6.7146	\$ 1.2933	\$ 3.0668	\$ 0.1400	\$ 2.8000	\$ 0.3000	24.2250
2012	-	-	5.2332	0.3460	0.2635	5.2047	5.9689	1.1484	3.2395	0.1000	2.8000	0.3000	24.6042
2011	-	-	4.6798	0.3100	0.2635	4.6995	6.0407	1.0848	3.2368	0.1000	2.8000	0.3000	23.5151
2010	-	-	4.4197	0.3100	0.2635	4.6995	6.0407	1.0848	3.2393	0.1000	2.8000	0.3000	23.2575
2009	-	-	4.8817	0.2643	0.2935	4.9286	6.1239	1.0770	3.3224	0.1000	2.8000	0.3000	24.0914
2008	-	-	4.0374	0.3393	0.3446	5.4815	6.2665	1.1136	3.0808	0.1000	2.8000	0.3000	23.8637
2007	-	-	4.3253	0.3975	0.3446	5.9117	6.8677	1.1845	3.0383	0.1200	2.8000	0.3000	25.2896
2006	-	-	4.5985	0.3675	0.3746	6.0991	7.0032	1.2515	3.0415	0.1200	2.8000	0.3000	25.9559
2005	-	-	4.8290	0.2575	0.3746	6.5094	6.5883	1.3114	3.0420	0.1200	2.8000	-	25.8322
2004	-	-	4.9297	0.2124	0.3546	6.7900	6.6568	1.3428	3.0427	0.1200	2.8000	-	26.2490

Notes:

- 1) The Flowing Wells School District (a school district of approximately 13 miles) intersects approximately one mile of the Town's boundaries. Marana School District covers the remaining approximate 69 miles of the Town's boundaries.
- 2) The Town intersects several fire districts. Prior to fiscal year 1999, the Town contracted for fire service for the Town until fire districts could be established.
- 3) The Pima County Flood Control District tax levy applies only to real property.
- 4) Primary and secondary tax rates are assessed per \$100 of the net assessed value and are set by the County Board of Supervisors or governing board of taxing jurisdiction.

SOURCES: Pima County, Arizona Department of Education

**TOWN OF MARANA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND SIX YEARS AGO
(Amounts expressed in thousands)**

Taxpayer	2013			2007		
	Full Cash Value	Rank	Percentage of Total taxable Assessed Value	Full Cash Value	Rank	Percentage of Total taxable Assessed Value
Smith Food & Drug Centers Inc	\$ 1,907	1	18.0%	\$ 324	4	6.9%
Fidelity National Title TR 60421	1,445	2	13.7%			
Gladden 25 LLC	1,180	3	11.2%	282	5	6.0%
Weingarten Newquist LLC	903	4	8.5%	224	7	4.8%
Fidelity National Title TR 60423	865	5	8.2%			
Walgreen Arizona Drug Co.	795	6	7.5%			
AH4R	779	7	7.4%			
Fidelity National Title TR 60360	761	8	7.2%			
Freedberg Barry & Freedberg Bella	700	9	6.6%			
Fidelity National Title TR 60422	660	10	6.2%			
Pulte Home Corp	575	11	5.4%			
Fidelity National Title TR 30212				2,659	1	56.3%
Fidelity National Title TR 60338				352	2	7.5%
Bank of America				339	3	7.2%
Fidelity National Title TR 60183				144	8	3.0%
Wells Fargo Bank National Assn				83	9	1.8%
Title Security Agency TR 891				234	6	4.9%
First American Title TR 9170				79	10	1.7%
Totals	<u>\$ 10,570</u>			<u>\$ 4,720</u>		

Notes:

1) The Town of Marana does not impose a property tax; principal property taxpayers represented above reflect those properties within the boundaries of the Gladden Farms Community Facilities District, which does impose a property tax.

2) Due to cost considerations for the accumulation of data, the Town has elected to present less than ten year of data for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

Source: Pima County Assessor's Office - IS Dept
(Information System's Coordinator)

TOWN OF MARANA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts expressed in thousands)

Schedule 9

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2013	\$ 462	456	98.65%	456	98.65%
2012	492	489	99.39%	491	99.80%
2011	577	563	97.57%	563	97.57%
2010	627	623	99.36%	623	99.36%
2009	688	681	98.98%	687	99.85%
2008	544	532	97.79%	543	99.82%
2007	287	286	99.70%	287	100.00%
2006	64	62	97.54%	64	100.00%
2005	8	8	99.96%	8	100.00%
2004	-	-	-	-	-

Notes:

The Town does not impose a property tax; levies and collections presented above reflect assessments directly related to the Gladden Farms Community Facilities District. Prior to fiscal year 2005, the CFD did not exist; therefore, no levies or collections are presented in fiscal years 2004 and prior.

