CITY OF GOODYEAR, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared by the Finance Department
Larry A. Lange, Finance Director

ARIZONA
Goodyear

TABLE OF CONTENTS

III. STATISTICAL SECTION

IV. SINGLE AUDIT SECTION

ARIZONA
Goodyear

INTRODUCTORY SECTION

ARIZONA
Goodyear

December 12, 2008

Honorable Mayor, City Council, City Manager and Citizens of the City of Goodyear, Arizona:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Goodyear, Arizona (the City) for fiscal year ended June 30, 2008. The report is prepared by the Accounting Division of the Finance Department.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies, which have expressed interest in the City's financial matters. Copies of this financial report will be placed on the City's website for use by the general public.

Management's Discussion and Analysis (MD&A) presented on pages 5-15 has a different focus and purpose than this transmittal letter and should be read in conjunction with this transmittal.

THE FINANCIAL REPORTING ENTITY

The City of Goodyear, incorporated in 1946, and chartered in 1988, has a Council-Manager form of government consisting of the Mayor and six Council Members. The Mayor is elected at-large for a four-year term. Council members are elected at-large for a four-year term. The City Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 184 square miles in the western portion of Maricopa County, and is approximately 17 miles west of the downtown Phoenix business district. Between 1990 and 2000, the City's population increased by over 100 percent, from 6,300 to 19,695. The estimated June 2008 population is 58,462. The City's tremendous growth is attributable to excellent housing, small-town atmosphere, convenient access to the central Valley, and excellent school districts. Current economic conditions have caused the City to reduce its growth estimates from a trended average of 16% per year to approximately 4% per year.

Proud past. Vibrant future!
Finance Department
190 North Litchfield Road P.O. Box 5100 Goodyear, Arizona 85338
623-932-3015 Fax 623-932-3003 1-800-872-1749 TDD 623-932-6500
www.goodyearaz.gov

The City provides a full range of municipal services, including police and fire protection, sanitation services, water and sewer services, construction and maintenance of streets, recreational, parks, and cultural events, public transportation, planning and zoning services, and general administrative services. Goodyear offers a wide range of community facilities including a community center, a swimming pool, and twelve parks encompassing 156 acres.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Goodyear is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Goodyear, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. At a general election held in March 11, 2003 the citizens of Goodyear approved a permanent adjustment of the 1979 expenditure base for population and inflation growth. The City may utilize the additional expenditure authority for any local budgetary purposes. The permanent adjustment eliminates the need for voter approval every four years.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds and internal service fund are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. Encumbered appropriations lapse at fiscal year-end and are re-budgeted as needed in the next fiscal year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

Goodyear continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. This commitment helped make fiscal year (FY) 2008 another successful year and will provide for continued success in the years to come.

FY 2008 marked a significant year in higher education growth for the City of Goodyear. Goodyear welcomed three institutions of post-secondary education to our community, University of the Incarnate Word, Franklin Pierce University and University of St. Francis. Three very different schools with differing philosophies and wide ranges of degree programs, while different, they are also very much alike because each is dedicated to delivering the highest quality, private education to its students.

In FY 2008 Goodyear received the prestigious National Civic League Award as an All-America City. Being named an All-America City puts Goodyear in the select company of only 500 cities out of 4,000 nationwide who have tried for this designation over the past 59 years. Only three other cities in Arizona have received this award. Goodyear won this coveted award on its first try. It is an award for the whole community – our citizens, our businesses, and our City government.

Goodyear has begun construction of the Spring Training Ballpark for the Cleveland Indians. This 52 acre site is a one-of-a kind sports complex that include a ballpark that seats 10,000 plus a separate clubhouse/practice field area that will serve as a year-round training facility for the Indians and provide Goodyear's residents with a $75 million recreational sports and events complex. Approximately 50 percent of the approved cost of the facility will be repaid to Goodyear in future years by the Arizona Sports & Tourism Authority.

Economic Outlook

The economic slow down at the national level has had a direct impact at the state and local level economy. Goodyear has experienced a decrease in new residential building permits of approximately 40% from FY 2007. Goodyear's General Fund revenues for FY 2009 are projected to decline by approximately 10% from $85.7 million for FY 2008 to $76.5 million for FY 2009.

Sales Tax: The City of Goodyear, like all Arizona cities, places significant reliance on City sales tax revenues. Overall, City sales tax revenues for FY 2009 are expected to be approximately 50% of General Fund revenues. The City's sales tax rate is currently at 2% with an additional 2% restaurant/bar, an additional 2.5% lodging and an additional

1.5% for construction. For single item purchases of tangible personal property greater than $5,000 there is a 1.2% tax rate instead of 2%.

State Shared Revenue. The City of Goodyear receives revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax, motor vehicle in-lieu taxes, and state lottery proceeds. A significant portion of this revenue is placed in the City's General Fund, where it is used to support the City's day-to-day activities. The City budgeted FY 2009 ($16.5 million) state share revenue is essentially the same as the FY 2008.

Property Tax. The City's combined (secondary and primary) property tax rate is $1.60 per $100 of assessed valuation for fiscal year 2008. Of this, $0.87 is for the secondary levy. The secondary levy can only be used for voter approved debt service on general obligation bonded indebtedness. The voter approved general obligation bond proceeds are used for construction of public facilities (parks, public safety, streets, etc.). The secondary assessed valuation is expected to grow 30.94% in FY 2009.

The primary property tax rate is $.73 for 2008. The primary levy can be used for any general government purpose (such as supplies, personnel, maintenance, utilities, etc.) but is limited in size by State statute. The primary tax raised $4.2 million in fiscal year 2008. The primary property tax revenues are expected to be $4.9 million dollars in FY 2009. While this amount is less than 6% of the operating revenues, it is nonetheless an important component for the stability and revenue diversity of the City's operating revenues.

Total primary assessed property value within the City has increased by approximately 27% over FY 2007. Because of the increasing assessed value of the City, primary property tax revenues continue to grow, as the City's primary rate has decreased slightly. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to increase at lower rates over the next few years.

Labor Force. Goodyear has a well-educated and available labor force. The estimated median income level is $78,105 for FY 2008. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC) which has been successful at introducing new businesses to the City. The City maintains an economic development department "in-house" which has been very instrumental in locating retail, hospitality, office, and industrial businesses to the City.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For The Year

During FY 2008, the City continued to invest in programs and amenities that keep Goodyear a very livable community. Emphasis was placed on public safety, parks and open space, basic infrastructure projects, and support services.

The following are a few of the departments' service efforts and accomplishments of the City during FY 2008:

Mayor & City Council

- Moved forward with negotiations for a second team for the Recreational Sports and Spring Training Complex.
- Lease Agreement with University of the Incarnate Word finalized, and continued negotiations with Franklin Pierce University.
- Received report regarding the city-wide Management Assessment (Matrix).
- Continued the redevelopment of nonproductive properties from previous contamination as part of the National Brownfields Association.
- Continued quality commercial and residential development, in conjunction with necessary infrastructure.
- Provided funding and support for community projects.
- Broadened and strengthened regional relationships.
- Became a finalist for the coveted "All America City" Award.
- Became a finalist for the Most Livable City Award.

Fire

- Received $750,000 Urban Area Security Initiative grant to provide a CBRNE (Chemical, Biological, Radiological, Nuclear, and Environmental) hazard response vehicle and equipment, and to certify 12 firefighters as Hazardous Materials Technicians.
- Received two $5,000 Urban Area Security Initiative grants to provide sustainment funds for the Fire Department and Police Department Terrorism Liaison Officers.
- Received $25,120 in grant funding from the 2007 Assistance to Firefighters Grant to complete installation of exhaust removal system in Fire Stations 181 and 183.
- Participated in TOPOFF 4, a biannual national emergency management exercise, which involved activating the Emergency Operations Center
- Community Education taught Urban Survival programs in 18 community schools to over 22,000 children.
- Trained an additional 45 citizens as part of the Community Emergency Response Team (CERT).
- Maintained 99% compliance with National Incident Management System (NIMS) training for all City staff. This is a federal requirement which also makes the City eligible for grant funding.

Police

- As a part of the zero tolerance towards gang crime policy, address property and street crimes through additional staffing in investigations and patrol.
- Enhanced traffic operations as a step towards 24/7 coverage by 2010.
- Provided additional patrol efforts and improve administrative efficiencies in order to increase unassigned patrol time from 9% to 15%. This is part of a multi-year plan to achieve 30% unassigned patrol time for our officers, and enhance the relationship between the community and the police department.
- Partnered with West Valley Police agencies to create and implement the

Southwest Crisis Services Center, an innovative center providing essential crisis services to victims.

- Implemented the Street Crimes unit in order to proactively address property crimes and special enforcement areas.
- Increased proactive patrol time to 12%.

For a complete listing of all the City departments and their accomplishments for FY 2008, a copy of the City's FY 2009 Budget is available on-line at http://www.goodyearaz.gov/index.asp?NID=394 or contact the City's Budget and Research Division.

For The Future

The City's financial and operational plans will continue to support basic government services including roads, police, fire, water, sewer, solid waste management, building safety, code enforcement, and parks and recreation. In addition, the City Council has begun a process to assist in the identification, prioritization, and management of emerging strategic issues that, by virtue of their scope, complexity, and/or potential impact, requires a coordinated multi-departmental action plan and budget. The City Council works closely with City management to implement specific objectives and tasks designed to meet these goals.

The following major goals were identified by the City Council as important priorities for the future:

- Improve the quality level of City services to its citizens
- Reduce crime in the City
- Improve the quality and level of public safety services to citizens
- Promote City's economic development through retention, expansion and recruitment of current and future businesses
- Continue, within financial constraints, the physical development of the City

Employee Pension Plans

The City maintains two employee pension plans. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan is administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only one former member currently receives payments under the plan.

Debt Administration

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent (6%) of the secondary assessed valuation of the taxable property in that city. In addition cities may issue general obligation bonds up to an additional twenty percent (20%) of the secondary assessed valuation for supplying water, artificial light, or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. The City of Goodyear anticipates selling additional General Obligation Bonds in FY 2009.

The following is a summary of the City's outstanding debt, excluding the debt of the component Community Facilities Districts, as of June 30, 2008:

• General Obligation Bonds	$129,845,000
• Public Improvement Corporation Bonded Debt	74,265,000
• McDowell Road Corridor Improvement District	47,165,000
• Revenue Bonds	2,345,000
• Greater Arizona Development Authority Loan	9,443,402
Total	$263,063,402

Cash Management

The Finance Department manages the City's investment portfolio. The City's investment policy is to invest public funds with maximum security in a manner which will provide the highest return while meeting the daily cash flow demands of the City and conform to all applicable state and local statutes. The primary objectives, in priority order, are safety of principal, liquidity, and attaining a market rate of return.

The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, and direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool. The average yield on unrestricted investments was 4.1% for the year ended June 30, 2008. The book value of the City's LGIP investment portfolio at June 30, 2008 was $102,613,565. For further information on the City's investments please refer to the notes to the financial statements.

Risk Management

The City is exposed to various risks of loss exposures and claims stemming primarily from general liability, public liability (includes public officials' errors and omissions, automobile liability. During FY 07-08, the City was insured for losses up to $15 million. The City general liability deductible is $250,000 deductible with a $500,000 aggregate.

The City's Workers' Compensation program is fully insured and there are no additional exposures to loss outside of the fixed premium we pay.

The Risk Management Division of the Human Resources Office administers the City's liability and Workers' Compensation insurance programs. The City's commercial lines policies are insured with the Arizona Municipal Risk Retention Pool and Workers' Compensation is insured with the State Compensation Fund of Arizona. The City of Goodyear has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Accounting, Community Facilities District and Utility Customer Service Divisions. We also wish to thank the Mayor and members of the City Council, and the City Manager's Office for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,

Larry A. Lange
Finance Director

LAL/ts

CITY OF GOODYEAR

LIST OF PRINCIPAL OFFICIALS

MAYOR

James M. Cavanaugh

VICE MAYOR

Rob Antoniak

COUNCIL MEMBERS

Richard A. Sousa

Frank Cavalier

Georgia Lord

Brenda Holland

Joanne Osborne

SENIOR MANAGEMENT STAFF

John Fischbach
City Manager

Michael Simonson
Presiding Judge

Roric Massey
City Attorney

Brian J. Dalke
Deputy City Manager

James R. Nichols
Deputy City Manager

Lynn Mulhall
City Clerk

Kay Wilkinson
Human Resources Director

Harry Paxton
Economic Development Director

Mark Brown
Police Chief

Mark Gaillard
Fire Chief

Harvey Krauss
Community Development Director

Larry Lange
Finance Director

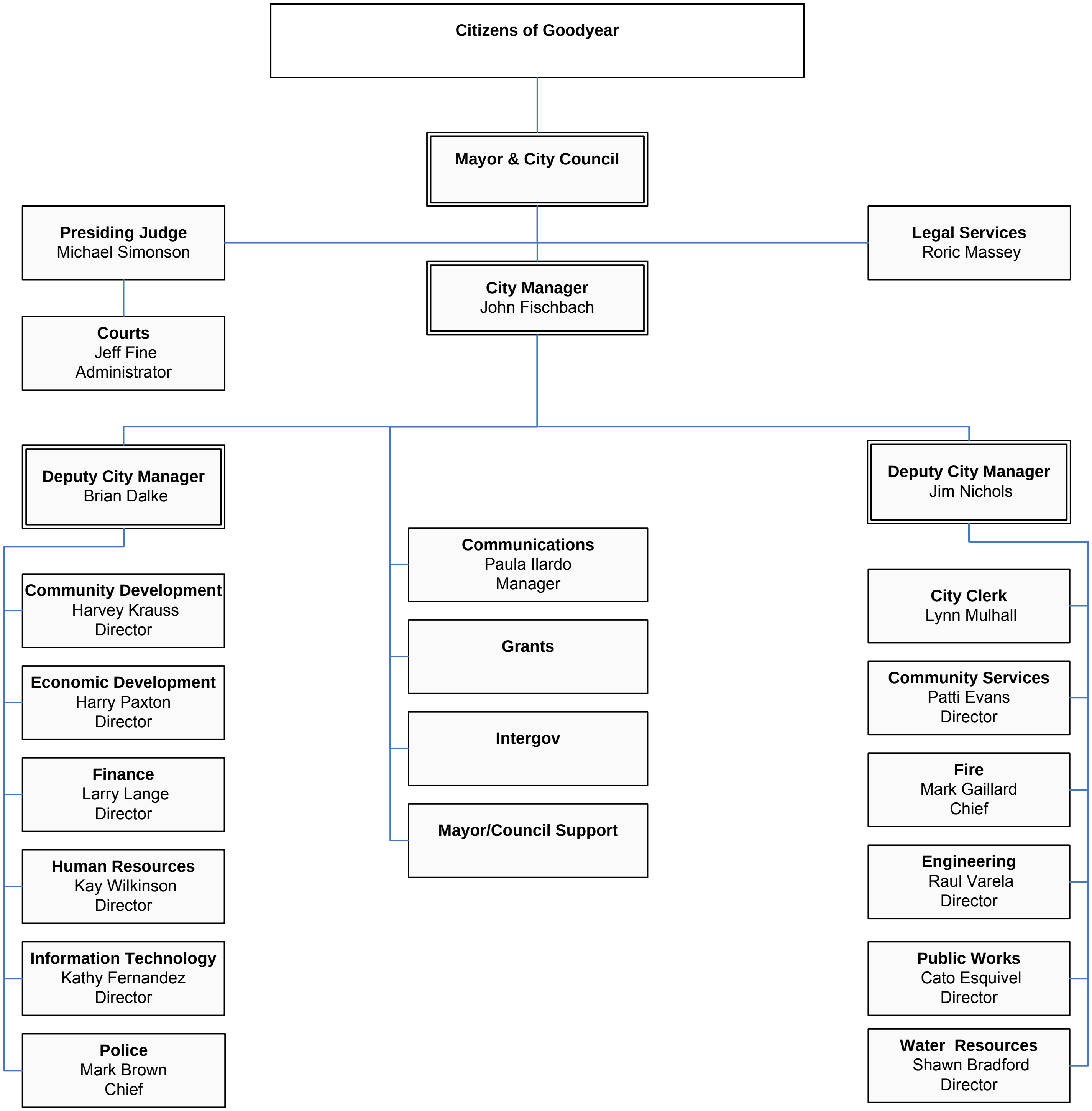
Kathleen Fernandez
Information Technology Director

Cato Esquivel
Public Works Director

Patti Evans
Community Services Director

Shawn Bradford
Water Resources Director

Raul Varela
Engineering Director


Citizens of Goodyear
Mayor & City Council
Presiding Judge
Michael Simonson
Legal Services
Roric Massey
City Manager
John Fischbach
Courts
Jeff Fine
Administrator
Deputy City Manager
Brian Dalke
Deputy City Manager
Jim Nichols
Communications
Paula Ilardo
Manager
Grants
Intergov
Mayor/Council Support
Community Development
Harvey Krauss
Director
Economic Development
Harry Paxton
Director
Finance
Larry Lange
Director
Human Resources
Kay Wilkinson
Director
Information Technology
Kathy Fernandez
Director
Police
Mark Brown
Chief
City Clerk
Lynn Mulhall
Community Services
Patti Evans
Director
Fire
Mark Gaillard
Chief
Engineering
Raul Varela
Director
Public Works
Cato Esquivel
Director
Water Resources
Shawn Bradford
Director

ACKNOWLEDGEMENTS

The Comprehensive Annual Financial Report was prepared by the staff of the Finance Department – Accounting, Community Facilities District and Utility Customer Service Divisions:

Theresa Simms, MBA, GGFM, CPA
Carla Williamson
MaryKae Struck
Kathy Painter
Regina Mullaney
Rebecca Moreno
Sheila Mills
Carmelita Evans
Marty Eckstaine

ARIZONA
Goodyear

FINANCIAL SECTION

ARIZONA
Goodyear

Celebrating 50 Years Of Service
HENRY & HORNE, LLP
Certified Public Accountants

Independent Auditors' Report

The Honorable Mayor and Council
City of Goodyear, Arizona

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 City of Goodyear (the City), Arizona, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodyear, Arizona, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity 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 City of Goodyear failed to use highway user revenue fund monies received by the City of Goodyear pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the City of Goodyear solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

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
711 E. Cottonwood Lane
Suite C
Casa Grande, AZ 85222-2725
(520) 836-8201
Fax (520) 426-9432

www.henryandhorne.com

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2008 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages five through thirteen, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodyear, Arizona's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Heinfeld, Meech & Co., P.C.

Casa Grande, Arizona
December 12, 2008

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS

ARIZONA
Goodyear

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2008

As management of the City of Goodyear, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008 (2008). This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

The discussion and analysis (MD&A) has different focus and purpose than the letter of transmittal presented on pages VII-XVII of this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on pages 19 and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased $74.7 million (17.3%) in fiscal year 2008, $38.3 million (a 11.8% increase) in governmental activities and $36.8 million (33.6% increase) in business-type activities.

- The City's invested in capital, net of related debt increased by $107.9 million (81.6%) from the previous year. This increase is due to construction of infrastructure and spring training facility.

- The governmental activities program revenues increased by $25.5 million (31.3%) from the previous year.

- The business-type activities program revenues increased by $5.9 million (13.9%) from the previous year.

- At June 30, 2008, total fund balance of the governmental funds was $121.8 million, up $13.4 million (12.3%) from the previous year. Of this, $95.2 million (78.2) was unreserved (available for spending at the government's discretion).

- General Fund revenues (on a budgetary basis) and actual revenue were almost identical for fiscal year 2008. The budgetary expenditures of the General Fund were $140.6 million and the actual expenditures were $108.9 million (77.5% of the budgeted expenditure) a $31.7 million in savings of the final budgeted expenditures.

- At June 30, 2008, unreserved fund balance for the General Fund was $42.2 million a decrease of $18.8 million (30.8%) from the prior fiscal year. This reduction is consistent with the budget adopted by the City Council,

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

The activities of the City are shown in two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided.

- ***Governmental activities*** – Most of the City's basic services are included here, such as general government (administration), public safety (police, fire and court), highways and streets, public works, culture and recreation, and community development. These activities are generally supported by taxes and general revenues.

- ***Business-type activities*** – The services provided by the City included here are stadium, water, wastewater, and sanitation services. These activities are primarily supported through user charges or fees.

The *statement of net assets* presents information on all of the City's assets and liabilities, both current and long-term, with the difference between the assets and liabilities reported as *net assets*. The focus on net assets is designated to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City maybe changing. Increases in net assets may indicate an improved financial position; however, even decreases in net assets may reflect a changing manner in which the City may have previously accumulated funds (i.e. cash funding of capital projects). To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base and condition of its infrastructure, should also be considered.

The *statement of activities* presents information showing how the City's net assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets are reported at the time the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 25 and 28, respectively.

The City maintains 16 individual governmental funds. 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 Fund, Community Facilities Districts – Debt Service, Capital Improvement Projects, McDowell Road Improvements

Capital Projects, and Community Facilities Districts – Capital Projects Funds, all of which are considered to be major funds. Data from the other 11 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 beginning on page 68 of this report.

The governmental fund financial statements can be found on pages 22-31 of this report.

Proprietary funds. The City maintains three proprietary funds. Proprietary funds (enterprise and internal service) utilize full accrual accounting, the same method used by private sector business. The City uses separate enterprise funds to account for its stadium, water and sewer services and its sanitation services. These funds are considered to be major funds of the City. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund reports activities that provide preventative maintenance, repairs and safety inspections for equipment. The Fleet Services is the City's only internal service fund. Internal service fund activities are reported as governmental activities on the government-wide statements.

The proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on pages 36-37 of this report.

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 on pages 41-66 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budget process. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. The other supplementary information can be found on pages 78-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required Notes. Combining and individual fund statements and schedules can be found on pages 68-72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position of the City as whole as of the year ended June 30, 2008 with comparative information for the previous year.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets o the City for June 30, 2008 compared to the prior year.

Statement of Net Assets
as of June 30

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2008	2007	2008	2007	2008	2007	Change
Current and other assets	$ 170,256,402	$ 135,836,711	$ 60,963,655	$ 19,475,538	$ 231,220,057	$ 155,312,249	48.9%
Capital assets	443,317,580	325,621,851	277,132,238	169,732,210	720,449,818	495,354,061	45.4%
Total assets	613,573,982	461,458,562	338,095,893	189,207,748	951,669,875	650,666,310	46.3%
Other liabilities	25,565,364	17,309,308	20,848,079	11,309,331	46,413,443	28,618,639	62.2%
Long-term liabilities outstanding	225,002,997	119,473,772	171,340,366	68,366,127	396,343,363	187,839,899	111.0%
Total liabilities	250,568,361	136,783,080	192,188,445	79,675,458	442,756,806	216,458,538	104.5%
Net assets:							
Invested in capital assets, net of related debt	256,047,572	206,294,183	159,100,622	101,366,083	415,148,194	307,660,266	34.9%
Restricted	70,835,115	60,388,579	-	-	70,835,115	60,388,579	17.3%
Unrestricted	36,122,934	57,992,720	(13,193,174)	8,166,207	22,929,760	66,158,927	-65.3%
Total net assets	$ 363,005,621	$ 324,675,482	$ 145,907,448	$ 109,532,290	$ 508,913,069	$ 434,207,772	17.2%

The net assets of the City increased by $74.7 million (17.2%) in fiscal year 2008. Of this increase, $38.3 million was in governmental activities, a 11.8% increase and $36.4 million was in business-type activities, a 33.2% increase.

Net assets consist of three components, the largest portion of which is invested in capital assets, net of related debt ($415.1 million or 81.6%) and reflects the City's investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these assets to provide services to its citizens. Consequently, it is not the City's intention to sell these assets and they are therefore 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 category of Net Assets increased by $107.5 million in fiscal year 2008 primarily as a result of the purchase, construction and donation of additional capital assets.

The second portion of the City's net assets are restricted net assets ($70.8 million or 13.9%), which represent resources that are subject to external restrictions on how they may be used. The increase of $10.4 million is due to issuance of debt for specific purpose.

The third portion of the City's net assets are unrestricted ($22.9 million or 4.5%) and may be used to meet the City's ongoing obligations to citizens and creditors. This category decreased by $43.2 million in fiscal year 2008. Unreserved net assets are the balance of net assets remaining after calculating the other two categories discussed above. The decrease in unreserved net assets results from increased expenses during fiscal year 2008.

Changes in Net Assets.

The following table compares the revenue and expenses for the current and previous fiscal year.

Changes in Net Assets
for Year End June 30

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2008	2007	2008	2007	2008	2007	Change
REVENUES:							
Program revenues:							
Charges for services	$ 17,469,768	$ 17,987,804	$ 20,285,457	$ 18,118,171	$ 37,755,225	$ 36,105,975	4.6%
Operating grants and contributions	4,587,630	895,854	762,200	20,000	5,349,830	915,854	484.1%
Capital grants and contributions	85,108,447	62,732,783	27,405,133	24,414,623	112,513,580	87,147,406	29.1%
General revenues:							
Sales taxes	41,036,060	45,240,436	-	-	41,036,060	45,240,436	-9.3%
Property taxes	18,144,197	12,370,983	-	-	18,144,197	12,370,983	46.7%
Franchise taxes	2,071,378	1,817,387	-	-	2,071,378	1,817,387	14.0%
State shared revenue	12,654,235	15,053,501	-	-	12,654,235	15,053,501	-15.9%
Investment income	4,268,448	4,723,886	1,379,832	1,447,446	5,648,280	6,171,332	-8.5%
Miscellaneous	4,075,011	1,029,445	212,708	26,683	4,287,719	1,056,128	306.0%
Total revenues	189,415,174	161,852,079	50,045,330	44,026,923	239,460,504	205,879,002	16.3%
EXPENSES:							
Program activities:							
Governmental activities:							
General government	18,231,123	13,361,750	-	-	18,231,123	13,361,750	36.4%
Public safety	28,815,923	22,383,891	-	-	28,815,923	22,383,891	28.7%
Highways and streets	9,104,717	8,497,029	-	-	9,104,717	8,497,029	7.2%
Public works	59,138,044	25,397,677	-	-	59,138,044	25,397,677	132.8%
Culture and recreation	1,909,303	3,181,071	-	-	1,909,303	3,181,071	-40.0%
Community development	14,731,322	19,683,385	-	-	14,731,322	19,683,385	-25.2%
Interest on long-term debt	9,710,526	5,785,031	-	-	9,710,526	5,785,031	67.9%
Business activities:							
Water and sewer	-	-	17,413,623	15,738,835	17,413,623	15,738,835	10.6%
Sanitation	-	-	4,839,626	4,401,267	4,839,626	4,401,267	10.0%
Stadium	-	-	861,000	-	861,000	-	100.0%
Total expenses	141,640,958	98,289,834	23,114,249	20,140,102	164,755,207	118,429,936	39.1%
Increase in net assets before transfers	47,774,217	63,562,245	26,931,081	23,886,821	74,705,298	87,449,066	-14.6%
Transfers	(9,444,077)	(56,622)	9,444,077	56,622	-	-	-
Increase in net assets	38,330,140	63,505,623	36,375,158	23,943,443	74,705,298	87,449,066	-14.6%
Net asset July 1	324,675,481	261,169,858	109,532,290	85,588,847	434,207,771	346,758,705	25.2%
Net asset June 30	$ 363,005,621	$ 324,675,481	$ 145,907,448	$ 109,532,290	$ 508,913,069	$ 434,207,771	17.2%

The general revenues of governmental activities increased by $2.0 million (2.5%) from the previous year. Even though there is a slight increase in revenues for fiscal year 2008, revenues are down for state shared revenues; investment income and sales tax due to the economic slow down compared to fiscal year 2007. Program revenues of governmental activities increased by $25.5 million (31.3%), primarily for capital grants and contributions as a result of development activities. There were also increases in charges for service primarily from development fees. The program revenues of business-type activities increased by $5.9 million (13.9%) from the previous fiscal year. The increase in charges for service is a direct result of an increase in customer base and a rate increase for water, sewer and sanitation fees.

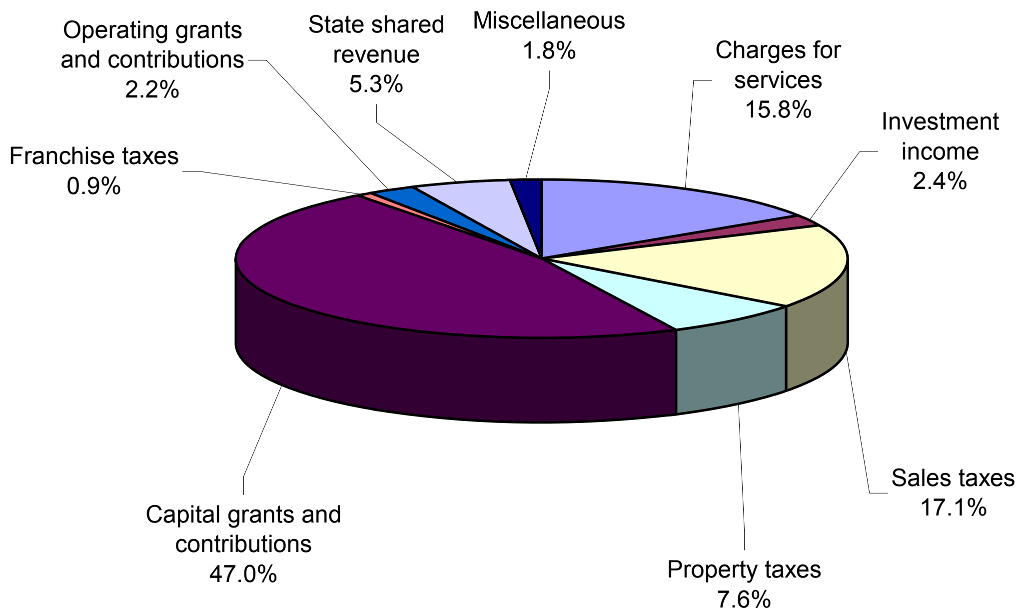
For fiscal year 2008, total governmental revenues increased by $27.6 million (17.0%) and total business-type revenues increased by $6.0 million (13.7%) while the expenses increased by $43.4 million (44.1%) and $2.5 million (12.6%) for the governmental and business-type activities respectively.

As seen in the following graph, the largest source of revenue is capital grants and contributions $112.5 million (47.0%), consisting of primarily donated assets which represent non-spendable resources. The City recorded contributed assets from developers of $51.5

million and constructed capital assets for $61.0 during fiscal year 2008. The next two largest financing sources are sales taxes $41.0 million (17.1%) and charges for services $37.8 million (15.8%). The major funding sources of the governmental activities are taxes (28.9% of total revenues, 36.7% of governmental revenues) and state shared revenues (7.3% of total revenues, 9.3% of governmental revenues).

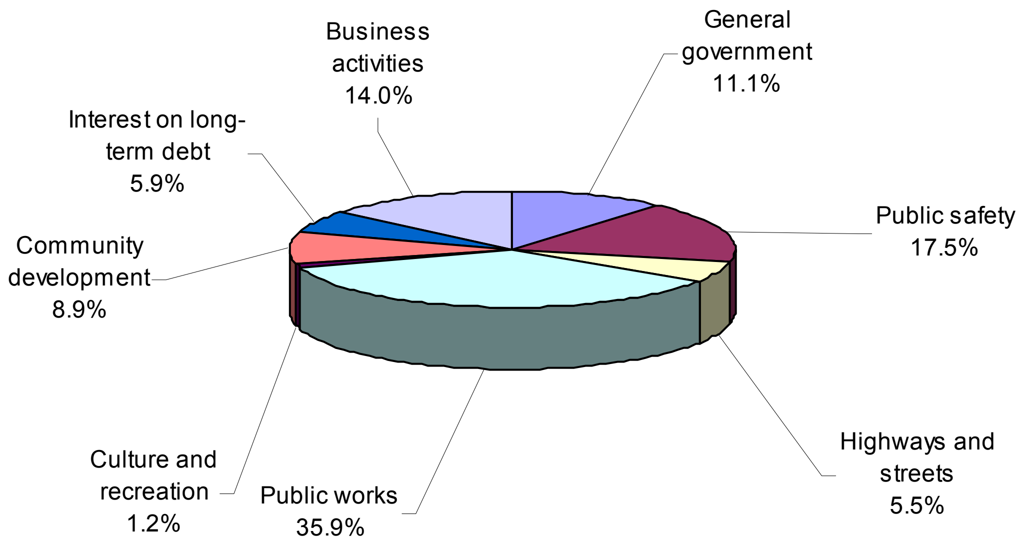
Taxes, including sales taxes, property taxes, and franchise taxes, increased by 32.3% from fiscal year 2007 to fiscal year 2008. Sales taxes decreased by 9.3% due to the downturn in the economy, while property taxes rose 46.7% and franchise taxes increased by 14.0%. The increase in property tax was due to growth in the assessed value of the City, especially in the blended component unit, Community Facilities Districts.

Government-Wide Revenue Sources
Fiscal Year 2008



Business-type activities account for $23.1 million (14.0%) of functional expenses of the City for fiscal year 2008, while governmental activities account for $141.6 million (86.0%) of the functional activities. For the governmental activities, the largest users of resources are public works $59.1 million (35.9%) of total expenses, public safety $28.8 million (17.5%) of total expenses, general government $18.2 million (11.1%) of total expenses, and community development $14.7 million (8.9%) of total expenses. Total government-wide expenses (not including transfers out) of the City increased by $43.4 million (44.1%) in fiscal year 2008. These increases reflect the Council's goals of completing capital projects, public safety, transportation and recreational opportunities.

Government-Wide Functional Expenses
Fiscal 2008



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The focus of the City's governmental funds (pages 22-31) is to provide information on near-term inflows, outflows, and balances of spendable resources. All major governmental funds are discreetly presented on these financial statements, while non-major funds are combined into a single column. Combining statement for non-major funds may be found on pages 68-75.

The fund balance of the governmental funds is $121.8 million, an increase of $13.4 million, or 12.3% from the previous year. Of this, $26.3 million (an increase of $9.8 million (59.0%) from the previous year) is classified as "Reserved" because is segregated for debt service and capital projects. The remaining $95.3 million of governmental fund balance is classified as "Unreserved". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. The unreserved fund balance increased by 5.0% during fiscal year 2008 due to debt issuance.

The General Fund is the chief operating fund of the City and accounts for many of the major funds of the government, including general government (administration), public safety (police, fire and courts), public works, highways, culture and recreation and community development. The The General Fund revenues decreased by $5.5 million (6.1%) from the previous year. The City's tax revenues decreased by $3.3 million (19.6%), while intergovernmental revenues increased by $1.1 million (9.1%) and contributions decreased by $8.5 million (70.3%). The overall decrease is due to the slow down in the economy. General Fund expenditures increased by $13.4 million (16.7%). The majority of this increase was for public safety expenditures increased by $5.8 million (28.9%), community development expenditures increased by $3.3 million (55.0%) and capital outlay expenditures increased $2.5 million (7.9%). Employer health insurance and other personnel benefit costs continued to increase in fiscal year 2008. The General Fund balance decreased by $18.8 million to $42.2 million as of June 30, 2008.