Source: Pima County Treasurer's Office

TOWN OF MARANA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ***	Per Capita
	Revenue Bonds	General Obligation Bonds*	Special Assessment Bonds**	Capital Leases	Loans Payable			
2013	\$ 78,335	\$ 8,550	\$ 19,926	\$ -	\$ 4,265	\$ 111,076	293.9%	3,022
2012	60,315	8,765	21,288	-	4,480	94,848	261.0%	2,645
2011	64,970	8,965	22,492	-	4,586	101,013	289.1%	2,931
2010	66,900	8,155	23,828	33	1,562	100,478	299.0%	2,944
2009	67,975	8,335	24,823	75	-	101,208	313.3%	3,039
2008	29,225	8,385	-	115	-	37,725	151.6%	1,258
2007	30,460	5,355	-	154	-	35,969	134.7%	1,199
2006	31,835	2,105	-	-	-	33,940	118.2%	1,131
2005	33,395	2,105	-	-	-	35,500	132.9%	1,328
2004	32,100	-	-	154	-	32,254	129.6%	1,396

Notes:

* Bonds issued for Gladden Farms Facilities District fiscal year 2005, a component unit of the Town. Principal debt payoff does not begin until fiscal year 2008.

** Bonds issued for Tangerine Farms Road Improvement District FY 2008, a component unit of the Town.

** Individual statistics not available for Marana, included in figures for Pima County and Tucson Metropolitan area.

Source: US Census Bureau, Bureau of Economic Analysis

TOWN OF MARANA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Amounts expressed in thousands, except per capita amount)

Schedule 11

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of property	Per Capita
2013	\$ 8,550	\$ 689	\$ 7,861	0.22%	21.4%
2012	8,765	886	7,879	0.21%	22.0%
2011	8,965	1,066	7,899	0.20%	23.7%
2010	8,155	963	7,192	0.22%	24.0%
2009	8,335	957	7,378	0.30%	24.6%
2008	8,385	968	7,417	0.38%	27.8%
2007	5,355	622	4,733	0.29%	20.5%
2006	2,105	531	1,574	0.12%	7.7%
2005	2,105	-	2,105	0.19%	11.6%
2004	-	-	-	0.00%	-

Notes:

The Town of Marana does not impose a property tax; any property taxes presented in this report are directly related to the Gladden Farms Community Facilities District, formed in fiscal year 2005. Consequently, no general obligation bonds were issued by the District until fiscal year 2005.

TOWN OF MARANA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013
(Amounts expressed in thousands)

Schedule 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
State of Arizona	None	0.58%	None
Pima County	\$ 461,557	5.03%	\$ 23,216
Pima County Community College District	6,645	5.03%	334
Pima County Flood Control District	None	5.58%	None
Northwest Fire District	32,710	41.48%	13,568
Gladden Farms Community Facilities District	8,550	100.00%	8,550
Red Hawk Community Facilities District No. 1	None	100.00%	None
Red Hawk Community Facilities District No. 2	None	100.00%	None
Flowing Wells Unified School District No. 8	22,370	100.00%	22,370
Marana Unified School District No. 6	48,745	55.08%	26,849
Town of Marana *	None	100.00%	None
Total direct and overlapping debt			\$ 94,887

Notes:

* Does not include the Municipal Property Corporation municipal facilities revenue bonds outstanding in the aggregate principal amount of \$78,335,000. In addition, the above schedule does not include the Tangerine Farms Road Improvement Special Assessment bonds outstanding in the amount of \$19,926,000.

** The estimated percentage of debt applicable to the Town is calculated based on the Town's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.

Sources: The various entities

TOWN OF MARANA
 LEGAL DEBT MARGIN INFORMATION
 AS OF JUNE 30, 2013

Legal Debt Margin Calculation for Fiscal Year 2013

Secondary Assessed Value	\$ 412,430,650
Debt Limit:	
6% of assessed value	24,745,839
20% of assessed value	82,486,130
Total debt limit:	<u>107,231,969</u>
Debt applicable to limit:	-
General obligation bonds	-
Less: Amount set aside for the repayment of general obligation debt	-
Total net debt applicable to limit	<u>\$ 107,231,969</u>

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
Debt limit equal to 6% of assessed valuation	\$ 13,626,969	\$ 15,753,591	\$ 19,500,763	\$ 24,801,918	\$ 33,009,019	\$ 60,524,235
Debt limit equal to 20% of assessed valuation	45,423,229	52,511,969	65,002,545	413,365,306	110,030,063	201,747,448
Total net debt applicable to limit	-	-	-	-	-	-
Legal debt margin	\$ 59,050,198	\$ 68,265,560	\$ 84,503,308	\$ 438,167,225	\$ 143,039,082	\$ 262,271,683

Total net debt applicable to the limit as a percentage of debt limit 0% 0% 0% 0% 0% 0%

	Fiscal Year	
	2011	2012
Debt limit equal to 6% of assessed valuation	\$ 27,274,051	\$ 25,992,985
Debt limit equal to 20% of assessed valuation	90,913,503	86,643,283
Total net debt applicable to limit	-	-
Legal debt margin	\$ 118,187,553	\$ 112,636,268

Total net debt applicable to the limit as a percentage of debt limit 0% 0%

Source: The source of this information is the Town's financial records.

Notes: * The Gladden Farms Community Facilities District, a legally separate entity, is a special taxing district whose debt was approved by voters of the District. The District's general obligation debt does not count towards the Town's legal debt limit.

** Due to cost considerations for the accumulation of data, the Town has elected to present less than ten year of data, or data from nine years prior for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

TOWN OF MARANA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
 (Amounts expressed in thousands)

Fiscal Year	Gladden Farms Community Facilities District General Obligation Bonds *			Tangerine Road Farms Improvement District Special Assessment Bonds **		
	Property Tax Collections	Debt Service	Coverage	Special Assessment Collections	Debt Service	Coverage
		Principal			Principal	
					Interest	
2013	\$ 444	\$ 215	63.9%	\$ 2,337	\$ 1,362	100.0%
2012	503	200	72.9%	2,302	1,204	102.8%
2011	576	190	86.4%	2,239	1,336	92.1%
2010	609	180	95.9%	2,352	995	110.1%
2009	616	-	264.4%	2,136	951	138.3%
2008	423	50	84.9%	-	-	-
2007	-	-	-	-	1,186	-
2006	-	-	-	-	186	-
2005	-	-	-	-	-	-
2004	-	-	-	-	-	-

Notes:

* Bonds issued for Gladden Farms Facilities District FY 05, a component unit of the Town. Principal debt payoff did not begin until FY 2008. Collection of property tax revenues to begin fiscal year 2008. Shortfalls are covered by a standby contribution agreement.

**Special assessment amounts issued for Tangerine Road Farms Improvement District, a governmental fund of the Town. Principal debt payoff begins fiscal year 2009. Collection fees related to special assessment to begin fiscal year 2009.

**TOWN OF MARANA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	36,756	N/A	\$ 29,626	37.7	12,361	6.1%
2012	35,858	N/A	31,085	37.6	12,576	9.7%
2011	35,124	N/A	N/A	37.4	12,314	7.9%
2010	34,961	35,172,000	N/A	37.4	12,426	8.7%
2009	34,466	34,516,000	31,648	37.4	12,546	4.7%
2008	34,133	34,392,945	34,058	34.5	12,760	4.1%
2007	33,300	31,646,777	33,225	34.5	13,194	3.2%
2006	30,000	29,806,619	30,111	34.5	13,343	4.0%
2005	26,725	26,703,829	27,917	34.5	13,027	4.2%
2004	23,099	24,881,039	26,058	34.5	12,745	4.4%

Note: N/A indicates that the information is not available.

Sources: U.S. Census Bureau, Population Division; Arizona Department of Commerce; Pima Association of Governments; Marana Unified School District.