The Community Facilities Districts – Debt Service Fund balance showed an increase of $4.2 million to $12.3 million as of June 30, 2008. The McDowell Road Capital Improvement Projects Fund balance showed an increase of $16.9 million to $19.4 million as of June 30, 2008. The Community Facilities Districts – Capital Projects Fund increased by $3.2 million to $12.7 million as of June 30, 2008. These balance increased due to new debt issuance for capital projects.

Proprietary funds

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statement, but provide additional detail since each major enterprise fund is shown discretely. The proprietary funds statements can be found on pages 32-35.

Net assets of the Enterprise Funds of the enterprise funds increased by $36.8 million (33.6%) in fiscal year 2008. The Water and Sewer Fund net assets increased by $34.8 million (32.1%), Sanitation Fund net assets increased by $.2 million (14.6%) and the Stadium Fund increased by $1.8 million (over 100.0%) from the previous year. The enterprise funds unrestricted assets decreased by $21.4 million (over 100.0%) from the previous year due to an increase in net assets reserved for invested in capital assets, net of related debt and new debt issuance.

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. The schedules filed with the Auditor General's office list the original budget adopted for the prior year, estimated expenditures through the end of the fiscal year and the adopted current year's budget. Budgetary comparison schedules are required for the General Fund, all major funds, non-major funds and enterprise funds. The General Fund budgetary comparison schedule can be found on pages 30-31. The other budgetary comparison schedules can be found in the Other Supplementary Information section on pages 78-102.

General Fund inflows (revenues and other financing sources) of $90.1 million, on a budgetary basis, was less than budget inflows of $90.3 million by $.2 million (.2%) while budgetary basis outflows (expenditures and other financing uses) of $108.9 million were only 77.5% of final budgeted outflows of $140.6 million. The excess of General Fund outflows over budgeted inflow is due to downturn in the economy and increased expenditures on capital projects. Sales tax collections, lead primarily by construction sales tax, are down by $11.6 million.

The original General Fund expenditures and other financing uses budget of $144.8 million was decreased by $4.2 million to come to the final expenditure and other financing uses budget of $140.6 million. This change was primarily due to contingency transfers in capital outlay.

Complete financial statements for each of the individual Component units may be obtained at the entities' administrative offices.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the City had $415.1 million invested in various capital assets, net of accumulated depreciation and related debt, up 35.1% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are $720.8 million. This is a net increase of $225.5 million (45.5%) from fiscal year 2007. Of this increase, $117.7 million (36.1%) from governmental activities and $107.8 million (63.5%) resulted from business-type activities.

Major additions to capital assets during the fiscal year included the following:

- The City issued bonds for construction of Spring Training Complex for the Cleveland Indians for $67.5 million.
- The City partnered with Maricopa County Department of Transportation to construct the Cotton Lane Bridge over the Gila River for $59.0 million.
- The City completed the construction of the Van Buren Street and Bullard Wash Bridge for $3.9 million.
- The City completed the construction of the Water Resources Administration Building for$3.9 million
- The City received contributed capital for infrastructure in the amount of $55.4 million.

Additional information on the City's capital assets can be found in Note 4 on pages 51-52 and in the schedules on pages 99-102 of this report.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2008.

Capital Assets at June 30
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2008	2007	2008	2007	2008	2007	Change
Land	$ 17,855,748	$ 17,855,748	$ 14,039,261	$ 9,460,708	$ 31,895,009	$ 27,316,456	16.8%
Construction in progress	116,495,138	34,640,523	112,750,647	53,573,963	229,245,786	88,214,486	159.9%
Right of way	77,184,740	74,213,181	265,000	-	77,449,740	74,213,181	4.4%
Streetscape	7,091,027	7,091,027	-	-	7,091,027	7,091,027	0.0%
Infrastructure	174,403,487	154,837,895	4,944,633	-	179,348,119	154,837,895	15.8%
Building and improvements	38,276,679	28,991,037	139,171,833	100,803,409	177,448,512	129,794,446	36.7%
Vehicles, furniture and equipment	12,010,755	7,992,440	6,390,933	5,894,129	18,401,688	13,886,569	32.5%
Total	$ 443,317,575	$ 325,621,851	$ 277,562,307	$ 169,732,209	$ 720,879,881	$ 495,354,060	45.5%

Debt Administration

The City's outstanding non-current long-term debt, including bonds, loans, and compensated absences, was $393.3 million at June 30, 2008. Of this total $225.3 million was in governmental activities and $168.0 million was in business-type activities. The City's outstanding non-current debt increased by $41.7 million in fiscal year 2008. This City issued $44.5 million in general obligation bonds to construct certain improvements to the City's water system, sewer system, street improvements and public facility improvement and pay the costs of issuance of the Bonds.

Of the total outstanding bonds of $394.1 million, $129.8 million is general obligation bonds backed by the full faith and credit of the City. The outstanding debt also includes $131.1 million in Community Facilities District bonds where the City has no obligation for payment. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The State constitution limits the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, transportation, public safety, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the City is $152.8 million. The City has $129.5 million outstanding general obligation debt for these purposes. State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is $45.9 million.

The following schedule shows the outstanding debt of the City (both current and long-tem) as of June 30, 2008 and 2007. Additional information on the City's long-term debt can be found in Notes 5 – 10 on pages 52-61 of this report.

Outstanding Debt
as of June 30

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2008	2007	2008	2007	2008	2007	Change
General obligation debt	$ 41,719,857	$ 36,050,000	$ 88,125,143	$ 54,145,000	$ 129,845,000	$ 90,195,000	44.0%
Community Facilities District bonds	131,116,000	76,844,000	-	-	131,116,000	76,844,000	70.6%
Loan payable	-	3,185,000	9,443,402	9,985,013	9,443,402	13,170,013	-28.3%
Revenue bonds	53,580,000	3,320,000	70,195,000	2,460,000	123,775,000	5,780,000	2041.4%
Compensated absences	3,010,721	2,727,241	305,526	282,218	3,316,247	3,009,459	10.2%
	$ 229,426,578	$ 122,126,241	$ 168,069,071	$ 66,872,231	$ 397,495,649	$ 188,998,472	110.3%
Total outstanding bonds	226,415,857	119,399,000	167,763,545	66,590,013	394,179,402	185,989,013	111.9%

The City's assigned underlying ratings on its general obligation debt are "A2" and "A+" from Moody's Investors Service, Inc., and "Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Goodyear in June 2008 was 3.0%, which remains below both the State (4.8%) and national average (5.5%) due to the continued population growth of the State and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

The City's sales tax in the past fiscal years' have steadily increased because of population growth and attraction of new businesses to Goodyear. However, because of the downturn in the economy the adopted fiscal year 2009 budget projects sales tax revenues to decrease 26% from the 2008 budget and the City operating revenues are down 9% from the previous fiscal year.

To ensure the City remains financially strong, the adopted fiscal year 2009 budget is $405.0 million (a decrease of 18.6% from fiscal year 2008). It includes a $87.1 million operating budget (a decrease of 4.0% from fiscal year 2008) and a $195.2 million capital improvement projects (CIP) budget (a decrease of 6.6% from fiscal year 2008). The fiscal year 2009 budget included 7 new staff positions to support the new Stadium operations.

The City has continued to build cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of a growing city. The City has established reserves within the General Fund in accordance with the City's adopted financial policies.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. A copy of the City's Comprehensive Annual Financial Report is available on-line at http://www.goodyearaz.gov/index.asp?NID=22. If you have questions about this report or need additional information, contact the City's Controller, City of Goodyear, 190 N. Litchfield Road, Goodyear, Arizona 85338 or by mail at P.O. Box 5100, Goodyear, Arizona 85338.

ARIZONA
Goodyear

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

ARIZONA
Goodyear

CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 79,786,769	$ 9,323,947	$ 89,110,716
Receivables (net of allowance for uncollectibles)	37,809,227	1,612,927	39,422,154
Due from other governments	102,921	419,200	522,121
Internal balances	4,851,654	(4,851,654)	-
Inventories	423,830	528,924	952,754
Prepaid items	471,933	58,464	530,397
Deferred charges	5,660,079	1,827,196	7,487,275
Restricted cash and cash equivalents	41,149,989	52,044,651	93,194,640
Capital assets:			
Land and construction in progress	218,626,656	127,071,205	345,697,861
Other capital assets (net of accumulated depreciation)	224,690,924	150,061,033	374,751,957
Total assets	613,573,982	338,095,893	951,669,875
LIABILITIES			
Accounts payable and other current liabilities	9,708,806	12,330,818	22,039,624
Accrued payroll and employee benefits	2,113,684	241,472	2,355,156
Accrued interest payable	3,398,768	117,007	3,515,775
Deposits held for others	275,938	959,790	1,235,728
Unearned revenue	3,640,447	6,893,466	10,533,913
Noncurrent liabilities:			
Due within one year:			
Compensated absences	1,157,014	135,241	1,292,255
Bonds payable	3,417,000	-	3,417,000
Due in more than one year:			
Compensated absences	1,853,707	170,285	2,023,992
Loans payable	-	9,443,402	9,443,402
Bonds payable	222,998,857	158,320,143	381,319,000
Interest payable	-	1,264,099	1,264,099
Deferred amount on refunding	(296,793)	-	(296,793)
Bond discount	(69,909)	-	(69,909)
Bond premium	2,370,842	2,312,722	4,683,564
Total liabilities	250,568,361	192,188,445	442,756,806
NET ASSETS			
Invested in capital assets, net of related debt	256,047,572	159,100,622	415,148,194
Restricted for:			
Special revenue purposes	25,917,543	-	25,917,543
Debt service	44,917,572	-	44,917,572
Unrestricted	36,122,934	(13,193,174)	22,929,760
Total net assets	$ 363,005,621	$ 145,907,448	$ 508,913,069

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 18,231,123	$ 3,988,792	$ 45,026	$ 3,575,130
Public safety	28,815,923	954,472	607,092	-
Highways and streets	9,104,717	-	3,935,512	51,453,542
Public works	59,138,044	-	-	30,079,775
Culture and recreation	1,909,303	343,274	-	-
Community development	14,731,322	12,183,231	-	-
Interest on long-term debt	9,710,526	-	-	-
Total governmental activities	141,640,958	17,469,769	4,587,630	85,108,447
Business-type activities:				
Water and sewer	17,413,623	15,139,535	762,200	27,405,133
Sanitation	4,839,626	5,145,922	-	-
Stadium	861,000	-	-	-
Total business-type activities	23,114,249	20,285,457	762,200	27,405,133
Total primary government	$ 164,755,207	$ 37,755,226	$ 5,349,830	$112,513,580

General revenues:
Sales taxes
Property taxes
Franchise taxes
State shared revenues-not restricted to specific programs
Investment income
Miscellaneous

Transfers in (out)
Total general revenues and transfers

Changes in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Totals
$ (10,622,175)	$ -	$ (10,622,175)
(27,254,359)	-	(27,254,359)
46,284,337	-	46,284,337
(29,058,269)	-	(29,058,269)
(1,566,029)	-	(1,566,029)
(2,548,091)	-	(2,548,091)
(9,710,526)	-	(9,710,526)
(34,475,112)	-	(34,475,112)
-	25,893,245	25,893,245
-	306,296	306,296
-	(861,000)	(861,000)
-	25,338,541	25,338,541
(34,475,112)	25,338,541	(9,136,571)
41,036,060	-	41,036,060
18,144,197	-	18,144,197
2,071,378	-	2,071,378
12,654,235	-	12,654,235
4,268,448	1,379,832	5,648,280
4,075,011	212,708	4,287,719
(9,444,077)	9,444,077	-
72,805,252	11,036,617	83,841,869
38,330,140	36,375,158	74,705,298
324,675,481	109,532,290	434,207,771
$ 363,005,621	$ 145,907,448	$ 508,913,069

CITY OF GOODYEAR, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

ASSETS	General	Community Facilities Districts-Debt Service	Capital Improvement Projects
Cash and cash equivalents	$ 33,895,877	$ 12,177,718	$ 2,234,030
Taxes receivable	8,034,271	224,740	-
Interest receivable	92,811	10,407	40,606
Accounts receivable	1,994,896	-	-
Special assessments receivable	-	26,549,308	-
Due from other governments	-	-	-
Due from other funds	5,734,983	-	-
Inventories	13,031	-	-
Prepaid items	409,154	44,088	-
Restricted cash and cash equivalents	-	-	8,597,835
Total assets	$ 50,175,023	$ 39,006,261	$ 10,872,471
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 3,452,512	$ -	$ 131,692
Accrued payroll and employee benefits	2,035,320	-	-
Deposits held for others	199,856	-	-
Due to other funds	-	-	-
Deferred revenue	2,267,526	26,676,268	840,000
Liabilities payable from restricted assets	-	-	3,638,420
Total liabilities	7,955,214	26,676,268	4,610,112
Fund balances:			
Reserved:			
Debt service	-	12,329,993	-
Capital improvements	-	-	-
Unreserved:			
Designated for capital replacement	1,013,506	-	-
Unreserved, reported in:			
General fund	41,206,303	-	-
Special revenue funds	-	-	-
Capital improvements	-	-	6,262,359
Total fund balances	42,219,809	12,329,993	6,262,359
Total liabilities and fund balances	$ 50,175,023	$ 39,006,261	$ 10,872,471

See accompanying notes.

McDowell Road Improvements Capital Projects	Community Facilities Districts- Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 1,781,262	$ 29,697,882	$ 79,786,769
-	-	570,997	8,830,008
77,504	6,760	84,436	312,524
-	-	122,491	2,117,387
-	-	-	26,549,308
-	-	102,921	102,921
-	-	-	5,734,983
-	-	309,339	322,370
-	-	18,691	471,933
20,636,821	11,915,333	-	41,149,989
$ 20,714,325	$ 13,703,355	$ 30,906,757	$ 165,378,192
$ -	$ -	$ 267,954	$ 3,852,158
-	-	51,144	2,086,464
-	-	76,082	275,938
-	34,182	780,688	814,870
-	-	852,471	30,636,265
1,268,487	972,546	-	5,879,453
1,268,487	1,006,728	2,028,339	43,545,148
-	-	3,026,753	15,356,746
-	10,942,787	-	10,942,787
-	-	-	1,013,506
-	-	-	41,206,303
-	-	25,851,665	25,851,665
19,445,838	1,753,840	-	27,462,037
19,445,838	12,696,627	28,878,418	121,833,044
$ 20,714,325	$ 13,703,355	$ 30,906,757	$ 165,378,192

ARIZONA
Goodyear

CITY OF GOODYEAR, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2008

Total governmental fund balances		$ 121,833,044
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 512,410,258	
Less accumulated depreciation	(69,092,678)	443,317,580
Certain revenues earned but not received within 60 days of year-end are deferred for the governmental statements, but are recognized as revenue for the government-wide statements.		
Grants	65,879	
Property taxes	380,633	
Special assessments	26,549,306	26,995,818
Interest payable on long-term debt is not reported in the governmental funds.		(3,370,182)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(3,010,721)	
Bond issuance cost	5,660,079	
Bond refunding amount	296,793	
Bond discount	69,909	
Bond premiums	(2,370,842)	
Bonds payable	(226,415,857)	(225,770,639)
Net assets of governmental activities		$ 363,005,621

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2008

REVENUES	General	Community Facilities Districts Debt Service	Capital Improvement Projects
Taxes	$ 47,233,288	$ 5,905,472	$ -
Licenses and permits	7,160,922	-	-
Intergovernmental revenues	12,605,150	-	-
Charges for services	9,625,983	-	-
Fines and forfeits	678,594	-	-
Investment income	1,076,965	248,119	90,199
Special assessments	-	2,228,149	-
Contributions	3,582,694	1,688,231	-
Miscellaneous	3,717,232	-	-
Total revenues	85,680,828	10,069,971	90,199
EXPENDITURES			
Current:			
General government	15,544,964	-	-
Public safety	25,789,739	-	-
Highways and streets	58,939	-	-
Public works	4,176,939	-	-
Culture and recreation	4,667,176	-	-
Community development	9,212,201	-	-
Capital outlay	34,266,635	-	10,828,222
Debt service:			
Principal retirement	-	2,066,000	-
Interest and debt cost	39,780	5,280,079	113,824
Total expenditures	93,756,373	7,346,079	10,942,046
Excess (deficiency) of revenues over (under) expenditures	(8,075,545)	2,723,892	(10,851,847)
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	1,431,896	8,745,000
Debt premium	-	-	100,701
Refunding bonds	3,250,000	-	-
Refunding bonds premium	10,207	-	-
Payment to refunded bond escrow agent	(3,470,427)	-	-
Transfers in	1,158,789	35,635	4,632,291
Transfers out	(11,690,343)	-	(2,335,531)
Total other financing sources and uses	(10,741,774)	1,467,531	11,142,461
Net change in fund balances	(18,817,319)	4,191,423	290,614
Fund balances, beginning of year	61,037,128	8,138,570	5,971,745
Fund balances , end of year	$ 42,219,809	$ 12,329,993	$ 6,262,359

See accompanying notes.