**TOWN OF MARANA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND SIX YEARS AGO**

Schedule 16

Employer	2013		2007	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marana Unified School District	1,657	10.8%	1,660	22.6%
Wal-Mart	450	2.9%	450	6.1%
The Ritz Carlton, Dove Mountain	350	2.3%		
Marana Health Center	320	2.1%		
Town of Marana	319	2.1%	330	4.5%
Sargent Controls & Aerospace	313	2.0%	240	3.3%
FLSmith Krebs	306	2.0%		
Fry's Food & Drug	240	1.6%		
Northwest Fire District	235	1.5%		
Hunter Construction	200	1.3%		
Coca-Cola Bottling	170	1.1%	185	2.5%
Comcast	150	1.0%	209	2.8%
Army Reserve/National Guard Training Center			635	8.6%
Costco			275	3.7%
Evergreen Air Center, Inc.			605	8.2%
Target			225	3.1%

Source: "Star 200" published in the Arizona Daily Star

Notes:

1) Due to cost considerations for the accumulation of data, the Town has elected to present less than ten year of data, or data from nine years prior for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

**TOWN OF MARANA
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function										
General Government	41.5	41.5	54.5	58.0	64.0	90.4	62.8	72.5	62.5	62.5
Public Safety										
Police			-	-	-	-	-	-	-	-
Officers	67.0	71.0	82.0	84.0	84.0	81.0	78.0	80.0	79.0	80.0
Civilians	20.0	21.0	27.0	29.0	29.5	30.0	28.0	28.8	28.5	26.0
Building Safety			-	-	19.0	-	5.0	6.0	6.0	9.0
Highways and streets	31.0	32.0	35.0	36.0	-	24.0	31.0	32.0	32.0	36.0
Engineering	13.0	18.5	20.5	22.0	40.8	-	-	-	-	-
Maintenance	-	-	-	-	35.0	-	-	-	-	-
Culture and recreation	35.8	35.5	41.0	49.3	49.8	50.0	43.8	41.5	41.7	33.3
Community Development	1.0	1.0	1.0	3.0	-	3.0	3.0	4.0	3.0	-
Economic & community development	39.0	50.5	51.5	51.5	18.0	45.1	54.6	52.4	53.4	48.5
Water Utilities	11.0	14.0	18.5	18.0	19.0	17.4	15.4	18.1	20.1	19.1
Wastewater Utilities	N/A	-	4.0							
Municipal Airport	2.0	2.0	2.0	2.0	3.0	2.0	-	-	-	1.0
Total	261.3	287.0	333.0	352.8	362.0	342.9	321.6	335.3	326.1	319.3

Source: Town of Marana, Human Resources Department

TOWN OF MARANA
SALES TAX BY INDUSTRY
LAST TEN FISCAL YEARS

Industry Group	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%	FY 2013	%
Mining	\$ 1,950	0.01%	\$ 3,729	0.02%	\$ 15,601	0.07%	\$ 15,732	0.06%	\$ 18,105	0.07%
Construction	6,450,530	28.79%	4,448,469	20.54%	4,870,797	21.23%	5,782,644	23.57%	5,260,345	21.33%
Manufacturing	154,594	0.69%	138,817	0.64%	123,524	0.54%	128,089	0.52%	127,214	0.52%
Transportation, Communications, & Utilities	2,522,671	11.26%	2,768,198	12.78%	2,927,271	12.76%	2,985,979	12.17%	3,038,071	12.32%
Wholesale Trade	339,051	1.51%	184,203	0.85%	194,392	0.85%	233,850	0.95%	296,077	1.20%
Retail Trade	8,554,332	38.18%	8,673,055	40.04%	8,667,896	37.77%	8,804,206	35.88%	9,380,544	38.03%
Restaurant & Bars	1,384,914	6.18%	1,555,032	7.18%	1,658,180	7.23%	1,789,232	7.29%	1,819,588	7.38%
Fire, Insurance & Real Estate	903,810	4.03%	1,050,046	4.85%	1,253,481	5.46%	1,350,977	5.51%	1,234,426	5.00%
Hotels & Other Lodging	508,199	2.27%	1,378,271	6.36%	1,914,004	8.34%	1,991,767	8.12%	2,140,493	8.68%
Services	1,002,992	4.48%	1,057,433	4.88%	982,631	4.28%	1,026,443	4.18%	1,003,377	4.07%
All Others	581,380	2.59%	404,852	1.87%	340,041	1.48%	430,042	1.75%	345,702	1.40%
	<u>\$ 22,404,422</u>	<u>100.00%</u>	<u>\$ 21,662,105</u>	<u>100.00%</u>	<u>\$ 22,947,818</u>	<u>100.00%</u>	<u>\$ 24,538,961</u>	<u>100.00%</u>	<u>\$ 24,663,942</u>	<u>100.00%</u>

Industry Group	FY 2004	%	FY 2005	%	FY 2006*	%	FY 2007	%	FY 2008	%
Mining	\$ 15,886	0.08%	\$ 20,235	0.08%	\$ 13,592	0.04%	\$ 136	0.00%	\$ 33,335	0.12%
Construction	7,637,372	39.28%	10,029,087	40.31%	16,026,041	46.91%	12,010,339	39.15%	9,885,086	36.18%
Manufacturing	40,866	0.21%	46,352	0.19%	91,393	0.27%	898,768	2.93%	183,545	0.67%
Transportation, Communications, & Utilities	1,632,955	8.40%	2,025,216	8.14%	2,440,989	7.14%	2,617,876	8.53%	2,459,656	9.00%
Wholesale Trade	88,038	0.45%	78,711	0.32%	187,311	0.55%	482,350	1.57%	528,937	1.94%
Retail Trade	7,230,986	37.19%	9,091,413	36.54%	11,020,868	32.26%	8,849,138	28.85%	9,380,087	34.33%
Restaurant & Bars	967,250	4.97%	1,236,507	4.97%	1,567,128	4.59%	1,288,922	4.20%	1,407,901	5.15%
Fire, Insurance & Real Estate	617,768	3.18%	971,626	3.91%	1,119,414	3.28%	3,111,424	10.14%	1,616,223	5.92%
Hotels & Other Lodging	517,601	2.66%	651,868	2.62%	771,172	2.26%	742,502	2.42%	626,656	2.29%
Services	664,411	3.42%	733,605	2.95%	712,776	2.09%	559,951	1.83%	1,056,309	3.87%
All Others	32,731	0.17%	(5,079)	-0.02%	215,965	0.63%	112,668	0.37%	141,735	0.52%
	<u>\$ 19,445,864</u>	<u>100.00%</u>	<u>\$ 24,879,541</u>	<u>100.00%</u>	<u>\$ 34,166,649</u>	<u>100.00%</u>	<u>\$ 30,674,073</u>	<u>100.00%</u>	<u>\$ 27,319,468</u>	<u>100.00%</u>

Source: Town of Marana Finance Department, Arizona Department of Revenue

TOWN OF MARANA
EXCISE TAX COLLECTIONS
LAST TEN FISCAL YEARS

Industry Classification	2003/04	2004/05	2005/06	2006/07	2007/08
Town Sales Tax	\$ 20,058,983	\$ 25,126,418	\$ 34,166,649	\$ 30,899,549	\$ 27,172,921
State-shared Sales Taxes	1,043,049	1,242,480	1,435,175	2,540,072	2,458,329
State-shared Income Taxes	1,222,336	1,246,196	1,419,305	3,034,241	3,761,010
Licenses and permits	6,264,206	7,914,041	6,201,448	4,865,395	2,307,878
Fines and forfeitures and penalties	365,435	465,586	573,242	676,838	716,983
TOTAL	\$ 28,954,009	\$ 35,994,721	\$ 43,795,819	\$ 42,016,095	\$ 36,417,121

Industry Classification	2008/09	2009/10	2010/11	2011/12	2012/13
Town Sales Tax	\$ 22,404,422	\$ 21,662,077	\$ 22,947,818	\$ 24,538,961	\$ 24,768,104
State-shared Sales Taxes	2,126,326	1,961,225	2,099,083	2,731,863	2,861,622
State-shared Income Taxes	3,971,447	3,450,478	2,601,218	2,950,734	3,571,191
Licenses and permits	1,932,797	2,150,360	2,502,494	2,720,872	4,323,155
Fines and forfeitures and penalties	692,514	641,484	537,680	558,393	661,341
TOTAL	\$ 31,127,506	\$ 29,865,624	\$ 30,688,293	\$ 33,500,823	\$ 36,185,413