McDowell Road Improvements Capital Projects	Community Facilities Districts Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 7,973,444	$ 61,112,204
-	-	-	7,160,922
-	-	4,756,415	17,361,565
-	-	9,491,490	19,117,473
-	-	-	678,594
859,513	954,637	1,039,014	4,268,447
-	-	-	2,228,149
-	2,989,963	-	8,260,888
85,037	-	272,741	4,075,010
944,550	3,944,600	23,533,104	124,263,252
-	-	951,931	16,496,895
-	-	330,772	26,120,511
-	-	3,935,555	3,994,494
-	-	84,066	4,261,005
-	-	-	4,667,176
-	-	49,809	9,262,010
27,045,474	55,934,793	7,174,239	135,249,363
-	-	3,075,143	5,141,143
2,076,804	-	2,955,897	10,466,384
29,122,278	55,934,793	18,557,412	215,658,981
(28,177,728)	(51,990,193)	4,975,692	(91,395,729)
47,165,000	54,906,104	-	112,248,000
1,772,153	329,577	-	2,202,431
-	-	3,165,000	6,415,000
-	-	87,554	97,761
-	-	(3,264,032)	(6,734,459)
-	-	5,734,956	11,561,671
(3,886,199)	(35,635)	(3,058,040)	(21,005,748)
45,050,954	55,200,046	2,665,438	104,784,656
16,873,226	3,209,853	7,641,130	13,388,927
2,572,612	9,486,774	21,237,288	108,444,117
$ 19,445,838	$ 12,696,627	$ 28,878,418	$ 121,833,044

CITY OF GOODYEAR, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2008

Net change in fund balances - total governmental funds		$ 13,388,927
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, assets contributed to the City are not reported in the fund statement and are reported in the Statement of Activities.		
Contributions	$ 51,453,542	
Expenditures for capitalized assets	73,570,807	
Less current year depreciation	(7,328,620)	117,695,729
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues received in the current year that were accrued in the Statement of Activities in prior years are reported as revenues in the funds.		
Grants		(122,582)
Property taxes		139,431
Special assessments		13,681,531
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.		(118,663,000)
Interest expense in the Statement of Activities differs from the amount reported in governmental funds because accrued interest was calculated for bonds and notes payable for the Statement of Activities, but is expensed when due for the governmental fund statements.		(1,457,876)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		2,298,207
Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Debt principal retirement		5,141,143
Debt principal refunded		6,505,000

See accompanying notes.

Internal service funds are used by management to charge the costs of Fleet service to individual funds. The net income of certain activities of internal service funds is reported with governmental activities.	7,110
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(283,480)
Change in net assets of governmental activities	$ 38,330,140

CITY OF GOODYEAR, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES	Original	Final	Actual	
Taxes	$ 58,803,006	$ 58,803,006	$ 47,233,288	$ (11,569,718)
Licenses and permits	8,808,204	8,808,204	7,160,922	(1,647,282)
Intergovernmental revenues	12,870,203	12,870,203	12,605,150	(265,053)
Charges for services	4,023,551	4,023,551	9,625,983	5,602,432
Fines and forfeits	597,115	597,115	678,594	81,479
Investment income	1,224,811	1,224,811	1,076,965	(147,846)
Contributions	75,863	75,863	3,582,694	3,506,831
Miscellaneous	2,905,717	2,905,717	3,717,232	811,515
Total revenues	89,308,470	89,308,470	85,680,828	(3,627,642)
EXPENDITURES				
Current				
General government				
Mayor and council	559,822	607,370	470,813	136,557
City clerk	1,068,089	1,068,089	776,702	291,387
City manager	4,155,275	3,587,959	2,650,788	937,171
City attorney	642,834	642,834	654,059	(11,225)
Community services	1,798,926	1,664,982	1,326,811	338,171
Finance	4,454,146	4,670,916	2,079,566	2,591,350
Information technology	2,323,912	2,576,920	2,056,194	520,726
Human resources	2,790,232	2,790,232	1,987,100	803,132
Engineering	4,334,850	4,243,418	3,542,931	700,487
Reserved contingency	20,000,000	20,000,000	-	20,000,000
Public safety				
Police	13,024,347	13,029,347	13,004,066	25,281
Fire	11,064,994	11,011,754	11,238,215	(226,461)
Municipal court	948,650	943,150	1,062,803	(119,653)
City prosecutor	622,490	577,490	484,655	92,835
Highways and streets				
Administration	96,308	449,177	58,939	390,238
Public works				
Administration	1,849,161	1,576,594	895,570	681,024
Fleet services	-	-	3,519	(3,519)
Building services	3,935,804	3,935,804	3,277,850	657,954
Culture and recreation				
Parks	4,464,475	3,957,847	3,474,464	483,383
Recreation and aquatics	1,315,441	1,349,385	1,192,712	156,673
Community development				
Economic development	1,827,911	1,827,911	2,359,876	(531,965)
Community development	5,002,065	5,441,199	6,852,325	(1,411,126)
Capital outlay	55,270,623	51,408,342	34,266,635	17,141,707
Debt service				
Principal retirement	165,000	165,000	-	165,000
Interest and fiscal charges	186,785	186,785	39,780	147,005
Total expenditures	141,902,140	137,712,505	93,756,373	43,956,132
Excess (deficiency) of revenues over expenditures	(52,593,670)	(48,404,035)	(8,075,545)	40,328,490

See accompanying notes.

OTHER FINANCING				
Debt premium	-	-	10,207	10,207
Refunding bonds	-	-	3,250,000	3,250,000
Payment to refunded bond escrow agent	-	-	(3,470,427)	(3,470,427)
Transfers in	1,016,124	1,016,124	1,158,789	142,665
Transfers out	(2,887,071)	(2,887,071)	(11,690,343)	(8,803,272)
Total other financing sources (uses)	(1,870,947)	(1,870,947)	(10,741,774)	(8,870,827)
Net change in fund balance	(54,464,617)	(50,274,982)	(18,817,319)	31,457,663
Fund balance, beginning of year	61,037,128	61,037,128	61,037,128	-
Fund balance, end of year	$ 6,572,511	$ 10,762,146	$ 42,219,809	$ 31,457,663

CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Fund
ASSETS	Water & Sewer	Sanitation	Stadium	Total	
Current assets:					
Cash and cash equivalents	$ 8,940,782	$ 14,831	$ 368,334	$ 9,323,947	$ -
Interest receivable	48,376	716	48,380	97,472	-
Accounts receivable	967,033	498,422	50,000	1,515,455	-
Due from other governments	419,200	-	-	419,200	-
Due from other funds	-	-	2,682	2,682	-
Prepaid items	-	58,464	-	58,464	-
Inventories	528,924	-	-	528,924	101,460
Total current assets	10,904,315	572,433	469,396	11,946,144	101,460
Noncurrent assets:					
Deferred charges	952,193	-	875,003	1,827,196	-
Restricted cash and cash equivalents	10,843,632	-	41,201,019	52,044,651	
Non-depreciable capital assets	77,079,546	-	49,991,659	127,071,205	-
Depreciable capital assets	148,725,567	875,864	459,602	150,061,033	-
Total noncurrent assets	237,600,938	875,864	92,527,283	331,004,085	-
Total assets	248,505,253	1,448,297	92,996,679	342,950,229	101,460
LIABILITIES					
Current liabilities:					
Accounts payable	1,561,460	9,662	192,880	1,764,002	5,781
Accrued payroll and employee benefits	187,415	39,776	14,281	241,472	27,220
Accrued liabilities	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Due to other funds	-	-	4,854,336	4,854,336	68,459
Deposits held for others	959,790	-	-	959,790	-
Unearned revenue	6,893,466	-	-	6,893,466	-
Liabilities payable from restricted assets	3,512,490		7,171,333	10,683,823	-
Compensated absences payable	104,487	25,424	5,330	135,241	-
Loan payable	-	-	-	-	-
Bond premium payable	-	-	-	-	-
Total current liabilities	13,219,108	74,862	12,238,160	25,532,130	101,460
Noncurrent liabilities:					
Accrued interest payable	1,264,099	-	-	1,264,099	-
Compensated absences payable	142,825	27,425	35	170,285	-
Loan payable	9,443,402	-	-	9,443,402	-
Bonds payable	78,438,068	-	-	78,438,068	-
Revenue bonds payable	2,345,000	-	77,537,075	79,882,075	-
Bond premium	928,481	-	1,384,241	2,312,722	-
Total noncurrent liabilities	92,561,875	27,425	78,921,351	171,510,651	-
Total liabilities	105,780,983	102,287	91,159,511	197,042,781	101,460
NET ASSETS					
Invested in capital assets, net of related debt	145,493,794	875,864	12,730,964	159,100,622	-
Restricted	-	-	-	-	-
Unrestricted	(2,769,524)	470,146	(10,893,796)	(13,193,174)	-
Total net assets	$ 142,724,270	$ 1,346,010	$ 1,837,168	$ 145,907,448	$ -

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended June 30, 2008

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Fund
	Water & Sewer	Sanitation	Stadium	Total	
Operating revenues:					
Charges for service	$ 15,139,535	$ 5,145,922	$ -	$ 20,285,457	$ 2,075,076
Miscellaneous	12,240	330	200,138	212,708	-
Total operating revenue	15,151,775	5,146,252	200,138	20,498,165	2,075,076
Operating expenses:					
Administration	4,180,130	861,252	172,916	5,214,298	575,855
Costs of sales and services	7,243,981	3,858,648	228,613	11,331,242	1,492,111
Depreciation and amortization	3,537,440	119,726	4,731	3,661,897	-
Total operating expenses	14,961,551	4,839,626	406,260	20,207,437	2,067,966
Operating income (loss)	190,224	306,626	(206,122)	290,728	7,110
Nonoperating revenues (expenses):					
Impact fees	7,829,657	-	-	7,829,657	-
Intergovernmental	762,200	-	-	762,200	-
Investment income	640,720	7,468	731,644	1,379,832	-
Interest expense	(2,452,072)	-	(454,740)	(2,906,812)	-
Total nonoperating revenues (expenses)	6,780,505	7,468	276,904	7,064,877	-
Income (loss) before capital contributions and transfers	6,970,729	314,094	70,782	7,355,605	7,110
Capital contributions	19,575,476	-	-	19,575,476	-
Transfers in	11,405,957	-	1,746,010	13,151,967	-
Transfers out	(3,565,225)	(142,665)	-	(3,707,890)	-
Change in net assets	34,386,937	171,429	1,816,792	36,375,158	7,110
Net assets, beginning of year	108,337,333	1,174,581	20,376	109,532,290	(7,110)
Net assets, end of year	$ 142,724,270	$ 1,346,010	$ 1,837,168	$ 145,907,448	$ -

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2008

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Water & Sewer	Sanitation	Stadium	Total	
Cash flows from operating activities:					
Received from customers	$15,610,938	$5,118,095	$ 150,138	$ 20,879,171	$ 2,143,535
Payments to vendors	(7,741,071)	(3,860,986)	(301,844)	(11,903,901)	(1,586,417)
Payments to employees	(4,136,170)	(850,097)	(153,270)	(5,139,537)	(572,379)
Net cash provided (used) by operating activities	3,733,697	407,012	(304,976)	3,835,733	(15,261)
Depreciation and amortization related financing activities:					
Intergovernmental	762,200	-	-	762,200	-
Interfund transfers	7,840,732	(142,665)	-	7,698,067	-
Net cash provided (used) for noncapital and related financing activities	8,602,932	(142,665)	-	8,460,267	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(44,961,730)	(256,269)	(35,852,787)	(81,070,786)	-
Capital debt proceeds	35,730,615	-	68,062,794	103,793,409	-
Interfund borrowing	-	-	4,851,654	4,851,654	
Interfund transfers	-	-	1,746,010	1,746,010	
Principal paid on long-term debt	(2,158,543)	-	-	(2,158,543)	-
Interest paid on long-term debt	(2,334,465)	-	(454,740)	(2,789,205)	-
Developer reimbursements	-	-	-	-	-
Development impact fees received	7,829,657	-	-	7,829,657	-
Net cash provided (used) for capital and related financing activities	(5,894,466)	(256,269)	38,352,931	32,202,196	-
Cash flows from investing activities:					
Investment income received	793,548	6,752	702,548	1,502,848	-
Net cash provided by investing activities	793,548	6,752	702,548	1,502,848	-
Net change in cash and cash equivalents	7,235,711	14,830	38,750,503	46,001,044	(15,261)
Cash and cash equivalents, beginning of year	12,548,703	1	2,818,850	15,367,554	15,261
Cash and cash equivalents, end of year	$19,784,414	$ 14,831	$ 41,569,353	$ 61,368,598	$ -
Cash and cash equivalents	$ 8,940,782	$ 14,831	$ 368,334	$ 9,323,947	$ -
Restricted cash and cash equivalents	10,843,632	-	41,201,019	52,044,651	-
	$19,784,414	$ 14,831	$ 41,569,353	$ 61,368,598	$ -

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2008

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Fund
	Water & Sewer	Sanitation	Stadium	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ 190,224	$ 306,626	$ (206,122)	$ 290,728	$ 7,110
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	3,537,440	119,726	4,731	3,661,897	-
(Increase) decrease in:					
Accounts receivable	1,131,434	(28,157)	(50,000)	1,053,277	-
Inventories	(25,094)	-	-	(25,094)	(57,796)
Increase (decrease) in:					
Accounts payable	207,547	(2,338)	(73,231)	131,978	(36,510)
Accrued payroll and employee benefits	34,683	2,489	14,281	51,453	3,476
Accrued liabilities	(679,543)	-	-	(679,543)	-
Due to other funds	-	-	-	-	68,459
Unearned revenue	(805,117)	-	-	(805,117)	-
Deposits held for others	132,846	-	-	132,846	-
Compensated absences payable	9,277	8,666	5,365	23,308	-
Net cash provided (used) by operating activities	$ 3,733,697	$ 407,012	$ (304,976)	$ 3,835,733	$ (15,261)
Noncash investing, capital, and financing activities:					
Contributions of capital assets	$ 19,575,476	$ -	$ -	$ 19,575,476	$ -
Amortization of bond premium	37,826	-	34,910	72,736	-
Amortization of deferred bond costs	35,305	-	23,193	58,498	-
Total	$ 19,648,607	$ -	$ 58,103	$ 19,706,710	$ -

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	Pension Trust
ASSETS	
Cash and cash equivalents	$ 418,491
Interest receivable	266
Total assets	418,757
LIABILITIES	
Total liabilities	-
NET ASSETS	
Held in trust for pension benefits	$ 418,757

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
For The Year Ended June 30, 2008

	Pension Trust
ADDITIONS	
Other revenue	$ -
Total other revenue	-
Investment income	
Net increase (decrease) in fair value of investments	(35,839)
Interest	3,737
Total investment income	(32,102)
Total additions	(32,102)
DEDUCTIONS	
Benefits	1,893
Total deductions	1,893
Net increase	(33,995)
Net assets, beginning of year	452,752
Net assets, end of year	$ 418,757

See accompanying notes.

ARIZONA
Goodyear

FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS

ARIZONA
Goodyear

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The financial reporting entity consists of a primary government, and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units are combined with the City for financial statement presentation purposes, and are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Units - The Goodyear Community Facilities General District No. 1, Goodyear Community Facilities Utilities District No. 1, Wildflower Ranch Community Facilities General District No. 1, Wildflower Ranch Community Facilities General District No. 2, Estrella Mountain Ranch Community Facilities District, Cottonflower Community Facilities District, Centerra Community Facilities District, Cortina Community Facilities District, Palm Valley Community Facilities District No. 3, and King Ranch Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the cost of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

Complete financial statements for each of the individual component units may be obtained at the entities administrative offices.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) present financial information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect on internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for service, special assessments and investment income associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenues 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. Deferred revenues also arise when the City receives resources before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

Community Facilities District - Debt Service Fund - This fund accounts for the debt portion of the City's Community Facilities Districts, which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Capital Improvement Projects Funds - This fund accounts for all the acquisition and construction of major capital facilities other than those financed by proprietary funds and the McDowell road improvements project.

McDowell Road Improvements Capital Projects Fund - This fund accounts for all the acquisition and construction of major capital improvements on McDowell road.

Community Facilities District - Capital Projects Funds - This fund accounts for all the acquisition and construction portion of the City's Community Facilities District which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

The City reports the following major proprietary funds:

Water and Sewer Fund - This fund accounts for the city's water and sewer utility operations.

Sanitation Fund - This fund is used to account for the activities of the City's sanitation operations.

Stadium Fund - This fund is used to account for the activities of the City's stadium operations.

The City reports the following internal service fund:

Fleet Inter-Department Service Fund - This fund is used to account for maintenance and operations of City owned vehicles.

The City reports the following fiduciary fund:

Pension Trust Fund - This Pension Trust Fund is used to account for the City's Volunteer Firefighter's Relief and Pension Fund, a defined contribution plan for which the assets are held by the City in a trustee capacity. The Pension Trust Fund is reported using the accrual basis of accounting.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the City follows GASB guidance as applicable to its proprietary funds, and Financial Accounting Standards Boards Statements and Interpretations, Accounting Principals Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprises fund are charges to customers for water, wastewater, and sanitation services. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Special Revenue Funds

Highway User Revenue Fund (HURF)	Grants Fund
Community Facilities Districts	Community Facilities Impact Fees
General Government Impact Fees	Public Works Impact Fees
Fire Impact Fees	Police Impact Fees
Transportation Impact Fees	Library Impact Fees

Debt Service Fund

Fiduciary funds are reported by fund type.

D. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the City upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. The City has no formal policy relating to custodial credit risk for deposits.

E. Investments

Arizona Revised Statutes (ARS) authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, 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, school districts, and special districts as specified by statute. The City has no formal policy relating to interest-rate risk or credit risk of investments, though in practice invests in highly liquid, low risk investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of the interfund loans).

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivables allowance for uncollectibles.

Property taxes are levied by the City and collected by the Maricopa County Treasurer. 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.

G. Inventory

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Governmental funds maintain inventories using the consumption method of accounting.

H. Prepaid Items

Certain payments to vendors reflect the cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Restricted Assets

Certain proceeds of the City’s bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets 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 fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets	Years
Infrastructure	20-65
Buildings	50
Improvement other than buildings	7-50
Vehicles, machinery and equipment	3-7

K. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits vest at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund 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, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities compensated absences.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of the fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management's intended use of resources and reflect actual plans approved by the government's senior management. At June 30, 2008, the City reserved and designated fund balance for several various purposes.

N. Interfund Activity

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

O. Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Budgetary Data

According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.

In April, the proposed budget for the following fiscal year is presented by the City Manager to the City Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.

Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2008.

The maximum legal expenditure permitted for the year is the total budget as adopted. All funds of the City have legally adopted budgets.

The initial budget for the fiscal year may be amended during the year in a legally permissible manner. The City adopts the budget by departments for the General Fund and by fund for all others.

The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments in the General Fund or a transfer between any other fund must be approved by the City Council.

All unencumbered expenditure appropriations expire at the end of the fiscal year.

Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Office staff. Budgetary carry forwards are approved by the City Council.

The City approves its annual budget consistent with GAAP. GASB Statement #34 requires that budgetary comparison statements for the General Fund and major display revenue funds be presented in the annual financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis).

NOTE 2 CASH AND INVESTMENTS

At June 30, 2008, cash and cash equivalents are presented in the funds as follows:

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	$ 79,786,769	$ 9,323,947	$ 418,491	$ 89,529,207
Restricted cash and cash equivalents	41,149,989	52,044,651	-	93,194,640
	$ 120,936,758	$ 61,368,598	$ 418,491	$ 182,723,847

Cash and cash equivalents consisted of the following deposits and investments:

Cash on hand	$ 3,750
Cash equivalents-investments	168,570,763
Cash in bank	14,149,334
Total cash and cash equivalents	$ 182,723,847

The restricted cash and cash equivalents are proceeds from debt issuances that are held in trustee accounts for the purpose of major capital improvements.

Deposits

At June 30, 2008, the City had $3,750 of cash on hand. The carrying amount of the City's cash in bank totaled $14,149,334 and the bank balance was $19,421,774. The City's deposits at June 30, 2008 were covered by Federal Depository Insurance to the extent of $273,734. Deposits of $40,208 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the depositor-government's name. Deposits of $19,107,832 were held in a sweep account, which purchases investments nightly.

Investments

ARS authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, 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, school districts, and special districts as specified by statute.

The City invests in the Local Government Investment Pool 5 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years. The dollar weighted average portfolio maturity is less than 240 days. The net asset

NOTE 2 CASH AND INVESTMENTS (Continued)

value per share of the pool at June 30, 2008 was $1.00. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2008, the City's funds invested with the State Treasurer totaled $102,613,564.

The City is invested in multiple mutual funds through the trust department of Wells Fargo. The mutual funds have a value of $64,949,376 at June 30, 2008.

The City's Community Facilities Districts are invested in repurchase agreements through the trust department of Wells Fargo. The repurchase agreements have a value of $667,000 at June 30, 2008.

The City also owns investments that belong to the City's Volunteer Fire Department. These funds are held by Linsco Private Ledger Investment Services and consist of multiple money market funds and mutual funds. The maturities of these investments are usually less than 30 days. The Fiduciary Fund investments have a value of $340,822 at June 30, 2008.

Interest Rate Risk

Interest rate risk is the risk of changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The repurchase agreements the City is invested in mature in July of 2016. All other investments have maturities of less than 12 months.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type.

Governmental funds

		Ratings as of Year-End	
Investment Type	Total	AAA	Unrated
LGIP	$ 83,830,829	$ -	$ 83,830,829
Money market mutual funds	23,748,357	23,748,357	-
Repurchase agreements	667,000	-	667,000
	$ 108,246,186	$ 23,748,357	$ 84,497,829

NOTE 2 CASH AND INVESTMENTS (Continued)

Proprietary funds

Investment Type	Total	Ratings as of Year-End: AAA	Ratings as of Year-End: Unrated
LGIP	$ 18,706,032	$ -	$ 18,706,032
Money market mutual funds	41,201,019	41,201,019	-
	$ 59,907,051	$ 41,201,019	$ 18,706,032

Fiduciary funds

Investment Type	Total	Ratings as of Year-End: AAA	Ratings as of Year-End: Unrated
LGIP	$ 76,703	$ -	$ 76,703
Money market funds	3,807	-	3,807
Mutual funds	337,015	-	337,015
	$ 417,525	$ -	$ 417,525

NOTE 3 RECEIVABLES

Receivables, net of allowance for uncollectibles, as of year-end for the City's individual major governmental funds and nonmajor governmental funds in the aggregate are as follows:

Receivables:	General Fund	Community Facilities Districts-Debt Service Fund	Capital Improvement Projects Fund	McDowell Road Improvements Capital Projects	Community Facilities Districts-Capital Projects Fund	Non-Major Governmental Fund	Total
Taxes	$ 8,034,271	$ 224,740	$ -	$ -	$ -	$ 570,997	$ 8,830,008
Interest	92,811	10,407	40,606	77,504	6,760	84,436	312,524
Accounts	1,996,755	-	-	-	-	122,491	2,119,246
Special assessments	-	26,549,308	-	-	-	-	26,549,308
	10,123,837	26,784,455	40,606	77,504	6,760	777,924	37,811,086
Less: Allowance	(1,859)	-	-	-	-	-	(1,859)
Net receivables	$10,121,978	$ 26,784,455	$ 40,606	$ 77,504	$ 6,760	$ 777,924	$ 37,809,227

NOTE 3 RECEIVABLES (Continued)

The following table summarizes the City's receivables for the enterprise funds as of June 30, 2008.

Receivables:	Water and Sewer Fund	Sanitation Fund	Stadium Fund	Total
Interest	$ 48,376	$ 716	$ 48,380	$ 97,472
Accounts	1,397,839	498,422	50,000	1,946,261
	1,446,215	499,138	98,380	2,043,733
Less:				
Allowance	(430,806)	-	-	(430,806)
Net receivables	$ 1,015,409	$ 499,138	$ 98,380	$ 1,612,927

Revenues of the Water and Sewer Fund and Sanitation Fund are reported net of uncollectible amounts. Total uncollectible amounts related to water and sewer revenues of the current period are $203,305.

NOTE 4 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2008 follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 17,855,748	$ -	$ -	$ 17,855,748
Construction in progress	34,640,523	93,784,532	(11,929,914)	116,495,141
Right of way	74,213,181	2,971,559	-	77,184,740
Streetscape	7,091,027	-	-	7,091,027
Total capital assets not being depreciated	133,800,479	96,756,091	(11,929,914)	218,626,656
Capital assets, being depreciated:				
Infrastructure	193,017,907	33,959,900	(9,830,614)	217,147,193
Buildings and improvements	31,925,002	9,900,402	-	41,825,404
Vehicles, furniture and equipment	28,642,521	6,168,484	-	34,811,005
Total capital assets being depreciated	253,585,430	50,028,786	(9,830,614)	293,783,602
Less accumulated depreciation for:				
Infrastructure	(38,180,012)	(4,563,690)	-	(42,743,702)
Buildings and improvements	(2,933,965)	(614,760)	-	(3,548,725)
Vehicles, furniture and equipment	(20,650,081)	(2,150,170)	-	(22,800,251)
Total accumulated depreciation	(61,764,058)	(7,328,620)	-	(69,092,678)
Total capital assets, being depreciated, net	191,821,372	42,700,166	(9,830,614)	224,690,924
Governmental activities capital assets, net	$ 325,621,851	$ 139,456,257	$ (21,760,528)	$ 443,317,580

NOTE 4 CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 9,460,708	$ 4,843,552	$ -	$ 14,304,260
Construction in progress	53,573,964	79,754,490	(20,561,509)	112,766,945
Total capital assets not being depreciated	63,034,672	84,598,042	(20,561,509)	127,071,205
Capital assets, being depreciated:				
Improvements other than buildings	116,001,614	41,174,677	-	157,176,291
Vehicles, machinery and equipment	12,856,180	1,169,556	-	14,025,736
Water rights	-	4,681,159	-	4,681,159
Total capital assets being depreciated	128,857,794	47,025,392	-	175,883,186
Less accumulated depreciation for:				
Improvements other than buildings	(15,198,205)	(2,822,554)	-	(18,020,759)
Vehicles, machinery and equipment	(6,962,051)	(672,752)	-	(7,634,803)
Water rights amortization	-	(166,591)	-	(166,591)
Total accumulated deprecation	(22,160,256)	(3,661,897)	-	(25,822,153)
Total capital assets, being depreciated, net	106,697,538	43,363,495	-	150,061,033
Business-Type activities capital assets, net	$ 169,732,210	$ 127,961,537	$ (20,561,509)	$ 277,132,238

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 641,175
Public safety	1,725,647
Highway and streets	4,781,545
Culture and recreation	51,171
Public works	129,082
Total depreciation expense	$ 7,328,620
Business-type activities	
Water and wastewater	$ 3,370,849
Sanitation	119,726
Stadium	4,731
Total depreciation expense	$ 3,495,306

NOTE 5 LOANS PAYABLE

The City received two loans from the Water Infrastructure Finance Authority. The first loan was used to acquire the rights and make improvements to existing capacity in the wastewater treatment plant. The second loan will be used to finance the planning and design of a pilot recharge project and to construct a well distribution line. The loans payable at June 30, 2008, are as follows:

NOTE 5 LOANS PAYABLE (Continued)

Description	Interest Rate (Including Fees)	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Business-type activities:				
Water Infrastructure Finance Authority Loan	4.06%	07/01/07 - 21	$ 3,257,076	$ -
Water Infrastructure Finance Authority Loan	4.06%	07/01/07 - 21	6,186,326	-
Total Business-type activities			$ 9,443,402	$ -

Annual debt service requirements to maturity on the loans payable at June 30, 2008 are summarized as follows:

Fiscal year ending	Business-Type Activities	
June 30,	Principal	Interest
2009	$ -	$ 202,456
2010	565,721	393,886
2011	588,666	371,387
2012	612,542	347,977
2013	637,387	623,617
2014-2018	3,596,341	1,216,656
2019-2023	3,442,745	441,120
Total	$ 9,443,402	$ 3,597,099

NOTE 6 GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2008, consisted of the outstanding general obligation and refunding bonds presented below. The bonds are generally callable with interest payable semiannually. Of the total amounts originally authorized, $173,475,449 remains unissued. The bonds payable at June 30, 2008 are presented below.

NOTE 6 GENERAL OBLIGATION BONDS PAYABLE (Continued)

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Governmental activities:				
General Obligation Bonds Series 1998	4.00 - 6.00%	7/1/07 - 13	$ 4,385,000	$ -
General Obligation Bonds Series 2002	3.65 - 4.25%	7/1/07 - 17	8,165,000	-
General Obligation Bonds Series 2003	3.00 - 4.50%	7/1/08 - 18	10,050,000	-
General Obligation Bonds Series 2007	3.00 - 5.00%	7/1/08 - 26	10,374,857	-
General Obligation Bonds Series 2008	4.25 - 6.00%	7/1/09 - 27	8,745,000	-
Total Governmental activities			$ 41,719,857	$ -
Business-type activities:				
General Obligation Bonds Series 2005	3.50 - 5.00%	7/1/07 - 20	$ 27,105,000	$ -
General Obligation Bonds Series 2007	3.00 - 5.00%	7/1/08 - 26	25,225,143	-
General Obligation Bonds Series 2008	4.25 - 6.00%	7/1/09 - 27	35,795,000	-
Total Business-type activities			$ 88,125,143	$ -
Total			$129,845,000	$ -

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2008 are summarized as follows:

Fiscal year ending	Governmental Activities		Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest
2009	$ -	$ 962,664	$ -	$ 2,123,427
2010	3,026,876	1,778,583	2,873,125	3,898,366
2011	3,174,762	1,644,356	3,400,239	3,777,911
2012	3,311,618	1,510,429	3,533,381	3,575,546
2013	3,482,634	1,369,124	3,692,366	3,403,859
2014-2018	15,717,614	4,763,620	21,082,388	14,358,632
2019-2023	6,830,050	2,108,300	21,569,952	9,085,251
2024-2028	6,176,033	601,423	13,798,683	5,183,384
2029-2033	-	-	8,000,000	3,044,062
2034-2038	-	-	10,175,009	1,123,582
Total	$41,719,587	$14,738,499	$88,125,143	$49,574,020

NOTE 7 REVENUE BONDS PAYABLE

On November 28, 2007, the city raised $6,415,000 in Municipal Facilities Refunding Bonds with an average interest rate of 4.25% to advance refund the Great Arizona Development Authority Loan dated October 1, 1998 and current refund the Municipal Facilities Revenue Bonds, Series 2002. The net proceeds of $6,734,459 were used to purchase US Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the 1998 Greater Arizona Development Authority Loan & Series 2002 bonds are considered to be defeased and the liability for those bonds has been removed from the long-term liabilities in the financial statements. As of June 30, 2008, the total outstanding on the defeased bonds was $3,185,000.

The city refunded the bonds to reduce its total debt service payments over the next 14 years. The transaction resulted in an economic loss (difference between the present values of the debt service on the old and new bonds) of approximately $229,459. The aggregate difference in debt service between the refunding debt and the refunded debt is $134,096.

Revenue bonds payable at June 30, 2008 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

Governmental activities:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2007B	4.00 - 5.00%	7/1/08 - 13	$ 3,165,000	$ 435,000
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2007C	4.00 - 4.50%	7/1/08 - 21	$ 3,250,000	$ 70,000
McDowell Road Corridor Improvement District Bonds	5.25%	1/1/10 - 32	$ 47,165,000	$ -
			$ 53,580,000	$ 505,000

Business-type activities:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Revenue Bonds, Series 1999	4.47 - 6.73%	7/1/07 - 18	$ 2,345,000	$ -
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2007A	4.50 - 5.00%	7/1/20 - 32	$ 67,850,000	$ -
			$ 70,195,000	$ -

NOTE 7 REVENUE BONDS PAYABLE (Continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending	Governmental Activities		Business-Type Activities	
June 30,	Principal	Interest	Principal	Interest
2009	$ 505,000	$ 1,519,431	$ -	$ 3,501,628
2010	1,785,000	2,714,887	300,000	3,449,250
2011	1,880,000	2,628,875	280,000	3,459,250
2012	1,970,000	2,538,675	275,000	3,484,250
2013	2,065,000	2,443,338	260,000	3,504,250
2014-2018	9,305,000	10,787,753	1,070,000	17,626,250
2019-2023	10,915,000	8,290,036	14,585,000	15,236,875
2024-2028	12,540,000	5,353,688	23,650,000	10,196,625
2029-2033	12,615,000	1,698,112	29,775,000	3,865,625
	$ 53,580,000	$ 37,974,795	$ 70,195,000	$ 64,324,003

NOTE 8 COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE

Community facilities district bonds payable at June 30, 2008 consisted of outstanding general obligation and special assessment bonds. The bonds are generally callable with interest payable semiannually. The community facilities district bonds payable at June 30, 2008, are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
General District No. 1:				
G.O. Bonds, Series 1994	7.50%	07/15/09	$ 50,000	$ 25,000
G.O. Bonds, Series 1996 (A)	6.5 - 7.0%	07/15/21	500,000	-
G.O. Bonds, Series 1998	4.55 - 5.25%	07/15/23	1,840,000	70,000
G.O. Bonds, Series 2000	4.6 - 5.3%	07/15/25	5,395,000	175,000
G.O. Bonds, Series 2003	3.3 - 5.75%	07/15/28	5,295,000	-
Assessment Bonds, Series 1996(C)	6.75 - 7.25%	07/01/16	2,219,000	214,000
Palm Valley:				
G.O. Bonds, Series 2006	4.25 - 5.30%	07/15/31	4,415,000	100,000
G.O. Bonds, Series 2007	4.25 - 5.80%	07/15/32	4,000,000	120,000
Utilities District No. 1:				
G.O. Bonds, Series 1998	4.55 - 5.25%	07/15/23	5,925,000	240,000
G.O. Bonds, Series 2000	4.7 - 5.2%	07/15/25	6,720,000	190,000
G.O. Bonds, Series 2003	3.3 - 5.75%	07/15/28	7,870,000	-
G.O. Bonds, Series 2005	3.5 - 4.5%	07/15/29	7,190,000	-
G.O. Bonds, Series 2005 Refunding	3.0 - 4.3%	07/15/21	1,415,000	80,000
G.O. Bonds, Series 2007	4.00 - 5.00%	07/15/32	24,015,000	750,000
Wildflower Ranch General District 1:				
G.O. Bonds, Series 1997	5.875 - 6.5%	07/15/22	515,000	20,000
G.O. Bonds, Series 1998	5.2 - 5.75%	07/15/23	610,000	25,000

NOTE 8 COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE (Continued)

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Wildflower Ranch General District 2:				
G.O. Bonds, Series 2000	6.0 - 7.0%	07/15/25	625,000	20,000
G.O. Bonds, Series 2001	4.5 - 5.9%	07/15/26	675,000	20,000
Estrella Mountain Ranch:				
Assessment Bonds, Series 2001(A)	7.88%	07/01/25	6,170,000	317,000
Assessment Bonds, Series 2002	7.38%	07/01/27	4,194,000	126,000
G.O. Bonds, Series 2005	5.0 - 5.8%	07/15/30	4,775,000	100,000
Assessment Bonds, Series 2007(M)	4.65 - 5.80%	07/01/32	7,680,000	-
G.O. Bonds, Series 2007	4.50 - 6.20%	07/15/32	12,750,000	-
Assessment Bonds, Series 2007(G)	6.00 - 6.75%	07/01/32	6,928,000	-
Cottonflower:				
G.O. Bonds, Series 2003	4.1 - 5.7%	07/15/28	1,630,000	45,000
G.O. Bonds, Series 2004	3.7 - 6.75%	07/15/28	1,270,000	30,000
Cortina:				
G.O. Bonds, Series 2005	5.0 - 5.7%	07/15/29	1,635,000	40,000
G.O. Bonds, Series 2006	5.0 - 5.375%	07/15/31	935,000	15,000
Centerra:				
G.O. Bonds, Series 2005	5.50%	07/15/29	2,305,000	55,000
G.O. Bonds, Series 2006	4.75 - 5.15%	07/15/31	605,000	5,000
G.O. Bonds, Series 2008	4.875-6.625%	07/15/32	965,000	130,000
Total			$ 131,116,000	$ 2,912,000

Community Facilities District bonds debt service requirements to maturity are as follows:

	Governmental Activities	
Fiscal year ending June 30,	Principal	Interest
2009	$ 2,912,000	$ 7,233,541
2010	3,381,000	6,971,479
2011	3,452,000	6,795,493
2012	3,629,000	6,610,000
2013	3,818,000	6,414,557
2014-2018	21,544,000	28,659,112
2019-2023	26,747,000	22,093,110
2024-2028	33,158,000	13,566,318
2029-2033	32,475,000	4,477,151
Total	$ 131,116,000	$ 102,820,761

NOTE 8 COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE (Continued)

On March 31, 2005, Community Facilities Utilities District #1 issued $1,455,000 of General Obligation Bonds to do an advance refunding of the 1996(B) bonds. Under the terms of the refunding issue, sufficient assets to pay all principal and interest on the refunded bonds issue have been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government Securities, which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issue refunded. There is no amount outstanding on these bonds as of June 30, 2008. These bonds have been fully defeased. The $67,334 deferred amount on retirement of bonds is being amortized over the lives of the refunding bonds on the straight-line basis. Amortization for the year ended June 30, 2008 of $5,180 was taken on the deferred amount.

Legal Debt Limit- General Obligation bonded indebtedness for each District cannot exceed 60 percent of the market value of the property in the District after the infrastructure is completed plus the value of the infrastructure improvement made.

NOTE 9 AMORTIZATION OF BOND COSTS, BOND DISCOUNTS AND BOND PREMIUMS

Bond costs, discounts and premiums are being amortized over the life of the bonds on the straight-line basis. Amortization has been offset against interest expense. A summary of the amortizations are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Costs:				
Governmental Activities				
General Obligation Bonds				
Series 2007	$ 89,803	$ -	$ 4,490	$ 85,313
Series 2008	-	113,824	-	113,824
Public Improvement Corporation				
Series 2007B	-	33,244	-	33,244
Series 2007C	-	39,780	-	39,780
Improvement District Bonds				
McDowell Road	-	2,080,896	-	2,080,896
Community Facilities District Bonds Payable				
Palm Valley District #3 Series 2006	258,972	-	10,356	248,616
Palm Valley District #3 Series 2007	-	232,306	-	232,306
Utilities District #1 Series 2005	339,047	-	15,411	323,636
Utilities District #1 Series 2005 Refunding	15,646	-	1,118	14,528
Utilities District #1 Series 2007	-	724,383	-	724,383
Estrella Mountain Ranch Series 2005	165,121	-	6,880	158,241
Estrella Mountain Ranch Series 2007	-	403,028	-	403,028
Estrella Mountain Ranch Series 2007(M)	-	352,284	-	352,284
Estrella Mountain Ranch Series 2007(G)	-	334,660	-	334,660
Centerra Series 2005	115,745	-	5,261	110,484
Centerra Series 2006	74,635	-	2,985	71,650
Centerra Series 2007	-	115,425	-	115,425
Cortina Series 2005	101,411	-	4,610	96,801
Cortina Series 2006	126,020	-	5,040	120,980
Business-type Activities				
General Obligation Bonds				
Series 2005	339,284	-	24,234	315,050
Series 2007	218,343	-	10,917	207,426
Series 2008	-	465,917	-	465,917
Public Improvement Corporation				
Series 2007	-	814,347	19,001	795,346
Revenue Bonds, Series 1999	47,803	-	4,345	43,457
	$ 1,891,830	$ 5,710,094	$ 114,648	$ 7,487,275

NOTE 9 AMORTIZATION OF BOND COSTS, BOND DISCOUNTS AND BOND PREMIUMS (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Premiums (Discounts)				
Governmental Activities				
General Obligation Bonds Series 2007	$ 72,151	$ -	$ 3,608	$ 68,543
General Obligation Bonds Series 2008	-	100,701	-	100,701
Public Improvement Corporation 2007B	-	87,554	-	87,554
Public Improvement Corporation 2007C	-	10,207	-	10,207
Improvement District Bonds	-	1,772,153	-	1,772,153
Community Facilities District Bonds Payable				
Utilities District #1 Series 2005	(73,238)	-	(3,329)	(69,909)
Utilities District #1 Series 2005 Refunding	2,269	-	162	2,107
Utilities District #1 Series 2007	-	321,867	-	321,867
Estrella Mountain Ranch Series 2007	-	7,710	-	7,710
Business-type Activities				
General Obligation Bonds				
Series 2005	417,234	-	29,802	387,432
Series 2007	175,425	-	8,771	166,654
Series 2008	-	412,190	-	412,190
Public Improvement Corporation	-	1,351,783	31,542	1,320,241
Revenue Bonds, Series 1999	28,826	-	2,621	26,205
	$ 622,667	$ 4,064,165	$ 73,177	$ 4,613,655

NOTE 10 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 2,727,244	$ 1,707,442	$ 1,423,966	$ 3,010,721	$ 1,157,014
General obligation bonds payable	36,050,000	8,745,000	3,075,143	41,719,857	-
Loans payable	3,185,000	-	3,185,000	-	-
Community Facilities District bonds payable	76,844,000	56,338,000	2,066,000	131,116,000	2,912,000
Public improvement bonds	-	6,415,000	-	6,415,000	505,000
Revenue bonds payable	3,320,000	47,165,000	3,320,000	47,165,000	-
Governmental activities long-term liabilities	$ 122,126,244	$ 120,370,442	$ 13,070,109	$ 229,426,578	$ 4,574,014

NOTE 10 CHANGES IN LONG-TERM LIABILITIES (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	$ 282,218	$ 220,791	$ 197,482	$ 305,526	$ 135,241
General obligation bonds payable	54,145,000	35,795,000	1,814,857	88,125,143	-
Public improvement bonds	-	67,850,000	-	67,850,000	-
Revenue bonds payable	2,460,000	-	115,000	2,345,000	-
Loans payable	9,985,013	-	541,611	9,443,402	-
Business-type activities long-term liabilities	$ 66,872,231	$ 103,865,791	$ 2,668,950	$ 168,069,071	$ 135,241

NOTE 11 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2008, interfund balances were as follows:

Interfund receivables/payable:

Fund	Receivable Amount	Payable Amount
General Fund	$ 5,734,983	$ -
CFD Capital Project Funds	-	34,182
Non-Major Governmental Funds	-	780,688
Internal Service Fund	-	68,459
Stadium Fund	2,682	4,854,336
Total	$ 5,737,665	$ 5,737,665

All interfund borrowing resulted from the borrowing of funds to cover cash deficit.

Interfund transfers:

Fund	Transfers Out	Transfers In
General Fund	$ 11,690,343	$ 1,158,789
Community Facilities Districts-Debt Service	-	35,635
Capital Improvements	2,335,531	4,632,291
McDowell Road Improvements	3,886,199	-
Community Facilities Districts-Capital Projects	35,635	-
Non-Major Governmental Funds	3,058,040	5,734,956
Water and Sewer Fund	3,565,225	11,405,957
Sanitation Fund	142,665	-
Stadium Fund	-	1,746,010
Total	$ 24,713,638	$ 24,713,638

All transfers made during the year were to cover operations or debt service as approved during budget development or were necessary for grant matching purposes.

NOTE 12 CONTINGENT LIABILITIES

Federal and State grants and loans- The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2008; however, the City expects no material disallowances of expenditures.

Lawsuits – The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

The 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 authority to assess its members additional premiums should reserve and annual premiums be insufficient to meet the pool's obligations. The City has no known claims in excess of $100,000 for the fiscal year ending June 30, 2008. The maximum liability for the City for the fiscal year is $500,000 and the deductible is $250,000 per occurrence.

The City is insured by the Workers' Compensation Insurance Fund for potential worker-related accidents.

NOTE 14 RETIREMENT PLANS

All full-time City employees are covered by one of two contributory retirement and pension plans, which are administered by the State of Arizona under State Statute.

Arizona State Retirement Plan

Plan Description - The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefits pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of ARS Title 38, Chapter 5, Article 2. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained in writing at Arizona State Retirement System, 3300 Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067 or by calling 602-240-2200 or 1-800-621-3778.

NOTE 14 RETIREMENT PLANS (Continued)

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2008, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and .50 percent long-term disability) of the member's annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2008, 2007, and 2006 were $2,044,154, $1,552,734, and $1,011,588, respectively, which were equal to the required contributions for the year.

Arizona Public Safety Personnel Retirement System

Plan Description - The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS acting as a common investment and administrative agent is governed by a five-member board, known as The Fund Manager, and 167 local boards according to the provisions of ARS Title 38, Chapter 5, Article 4. The City contributes to one PSPRS plan for police and one for firefighters. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. PSPRS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained in writing at PSPRS, 1020 East Missouri Avenue, Phoenix, Arizona 85014 or by calling 602-255-5575.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year, ended June 30, 2008, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 11.14% and 10.38% of the covered payroll to the Plan for the Police and Firefighters, respectively.

Annual Pension Cost - The City's pension cost for the agent plan for the year ended June 30, 2007, and related information follows:

Contribution Rates:	PSPRS – Police	PSPRS - Fire
City	9.23%	7.90%
Plan members	7.65%	7.65%
Annual pension cost	$452,954	$325,166
Contributions made	$452,954	$325,166
Actuarial valuation date	June 30, 2007	June 30, 2007
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Includes inflation at cost-of-living adjustment	5.5%	5.5%
Amortization method	Level Percent Open	Level Percent Open
Remaining amortization period	Open 20 Years	Open 20 Years
Asset valuation method	Smoothed Market	Smoothed Market
Post retirement benefit increases	Based on Income	Based on Income

NOTE 14 RETIREMENT PLANS (Continued)

Trend Information - Information for the PSPRS plan as of the most recent actuarial valuations follows:

Plan	Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS - Police	2007	$ 452,954	100.0%	-
	2006	419,311	100.0%	-
	2005	298,580	100.0%	-
PSPRS - Fire	2007	325,166	100.0%	-
	2006	293,449	100.0%	-
	2005	89,277	100.0%	-

Funding Progress - An analysis of funding progress for each of the agent plan as most recent actuarial valuations, June 30, 2007 follows:

PSPR - Goodyear Police Plan:

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)
2007	$8,041,204	$ 12,267,389	$ 4,226,185	65.5%	$4,937,043	85.6%
2006	7,302,460	8,870,283	1,567,823	82.3%	4,475,426	35.0%
2005	6,372,349	7,439,933	1,067,584	85.7%	3,407,937	31.3%

PSPR - Goodyear Fire Plan:

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)
2007	$6,438,344	$ 7,852,616	$ 1,414,272	82.0%	$5,397,930	26.2%
2006	5,554,786	5,530,427	(24,359)	100.4%	4,406,608	0%
2005	4,580,344	4,319,321	(261,023)	106.0%	3,561,253	0%

City of Goodyear Part-time Fireman's Pension Plan

The City of Goodyear Part-time Firemen's Pension Plan is a single-employer defined contribution plan, which was approved by the City Council on February 27, 1990, under Arizona Revised Statutes Section 9-981. The authority to establish and amend benefit provisions rests with the City Council. In December 1999, the council revised the pension and benefit program for the part-time firefighters.

The City discontinued using part-time firefighters as of December 1, 2005.

NOTE 14 RETIREMENT PLANS (Continued)

The assets of the plan are valued annually and the earnings or loss is distributed among the participant's accounts in the plan. The only expenditures being made from this fund are administration fees, retirement payments, and refunds to those firefighters who leave the service of the Fire Department before becoming eligible for pension benefits. The cost of administering the plan is financed from investment earnings. Retirement with full benefits can be at age fifty-five (55) or twenty years of credited service. This plan was fully vested as of June 30, 2008. As of June 30, 2008, there were 6 eligible employees participating in the plan. The plan is administered by LPL Financial.

As of June 30, 2008, the plan's assets consisted of the following:

Cash	$	77,669
Mutual Funds		340,822
	$	418,491

The plan has never had an actuarial valuation; however, benefits cannot exceed plan assets. The market values of mutual funds are determined from readily available market quotations.

The fund uses the accrual basis of accounting. Contributions are recognized when earned; benefits and refunds are expensed when incurred.

NOTE 15 DEFICIT FUND BALANCE

Grants Fund Deficit Fund Balance- At June 30, 2008, the Grants Fund contains a deficit fund balance of $35,859 in the fund financial statements. Future revenues are expected to cover this deficit.

NOTE 16 COMMITMENTS

The City has active construction projects as of June 30, 2008. The balances for work not yet complete as of June 30, 2008 were as follows:

Alliance Service & Control	$	961
Archer Western Contractors		1,698,905
B & F Contracting		113,341
Brown & Caldwell		1,632,034
Hennesy Mechanical		799,137
Johnson Carlier Inc		157,879
Montezuma Paving		720
Willco Art & Design		15,000
	$	4,417,977

These commitments are being financed from existing fund balances.

NOTE 17 PURCHASED WATER RIGHTS

The City entered into an agreement to purchase surface water rights for a 100-year period. Annual payments of $855,573 are due for the first 15 years of the agreement. Amortization expense relating to this agreement is being recorded on the straight-line basis totaling $128,336 per year.

The City entered into other agreements to purchase surface water rights for a 100-year period. Payments totaling $4,259,996 were made during the year ending June 30, 2008. Amortization expense relating to this agreement is being recorded on the straight-line basis totaling $42,600 per year.

NOTE 18 SUBSEQUENT EVENTS

Investments

Portions of the City's investments are held by the Arizona State Treasurer in the Local Government Investment Pool 5. On September 15, 2008, the City received notification that an investment held by the pool, Lehman Brothers Holding Inc., filed for Chapter 11 reorganization. The City's pro-rata share of the Lehman Brothers Holding's bonds totaled $1,412,133 including $77,437 in the CFD's, so the State Treasurer reduced the City's investments by the same amount.

Debt Issuance

In December 2008, the City will issue $34,450,000 of City of Goodyear, Arizona Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2008. The purpose of these bonds will be for constructing certain public infrastructure. Interest rates range from 5.00 percent to 6.375 percent, with final maturity in 2031.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

CITY OF GOODYEAR, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue		
ASSETS	Highway User Revenue	Grants	Community Facilities Districts
Cash and cash equivalents	$ 397,271	$ 3,659	$ 2,325,218
Taxes receivable	262,100	-	48,772
Interest receivable	942	-	8,071
Accounts receivable	14,960	32,456	-
Due from other governments	-	102,921	-
Inventories	309,339	-	-
Prepaid items	-	1,691	-
Total assets	$ 984,612	$ 140,727	$ 2,382,061
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 133,425	$ 3,730	$ 73,302
Accrued payroll and employee benefits	51,144	-	-
Accrued interest payable	-	-	-
Accrued liabilities	-	-	-
Deposits held for others	71,082	-	5,000
Due to other funds	-	106,977	673,711
Deferred revenue	419,622	65,879	26,496
Total liabilities	675,273	176,586	778,509
Fund balances:			
Reserved:			
Debt service	-	-	-
Unreserved, reported in			
Special revenue	309,339	(35,859)	1,603,552
Total fund balances	309,339	(35,859)	1,603,552
Total liabilities and fund balances	$ 984,612	$ 140,727	$ 2,382,061

Special Revenue					
Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
$ 2,350,639	$ 4,603,343	$ 5,125,535	$ 194,314	$ 7,167,130	$ 1,866,284
-	-	-	-	-	-
661	15,999	17,568	575	24,570	6,657
-	-	-	-	-	75,075
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 2,351,300	$ 4,619,342	$ 5,143,103	$ 194,889	$ 7,191,700	$ 1,948,016
$ -	$ 31,310	$ -	$ 26,187	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	198,500
-	31,310	-	26,187	-	198,500
-	-	-	-	-	-
2,351,300	4,588,032	5,143,103	168,702	7,191,700	1,749,516
2,351,300	4,588,032	5,143,103	168,702	7,191,700	1,749,516
$ 2,351,300	$ 4,619,342	$ 5,143,103	$ 194,889	$ 7,191,700	$ 1,948,016

(Continued on next page)

ARIZONA
Goodyear

CITY OF GOODYEAR, ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2008

	Special Revenue		
ASSETS	Library Impact Fees	Debt Services	Total Non-Major Governmental Funds
Cash and cash equivalents	$ 2,772,887	$ 2,891,602	$ 29,697,882
Taxes receivable	-	260,125	570,997
Interest receivable	9,393	-	84,436
Accounts receivable	-	-	122,491
Due from other governments	-	-	102,921
Inventories	-	-	309,339
Prepaid items	-	17,000	18,691
Total assets	$ 2,782,280	$ 3,168,727	$ 30,906,757
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ 267,954
Accrued payroll and employee benefits	-	-	51,144
Deposits held for others	-	-	76,082
Due to other funds	-	-	780,688
Deferred revenue	-	141,974	852,471
Total liabilities	-	141,974	2,028,339
Fund balances:			
Reserved:			
Debt service	-	3,026,753	3,026,753
Unreserved:			
Special revenue	2,782,280	-	25,851,665
Total fund balances	2,782,280	3,026,753	28,878,418
Total liabilities and fund balances	$ 2,782,280	$ 3,168,727	$ 30,906,757

CITY OF GOODYEAR, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2008

	Special Revenue		
REVENUES	Highway User Revenue	Grants	Community Facilities Districts
Taxes	$ -	$ -	$ 1,455,509
Intergovernmental	3,481,233	1,275,182	-
Charges for services	4,270	-	-
Investment income	16,652	-	72,964
Miscellaneous	15,316	24,058	158,292
Total revenues	3,517,471	1,299,240	1,686,765
EXPENDITURES			
Current:			
General government	-	-	951,931
Public safety	-	317,046	-
Highway and streets	3,926,719	8,836	-
Public works	-	-	-
Community development	-	49,809	-
Capital outlay	40,164	874,820	-
Debt service:			
Principal retirement	-	-	-
Interest and debt costs	-	-	-
Total expenditures	3,966,883	1,250,511	951,931
Excess (deficiency) of revenues over (under) expenditures	(449,412)	48,729	734,834
OTHER FINANCING SOURCES (USES)			
Refunding bonds	-	-	-
Refunding bonds premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	449,412	-	-
Transfers out	-	-	-
Total other financing sources (uses)	449,412	-	-
Net change in fund balances	-	48,729	734,834
Fund balances, beginning of year	309,339	(84,588)	868,718
Fund balances, end of year	$ 309,339	$ (35,859)	$ 1,603,552

Special Revenue					
Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
602,506	1,718,405	1,099,446	1,178,523	1,990,052	2,504,066
64,439	185,993	194,442	6,858	263,147	66,066
-	-	-	-	-	75,075
666,945	1,904,398	1,293,888	1,185,381	2,253,199	2,645,207
-	-	-	-	-	-
13,726	-	-	-	-	-
-	-	-	-	-	-
-	11,891	9,513	14,166	12,822	25,644
-	-	-	-	-	-
2,191,462	1,165,727	137,052	1,081,460	163,939	1,519,615
-	-	-	-	-	-
-	-	-	-	-	-
2,205,188	1,177,618	146,565	1,095,626	176,761	1,545,259
(1,538,243)	726,780	1,147,323	89,755	2,076,438	1,099,948
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	325,447	-	-
-	-	-	-	-	-
-	-	-	325,447	-	-
(1,538,243)	726,780	1,147,323	415,202	2,076,438	1,099,948
3,889,543	3,861,252	3,995,780	(246,500)	5,115,262	649,568
$ 2,351,300	$ 4,588,032	$ 5,143,103	$ 168,702	$ 7,191,700	$ 1,749,516

ARIZONA
Goodyear

CITY OF GOODYEAR, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
For The Year Ended June 30, 2008

	Special Revenue		
REVENUES	Library Impact Fees	Debt Service	Total Non-Major Government Funds
Taxes	$ -	$ 6,517,935	$ 7,973,444
Intergovernmental	-	-	4,756,415
Charges for services	394,222	-	9,491,490
Investment income	106,650	61,803	1,039,014
Miscellaneous	-	-	272,741
Total revenues	500,872	6,579,738	23,533,104
EXPENDITURES			
Current:			
General government	-	-	951,931
Public safety	-	-	317,046
Highway and streets	-	-	3,935,555
Public works	10,030	-	97,792
Community development	-	-	49,809
Capital outlay	-	-	7,174,239
Debt service:			
Principal retirement	-	3,075,143	3,075,143
Interest and debt costs	-	2,955,897	2,955,897
Total expenditures	10,030	6,031,040	18,557,412
Excess (deficiency) of revenues over (under) expenditures	490,842	548,698	4,975,692
OTHER FINANCING SOURCES (USES)			
Refunding bonds	-	3,165,000	3,165,000
Refunding bonds premium	-	87,554	87,554
Payment to refunded bond escrow agent	-	(3,264,032)	(3,264,032)
Transfers in	-	4,960,097	5,734,956
Transfers out	-	(3,058,040)	(3,058,040)
Total other financing sources (uses)	-	1,890,579	2,665,438
Net change in fund balances	490,842	2,439,277	7,641,130
Fund balances, beginning of year	2,291,438	587,476	21,237,288
Fund balances, end of year	$ 2,782,280	$ 3,026,753	$ 28,878,418

ARIZONA

Goodyear

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

MAJOR GOVERNMENTAL FUNDS

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 6,724,346	$ 6,724,346	$ 5,905,472	$ (818,874)
Investment income	344,923	344,923	248,119	(96,804)
Special assessments	16,733,505	16,733,505	2,228,149	(14,505,356)
Contributions	6,813,680	6,813,680	1,688,231	(5,125,449)
Total revenues	30,616,454	30,616,454	10,069,971	(20,546,483)
EXPENDITURES				
Debt service				
Principal retirement	7,112,000	7,112,000	2,066,000	5,046,000
Interest and debt costs	18,444,054	18,444,054	5,280,079	13,163,975
Total expenditures	25,556,054	25,556,054	7,346,079	18,209,975
Excess (deficiency) of revenues over (under) expenditures	5,060,400	5,060,400	2,723,892	(2,336,508)
OTHER FINANCING SOURCES (USES)				
Debt issuance	14,402,000	14,402,000	1,431,896	(12,970,104)
Transfers in	-	-	35,635	35,635
Total other financing sources (uses)	14,402,000	14,402,000	1,467,531	(12,934,469)
Net change in fund balance	19,462,400	19,462,400	4,191,423	(15,270,977)
Fund balance, beginning of year	8,138,570	8,138,570	8,138,570	-
Fund balance, end of year	$ 27,600,970	$ 27,600,970	$ 12,329,993	$ (15,270,977)

CITY OF GOODYEAR, ARIZONA
CAPITAL IMPROVEMENT PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 3,715,724	$ 3,715,724	$ -	$ (3,715,724)
Investment income	-	-	90,199	90,199
Miscellaneous	2,292,000	2,292,000	-	(2,292,000)
Total revenues	6,007,724	6,007,724	90,199	(5,917,525)
EXPENDITURES				
Capital outlay	272,499,286	103,100,449	10,828,222	92,272,227
Debt service				
Interest and debt cost	-	-	113,824	(113,824)
Total expenditures	272,499,286	103,100,449	10,942,046	92,158,403
Excess (deficiency) of revenues over (under) expenditures	(266,491,562)	(97,092,725)	(10,851,847)	86,240,878
OTHER FINANCING SOURCES (USES)				
Debt issuance	253,500,000	253,500,000	8,745,000	(244,755,000)
Debt premium	-	-	100,701	100,701
Transfers in	-	-	4,632,291	4,632,291
Transfers out	-	-	(2,335,531)	(2,335,531)
Total other financing sources (uses)	253,500,000	253,500,000	11,142,461	(242,357,539)
Net change in fund balance	(12,991,562)	156,407,275	290,614	(156,116,661)
Fund balance, beginning of year	5,971,745	5,971,745	5,971,745	-
Fund balance, end of year	$ (7,019,817)	$ 162,379,020	$ 6,262,359	$ (156,116,661)

CITY OF GOODYEAR, ARIZONA
MCDOWELL ROAD IMPROVEMENTS CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Investment income	$ -	$ -	$ 859,513	$ 859,513
Miscellaneous	-	-	85,037	85,037
Total revenues	-	-	944,550	944,550
EXPENDITURES				
Capital outlay	-	44,434,301	27,045,474	17,388,827
Debt service				
Interest and debt cost	-	-	2,076,804	(2,076,804)
Total expenditures	-	44,434,301	29,122,278	15,312,023
Excess (deficiency) of revenues over (under) expenditures	-	(44,434,301)	(28,177,728)	16,256,573
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	47,165,000	47,165,000
Debt premium	-	-	1,772,153	1,772,153
Transfers out	-	-	(3,886,199)	(3,886,199)
Total other financing sources (uses)	-	-	45,050,954	45,050,954
Net change in fund balance	-	(44,434,301)	16,873,226	61,307,527
Fund balance, beginning of year	2,572,612	2,572,612	2,572,612	-
Fund balance, end of year	$ 2,572,612	$ (41,861,689)	$ 19,445,838	$ 61,307,527

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ 6,160,030	$ 6,160,030	$ 954,637	$ (5,205,393)
Contributions	16,610,000	16,610,000	2,989,963	(13,620,037)
Total revenues	22,770,030	22,770,030	3,944,600	(18,825,430)
EXPENDITURES				
Capital outlay	275,328,069	275,328,069	55,934,793	219,393,276
Total expenditures	275,328,069	275,328,069	55,934,793	219,393,276
Excess (deficiency) of revenues over (under) expenditures	(252,558,039)	(252,558,039)	(51,990,193)	200,567,846
OTHER FINANCING SOURCES (USES)				
Debt issuance	238,687,524	238,687,524	54,906,104	(183,781,420)
Debt premium	-	-	329,577	329,577
Transfers out	-	-	(35,635)	(35,635)
Total other financing sources (uses)	238,687,524	238,687,524	55,200,046	(183,487,478)
Net change in fund balance	(13,870,515)	(13,870,515)	3,209,853	17,080,368
Fund balance, beginning of year	9,486,774	9,486,774	9,486,774	-
Fund balance, end of year	$ (4,383,741)	$ (4,383,741)	$ 12,696,627	$ 17,080,368

ARIZONA

Goodyear

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS
AND ENTERPRISE FUNDS

CITY OF GOODYEAR, ARIZONA
HIGHWAY USER REVENUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 3,642,059	$ 3,642,059	$ 3,481,233	$ (160,826)
Charges for services	-	-	4,270	4,270
Investment income	11,235	11,235	16,652	5,417
Miscellaneous	-	-	15,316	15,316
Total revenues	3,653,294	3,653,294	3,517,471	(135,823)
EXPENDITURES				
Current				
Highway and streets	6,281,092	6,176,967	3,926,719	2,250,248
Capital outlay	-	89,125	40,164	48,961
Total expenditures	6,281,092	6,266,092	3,966,883	2,299,209
Excess (deficiency) of revenues over (under) expenditures	(2,627,798)	(2,612,798)	(449,412)	2,163,386
OTHER FINANCING SOURCES (USES)				
Transfers in	2,277,798	2,277,798	449,412	(1,828,386)
Total other financing sources (uses)	2,277,798	2,277,798	449,412	(1,828,386)
Net change in fund balance	(350,000)	(335,000)	-	335,000
Fund balance, beginning of year	309,339	309,339	309,339	-
Fund balance, end of year	$ (40,661)	$ (25,661)	$ 309,339	$ 335,000

CITY OF GOODYEAR, ARIZONA
GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 1,863,499	$ 1,863,499	$ 1,275,182	$ (588,317)
Miscellaneous	-	-	24,058	24,058
Total revenues	1,863,499	1,863,499	1,299,240	(564,259)
EXPENDITURES				
Current				
General government	46,490	46,490	-	46,490
Public safety	375,000	477,600	317,046	160,554
Highway and streets	-	-	8,836	(8,836)
Community development	50,000	50,000	49,809	191
Capital outlay	2,637,132	2,849,314	874,820	1,974,494
Total expenditures	3,108,622	3,423,404	1,250,511	2,172,893
Net change in fund balance	(1,245,123)	(1,559,905)	48,729	1,608,634
Fund balance, beginning of year	(84,588)	(84,588)	(84,588)	-
Fund balance, end of year	$ (1,329,711)	$ (1,644,493)	$ (35,859)	$ 1,608,634

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - GENERAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 1,720,656	$ 1,720,656	$ 1,455,509	$ (265,147)
Investment income	37,900	37,900	72,964	35,064
Contributions	1,366,351	1,366,351	-	(1,366,351)
Miscellaneous	360,000	360,000	158,292	(201,708)
Total revenues	3,484,907	3,484,907	1,686,765	(1,798,142)
EXPENDITURES				
Current				
General government	4,184,907	4,184,907	951,931	3,232,976
Total expenditures	4,184,907	4,184,907	951,931	3,232,976
Net change in fund balance	(700,000)	(700,000)	734,834	1,434,834
Fund balance, beginning of year	868,718	868,718	868,718	-
Fund balance, end of year	$ 168,718	$ 168,718	$ 1,603,552	$ 1,434,834

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 608,883	$ 608,883	$ 602,506	$ (6,377)
Investment income	-	-	64,439	64,439
Total revenues	608,883	608,883	666,945	58,062
EXPENDITURES				
Current:				
Public works	-	18,300	13,726	4,574
Capital outlay	1,563,988	2,373,859	2,191,462	182,397
Total expenditures	1,563,988	2,392,159	2,205,188	186,971
Net change in fund balance	(955,105)	(1,783,276)	(1,538,243)	245,033
Fund balance, beginning of year	3,889,543	3,889,543	3,889,543	-
Fund balance, end of year	$ 2,934,438	$ 2,106,267	$ 2,351,300	$ 245,033

CITY OF GOODYEAR, ARIZONA
GENERAL GOVERNMENT IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 1,963,516	$ 1,963,516	$ 1,718,405	$ (245,111)
Investment income	-	-	185,993	185,993
Total revenues	1,963,516	1,963,516	1,904,398	(59,118)
EXPENDITURES				
Current				
Public works	-	11,500	11,891	(391)
Capital outlay	3,295,867	2,976,050	1,165,727	1,810,323
Total expenditures	3,295,867	2,987,550	1,177,618	1,809,932
Net change in fund balance	(1,332,351)	(1,024,034)	726,780	1,750,814
Fund balance, beginning of year	3,861,252	3,861,252	3,861,252	-
Fund balance, end of year	$ 2,528,901	$ 2,837,218	$ 4,588,032	$ 1,750,814

CITY OF GOODYEAR, ARIZONA
PUBLIC WORKS IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	$ 1,701,654	$ 1,701,654	$ 1,099,446	$ (602,208)
Investment income	-	-	194,442	194,442
Total revenues	1,701,654	1,701,654	1,293,888	(407,766)
EXPENDITURES				
Current				
Public works	-	9,200	9,513	(313)
Capital outlay	374,221	461,564	137,052	324,512
Total expenditures	374,221	470,764	146,565	324,199
Net change in fund balance	1,327,433	1,230,890	1,147,323	(83,567)
Fund balance, beginning of year	3,995,780	3,995,780	3,995,780	-
Fund balance, end of year	$ 5,323,213	$ 5,226,670	$ 5,143,103	$ (83,567)

CITY OF GOODYEAR, ARIZONA
FIRE IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 764,710	$ 764,710	$ 1,178,523	$ 413,813
Investment income	-	-	6,858	6,858
Total revenues	764,710	764,710	1,185,381	420,671
EXPENDITURES				
Current				
Public works	-	13,700	14,166	(466)
Capital outlay	1,900,000	3,273,013	1,081,460	2,191,553
Total expenditures	1,900,000	3,286,713	1,095,626	2,191,087
Excess (deficiency) of revenues over (under) expenditures	(1,135,290)	(2,522,003)	89,755	2,611,758
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	325,447	325,447
Total other financing sources (uses)	-	-	325,447	325,447
Net change in fund balance	(1,135,290)	(2,522,003)	415,202	2,937,205
Fund balance, beginning of year	(246,500)	(246,500)	(246,500)	-
Fund balance, end of year	$ (1,381,790)	$ (2,768,503)	$ 168,702	$ 2,937,205

CITY OF GOODYEAR, ARIZONA
POLICE IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 990,131	$ 990,131	$ 1,990,052	$ 999,921
Investment income	-	-	263,147	263,147
Total revenues	990,131	990,131	2,253,199	1,263,068
EXPENDITURES				
Current				
Public works	-	12,400	12,822	(422)
Capital outlay	1,708,000	4,576,109	163,939	4,412,170
Total expenditures	1,708,000	4,588,509	176,761	4,411,748
Net change in fund balance	(717,869)	(3,598,378)	2,076,438	5,674,816
Fund balance, beginning of year	5,115,262	5,115,262	5,115,262	-
Fund balance, end of year	$ 4,397,393	$ 1,516,884	$ 7,191,700	$ 5,674,816

CITY OF GOODYEAR, ARIZONA
TRANSPORTATION IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 1,548,742	$ 1,548,742	$ 2,504,066	$ 955,324
Investment income	-	-	66,066	66,066
Miscellaneous	-	-	75,075	75,075
Total revenues	1,548,742	1,548,742	2,645,207	1,096,465
EXPENDITURES				
Current				
Public works	-	24,800	25,644	(844)
Capital outlay	5,505,440	5,942,766	1,519,615	4,423,151
Total expenditures	5,505,440	5,967,566	1,545,259	4,422,307
Net change in fund balance	(3,956,698)	(4,418,824)	1,099,948	5,518,772
Fund balance, beginning of year	649,568	649,568	649,568	-
Fund balance, end of year	$ (3,307,130)	$ (3,769,256)	$ 1,749,516	$ 5,518,772

CITY OF GOODYEAR, ARIZONA
LIBRARY IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 374,107	$ 374,107	$ 394,222	$ 20,115
Investment income	-	-	106,650	106,650
Total revenues	374,107	374,107	500,872	126,765
EXPENDITURES				
Current:				
Public works	-	9,700	10,030	(330)
Capital outlay	150,000	150,000	-	150,000
Total expenditures	150,000	159,700	10,030	149,670
Net change in fund balance	224,107	214,407	490,842	276,435
Fund balance, beginning of year	2,291,438	2,291,438	2,291,438	-
Fund balance, end of year	$ 2,515,545	$ 2,505,845	$ 2,782,280	$ 276,435

CITY OF GOODYEAR, ARIZONA
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 6,632,500	$ 6,632,500	$ 6,517,935	$ (114,565)
Investment income	-	-	61,803	61,803
Total revenues	6,632,500	6,632,500	6,579,738	(52,762)
EXPENDITURES				
Debt service				
Principal retirement	3,200,000	3,200,000	3,075,143	124,857
Interest and debt costs	4,841,773	4,841,773	2,955,897	1,885,876
Total expenditures	8,041,773	8,041,773	6,031,040	2,010,733
Excess (deficiency) of revenues over (under) expenditures	(1,409,273)	(1,409,273)	548,698	1,957,971
OTHER FINANCING SOURCES				
Refunding bonds	-	-	3,165,000	3,165,000
Refunding bonds premium	-	-	87,554	87,554
Payment to refunded bond escrow agent	-	-	(3,264,032)	(3,264,032)
Transfers in	-	-	4,960,097	4,960,097
Transfers out	-	-	(3,058,040)	(3,058,040)
Total other financing sources	-	-	1,890,579	1,890,579
Net change in fund balance	(1,409,273)	(1,409,273)	2,439,277	3,848,550
Fund balance, beginning of year	587,476	587,476	587,476	-
Fund balance, end of year	$ (821,797)	$ (821,797)	$ 3,026,753	$ 3,848,550

CITY OF GOODYEAR, ARIZONA
WATER & SEWER ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Operating revenues:				
Charges for service	$ 15,927,877	$ 15,927,877	$ 15,139,535	$ (788,342)
Miscellaneous	19,204,168	19,204,168	12,240	(19,191,928)
Total operating revenue	35,132,045	35,132,045	15,151,775	(19,980,270)
Operating expenses:				
Administration	4,131,712	4,131,712	4,180,130	(48,418)
Costs of sales and services	39,690,679	90,792,650	7,243,981	83,548,669
Depreciation	-	-	3,537,440	(3,537,440)
Total operating expenses	43,822,391	94,924,362	14,961,551	79,962,811
Operating income (loss)	(8,690,346)	(59,792,317)	190,224	59,982,541
Nonoperating revenues (expenses):				
Impact fees	5,364,445	5,364,445	7,829,657	2,465,212
Intergovernmental	-	-	762,200	762,200
Investment income	1,334,043	1,334,043	640,720	(693,323)
Interest expense	(1,632,929)	(1,632,929)	(2,452,072)	(819,143)
Total nonoperating revenues (expenses)	5,065,559	5,065,559	6,780,505	1,714,946
Income (loss) before capital contributions and transfers	(3,624,787)	(54,726,758)	6,970,729	61,697,487
Capital contributions	8,180,000	8,180,000	19,575,476	11,395,476
Transfers in	-	-	11,405,957	11,405,957
Transfers out	(1,016,124)	(1,016,124)	(3,565,225)	(2,549,101)
Change in net assets	3,539,089	(47,562,882)	34,386,937	81,949,819
Net assets, beginning of year	108,337,333	108,337,333	108,337,333	-
Net assets, end of year	$ 111,876,422	$ 60,774,451	$ 142,724,270	$ 81,949,819

CITY OF GOODYEAR, ARIZONA
SANITATION ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues:				
Charges for service	$ 5,003,879	$ 5,003,879	$ 5,145,922	$ 142,043
Intergovernmental	22,400	22,400	-	(22,400)
Miscellaneous	-	-	330	330
Total operating revenue	5,026,279	5,026,279	5,146,252	119,973
Operating expenses:				
Administration	874,754	874,754	861,252	13,502
Costs of sales and services	4,495,663	4,560,663	3,858,648	702,015
Depreciation	23,408	23,408	119,726	(96,318)
Total operating expenses	5,393,825	5,458,825	4,839,626	619,199
Operating income (loss)	(367,546)	(432,546)	306,626	739,172
Nonoperating revenues (expenses):				
Investment income	-	-	7,468	7,468
Total nonoperating revenues (expenses)	-	-	7,468	7,468
Income (loss) before transfers	(367,546)	(432,546)	314,094	746,640
Transfers out	-	-	(142,665)	(142,665)
Change in net assets	(367,546)	(432,546)	171,429	603,975
Net assets, beginning of year	1,174,581	1,174,581	1,174,581	-
Net assets, end of year	$ 807,035	$ 742,035	$ 1,346,010	$ 603,975

CITY OF GOODYEAR, ARIZONA
STADIUM ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues:				
Miscellaneous	$ -	$ -	$ 200,138	$ 200,138
Total operating revenue	-	-	200,138	200,138
Operating expenses:				
Administration	-	328,828	172,916	155,912
Costs of sales and services	-	72,068,145	228,613	71,839,532
Depreciation	-	-	4,731	(4,731)
Total operating expenses	-	72,396,973	406,260	71,990,713
Operating income (loss)	-	(72,396,973)	(206,122)	72,190,851
Nonoperating revenues (expenses):				
Investment income	-	-	731,644	731,644
Interest expense	-	-	(454,740)	(454,740)
Total nonoperating revenues (expenses)	-	-	276,904	276,904
Income (loss) before transfers	-	(72,396,973)	70,782	72,467,755
Transfers in	-	-	1,746,010	1,746,010
Transfers out	-	-	-	-
Change in net assets	-	(72,396,973)	1,816,792	74,213,765
Net assets, beginning of year	20,376	20,376	20,376	-
Net assets, end of year	$ 20,376	$ (72,376,597)	$ 1,837,168	$ 74,213,765

ARIZONA
Goodyear

CITY OF GOODYEAR
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
June 30, 2008

Governmental funds capital assets	**2008**
Land	$ 17,855,748
Right of Way	77,184,740
Streetscape	7,091,027
Buildings and improvements	25,156,970
Improvements other than buildings	16,668,433
Vehicles, machinery and equipment	34,811,005
Infrastructure	217,147,193
Construction in progress	116,495,141
Total governmental funds capital assets	**$ 512,410,258**

Investment in governmental funds capital assets by source:	
Government funds	$ 512,410,258
Total governmental funds capital assets	**$ 512,410,258**

CITY OF GOODYEAR
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2008

Function and Activity	Land Right of Way Streetscape	Buildings and Improvements	Improvements other than Buildings
General Government	$ 4,613,762	$ -	$ 159,200
Public Safety	-	17,131,734	52,605
Highways and Streets	84,275,767	-	-
Culture and Recreation	12,493,223	813,910	888,530
Public Works	748,763	7,211,326	15,568,098
Total governmental funds capital assets	$ 102,131,515	$ 25,156,970	$ 16,668,433

Vehicles, Machinery and Equipment	Infrastructure	Construction in Progress	Total
$ 6,614,869	$ -	$ 28,981,127	$ 40,368,959
17,231,514	-	175,745	34,591,598
-	217,147,193	-	301,422,960
1,671,745	-	6,544,234	22,411,643
9,292,877	-	80,794,035	113,615,098
$ 34,811,005	$ 217,147,193	$ 116,495,141	$ 512,410,258

CITY OF GOODYEAR
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the fiscal year ended June 30, 2008

Function and Activity	Governmental Funds Capital Assets July 1, 2007	Additions	Deductions	Governmental Funds Capital Assets June 30, 2008
General Government	$ 27,396,384	$ 19,751,130	$ (6,778,556)	$ 40,368,958
Public Safety	28,532,419	9,812,940	(3,753,761)	34,591,598
Highways and Streets	274,322,115	36,931,459	(9,830,614)	301,422,960
Culture and Recreation	16,417,476	5,994,166	-	22,411,642
Public Works	40,717,515	72,897,585	-	113,615,100
Total governmental funds capital assets	$ 387,385,909	$ 145,387,281	$ (20,362,931)	$ 512,410,258

STATISTICAL SECTION

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

City of Goodyear
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	$ 256,047,572	$ 206,294,183	$ 144,405,463
Restricted	70,835,115	60,388,579	67,199,030
Unrestricted	36,122,934	57,992,720	49,858,294
Total Governmental Activities Net Assets	363,005,621	324,675,482	261,462,787
Business-type Activities			
Invested in Capital Assets, Net of Related Debt	159,100,622	101,366,083	61,259,814
Restricted	-	-	-
Unrestricted	(13,193,174)	8,166,207	24,329,033
Total Business-type Activities Net Assets	145,907,448	109,532,290	85,588,847
Primary Government			
Invested in Capital Assets, Net of Related Debt	415,148,194	307,660,266	205,665,277
Restricted	70,835,115	60,388,579	67,199,030
Unrestricted	22,929,760	66,158,927	74,187,327
Total Primary Government Net Assets	$ 508,913,069	$ 434,207,772	$ 347,051,634

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2003. Prior financial statements have not been restated to provide this information.

Source: Statement of Net Assets
City financial records and reports

Table 1

Fiscal Year		
2005	2004	2003
$ 127,120,944	$ 162,387,951	$ 73,017,558
92,391,268	36,249,889	3,058,777
26,380,488	31,059,204	31,801,683
245,892,700	229,697,044	107,878,018
55,662,610	46,277,707	40,297,163
-	-	335,000
3,498,896	4,850,793	(4,302,180)
59,161,506	51,128,500	36,329,983
182,783,554	208,665,658	113,314,721
92,391,268	36,249,889	3,058,777
29,879,384	35,909,997	27,499,503
$ 305,054,206	$ 280,825,544	$ 143,873,001

City of Goodyear
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Expenses			
Governmental Activities:			
General Government	$ 9,260,326	$ 5,020,742	$ 3,007,708
Police	18,491,397	11,091,150	9,305,303
Financial Services	2,751,164	2,233,303	1,768,327
Community Services	1,290,021	1,277,245	1,108,528
Information Services	2,931,295	1,769,833	1,551,418
Fire	8,840,019	10,129,091	5,839,807
Municipal Services	1,484,507	1,163,005	853,289
Human Resources	1,998,317	1,976,324	1,361,992
Community Development	14,731,322	19,683,385	6,668,282
Culture and Recreation	1,909,303	3,181,071	2,016,304
Highways and Streets	9,104,717	9,581,333	13,536,118
Public Works	59,138,044	25,397,680	1,791,319
Interest on Long-term Debt	9,710,526	5,785,031	5,573,064
Total Governmental Activities Expenses	$ 141,640,958	$ 98,289,192	$ 54,381,459
Business-type Activities			
Water Utility	$ 12,224,570	$ 10,866,043	$ 9,722,925
Wastewater Utility	5,189,053	4,872,792	4,313,533
Sanitation	4,839,626	4,401,267	3,435,486
Stadium*	861,000	-	-
Total Business-type Activities Expenses	$ 23,114,249	$ 20,140,102	$ 17,471,944
Total Primary Government Net Assets	$ 164,755,207	$ 118,429,294	$ 71,853,403

Note:
* Stadium Fund did not have operating activity until 2008
N/A data was not separated in these years.

Table 2 continued

Fiscal Year		
2005	2004	2003
$ 4,238,904	$ 481,277	$ 5,731,101
7,798,053	7,416,958	6,507,095
2,888,511	2,690,132	1,151,840
1,012,533	1,326,811	479,498
1,434,932	2,056,194	1,907,004
7,275,586	5,862,554	4,879,245
981,256	1,460,026	811,904
1,276,457	1,987,100	1,525,546
4,613,424	5,386,786	888,182
2,591,911	1,716,362	1,925,726
8,007,969	4,217,554	6,433,665
6,398,665	2,744,892	3,409,198
4,567,604	5,649,175	4,153,359
$ 53,085,805	$ 42,995,822	$ 39,803,363
$ 15,150,219	$ 13,696,021	$ 9,535,629
N/A	N/A	N/A
2,588,541	2,133,917	1,911,839
-	-	-
$ 17,738,760	$ 15,829,938	$ 11,447,468
$ 70,824,565	$ 58,825,760	$ 51,250,831

City of Goodyear
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Program Revenue			
Governmental Activities:			
Charges for Services:			
General Government	$ 3,988,792	$ 396,770	$ 286,419
Fire	57,630	54,887	61,456
Police	210,707	128,040	67,264
Municipal Services	686,135	638,390	529,007
Public Works	343,274	3,527,777	126,800
Community Development	12,183,231	13,241,940	14,584,804
Operating Grants and Contributions	4,587,630	895,854	648,756
Capital Grants and Contributions	85,108,447	62,732,783	26,761,281
Total Governmental Activities Program Revenues	$ 107,165,846	$ 81,616,441	$ 43,065,787
Business-type Activities			
Charges for Services:			
Water Utility	$ 8,894,793	$ 7,588,225	$ 5,952,571
Wastewater Utility	6,244,742	6,137,152	4,846,569
Sanitation	5,145,922	4,392,794	3,185,387
Stadium	-	-	-
Operating Grants and Contributions	762,200	20,000	240,000
Capital Grants and Contributions	27,405,133	24,414,623	26,016,946
Total Business-type Activities Revenues	48,452,790	42,552,794	40,241,473
Total Primary Government Revenues	$ 155,618,636	$ 124,169,235	$ 83,307,260
Net (Expense)/Revenue			
Governmental Activities	$ (34,475,112)	$ (16,672,751)	$ (11,315,672)
Business-type Activities	31,152,165	22,412,692	22,769,529
Total Primary Government Net Revenue	$ (3,322,947)	$ 5,739,941	$ 11,453,857

Table 2 continued

Fiscal Year		
2005	2004	2003
$ 133,367	$ 276,990	$ 5,416,791
434,179	38,716	45,991
-	8,425	35,035
-	293,355	1,454,454
259,993	1,162,624	2,195,739
10,631,653	8,774,894	2,074,991
523,405	109,956	397,092
16,472,105	46,863,563	9,475,823
$ 28,454,702	$ 57,528,523	$ 21,095,916
$ 8,895,239	$ 10,525,392	$ 2,334,840
3,775,636	3,631,132	3,729,617
2,786,148	2,335,547	1,939,809
-	-	-
-	-	-
10,853,019	12,702,625	4,813,617
26,310,042	29,194,696	12,817,883
$ 54,764,744	$ 86,723,219	$ 33,913,799
$ (24,631,103)	$ 14,532,701	$ (18,707,447)
8,571,282	13,364,758	1,370,415
$ (16,059,821)	$ 27,897,459	$ (17,337,032)

City of Goodyear
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Governmental Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes	$ 61,251,635	$ 59,428,806	$ 48,726,571
Intergovernmental	12,654,235	15,053,501	6,997,920
Interest and Investment Income	4,268,448	4,723,886	4,436,598
Miscellaneous	4,075,011	1,029,445	1,486,027
Transfers	(9,444,077)	(56,622)	(117,062)
Total Governmental Activities	$ 72,805,252	$ 80,179,016	$ 61,530,054
Business-type Activities			
Interest and Investment Income	$ 1,379,832	$ 1,447,446	$ 715,181
Mitigation proceeds	-	-	1,950,000
Miscellaneous	212,708	26,683	17,431
Transfers	9,444,077	56,622	117,062
Total Business-type Activities	$ 11,036,617	$ 1,530,751	$ 2,799,674
Total Primary Government	$ 83,841,869	$ 81,709,767	$ 64,329,728
Changes in Net Assets			
Governmental Activities	$ 38,330,140	$ 63,505,623	$ 50,214,382
Business-type Activities	36,375,158	23,943,443	25,569,203
Total Primary Government	$ 74,705,298	$ 87,449,066	$ 75,783,585

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2003. Prior financial statements have not been restated to provide this information.

Source: Statement of Net Assets
City financial records and reports

Fiscal Year		
2005	2004	2003
$ 31,498,052	$ 25,487,392	$ 21,111,029
5,973,538	5,756,754	5,587,983
1,079,720	556,145	(499,021)
1,641,295	408,114	233,858
634,153	(799,999)	2,257,938
$ 40,826,758	$ 31,408,406	$ 28,691,787
$ 88,211	$ 119,849	$ 152,306
-	-	-
7,666	67,756	82,345
(634,153)	799,999	(2,257,938)
$ (538,276)	$ 987,604	$ (2,023,287)
$ 40,288,482	$ 32,396,010	$ 26,668,500
$ 16,195,655	$ 45,941,107	$ 9,984,340
8,033,006	14,352,362	(652,872)
$ 24,228,661	$ 60,293,469	$ 9,331,468

ARIZONA
Goodyear

Table 3

City of Goodyear
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

		Sales and Use Taxes			Intergovernmental		
Fiscal Year	Property	Privilege & Use - General	Transient Occupancy	Franchise Taxes	State Shared Sales	State Revenue Sharing	Highway User Revenue
2008	$18,144,197	$ 41,036,060	$ 1,009,256	$2,071,378	$ 6,101,593	$ 6,503,557	$ 3,401,589
2007	12,370,983	44,284,577	955,859	1,817,387	6,307,272	5,252,405	3,493,824
2006	9,826,690	36,526,485	893,528	1,479,868	3,225,710	1,979,970	1,792,240
2005	8,583,676	21,020,275	727,576	1,166,525	2,600,534	1,738,442	1,634,562
2004	7,187,270	16,814,849	527,267	958,006	2,582,196	1,705,193	1,469,365
2003	5,718,332	14,110,269	500,620	781,808	2,224,251	2,012,719	1,351,013
2002	2,169,086	11,849,499	394,327	751,432	2,255,263	1,972,442	1,679,426
2001	1,622,925	10,523,211	455,723	550,374	1,606,992	1,103,778	1,221,327
2000	1,085,812	8,878,428	821,056	453,842	1,497,368	1,025,053	809,530
1999	1,033,137	7,211,247	609,712	382,703	1,045,506	923,760	717,521

Source: City financial records and reports

City of Goodyear
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2008	2007	2006	2005
General Fund				
Unreserved	$ 42,219,809	$ 61,037,128	$ 53,853,901	$ 29,393,457
All Other Governmental Funds				
Reserved, Reported in:				
Debt Service Funds	15,356,746	8,726,046	7,833,170	6,643,132
Capital Projects Funds	10,942,787	7,810,178	21,303,978	9,704,731
Unreserved, Reported in:				
Special Revenue Funds	25,851,665	20,649,813	19,835,781	14,475,469
Capital Projects Funds	27,462,037	10,220,953	3,354,296	46,019,494
Total All Other Governmental Funds	$ 79,613,235	$ 47,406,990	$ 52,327,225	$