TOWN OF MARANA
PRINCIPAL RETAIL AND CONTRACTING SALES TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

Schedule 20

	Fiscal Year 2013			Fiscal Year 2008		
	Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments	Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments
RETAIL						
Taxpayer A	\$ 1,555,075	1	6.3%	\$ 1,661,241	1	6.1%
Taxpayer B	1,117,537	2	4.5%	1,156,655	2	4.2%
Taxpayer C	642,083	3	2.6%	726,352	3	2.7%
Taxpayer D	559,463	4	2.3%	376,993	8	1.4%
Taxpayer E	490,567	5	2.0%	428,815	7	1.6%
Taxpayer F	484,348	6	2.0%	626,850	4	2.3%
Taxpayer G	431,258	7	1.7%	550,143	5	2.0%
Taxpayer H	363,647	8	1.5%	258,204	10	0.9%
Taxpayer I	280,275	9	1.1%	311,109	9	1.1%
Taxpayer J	249,075	10	1.0%			
Taxpayer K				431,408	6	1.6%
	\$ 6,173,327		25.0%	\$ 6,527,769		23.9%
CONTRACTING						
Taxpayer A	\$ 639,589	1	2.6%	\$ -		
Taxpayer B	635,476	2	2.6%	798,749	1	2.9%
Taxpayer C	517,893	3	2.1%			
Taxpayer D	411,027	4	1.7%	339,564	6	1.2%
Taxpayer E	402,931	5	1.6%	734,093	3	2.7%
Taxpayer F	308,221	6	1.2%			
Taxpayer G	287,029	7	1.2%			
Taxpayer H	205,825	8	0.8%			
Taxpayer I	142,907	9	0.6%			
Taxpayer J	133,048	10	0.5%			
Taxpayer K				759,376	2	2.8%
Taxpayer L				329,339	7	1.2%
Taxpayer M				274,461	9	1.0%
Taxpayer N				498,395	4	1.8%
Taxpayer O				271,586	10	1.0%
Taxpayer P				280,875	8	1.0%
				392,242	5	1.4%
	\$ 3,683,946		14.9%	\$ 4,678,679		15.6%

Source: Town of Marana Finance Department, Arizona Department of Revenue

**TOWN OF MARANA
SINGLE FAMILY RESIDENTIAL PERMITS
LAST TEN FISCAL YEARS**

Schedule 21

Month	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
January	81	130	52	35	11	3	38	17	22	60
February	71	129	44	83	27	9	25	28	31	52
March	105	180	134	53	12	2	46	38	46	125
April	52	203	68	55	50	11	48	14	41	64
May	136	222	61	81	18	13	20	35	53	46
June	108	123	75	65	28	20	23	22	49	61
July	140	168	92	51	21	31	44	32	70	
August	134	143	99	50	76	46	28	31	46	
September	175	149	27	30	27	27	18	22	29	
October	141	139	34	35	7	14	22	30	56	
November	119	79	61	13	5	12	12	22	35	
December	136	106	59	28	5	12	19	46	48	
Calendar Total	1,398	1,771	806	579	287	200	343	337	526	408
Fiscal Total	1,088	1,832	1,218	744	353	199	342	297	425	692

Source: Town of Marana Finance Department, Town of Marana Building Services

**TOWN OF MARANA
CAPITAL ASSET STATISTICS BY FUNCTION
AS OF JUNE 30, 2013**

Schedule 22

Function	Fiscal Year			
	2010	2011	2012	2013
Public Safety				
Police:				
Stations	1	1	1	1
Substations	2	2	2	2
Police Vehicles	113	113	113	99
Highways and Streets				
Street (miles)	300	300	300	494
Culture and Recreation				
Parks	7	7	7	8
Parks Acreage	84	84	84	139
Trails in Miles - Hiking	11	28	28	37
Trails in Miles - Paved	16	16	16	16
Swimming Pools	1	1	1	1
Tennis Courts	5	5	5	6
Senior Center	1	1	1	1
Water Systems				
Miles of Water Mains	70	70	70	128
Number of Meters	4,755	5,556	5,734	6,002
Wastewater				
Number of Manholes	N/A	N/A	841	863
Sewer Mains (miles)	N/A	N/A	46.4	47.5
Avg Daily Sewage Treated (MGD)	N/A	N/A	0.192	0.198

Source: This information is provided from the Town's facility records.

Notes:

*Due to cost considerations for the accumulation of data, the Town has elected to present less than ten year of data for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

**Due to the waste water plant transfer from Pima County on January 3, 2012 information is reflecting from that point forward. Prior years are not available however will be accumulated and reported each year until the ten years of data is presented.



Town of Marana, Arizona
11555 W. Civic Center Drive
Marana, Arizona 85653

Phone: (520)382-1900
Fax: (520)382-1902

www.marana.com



TOWN OF MARANA
11555 West Civic Center Drive
Marana, AZ 85653
(520) 382-1999 | marana.com

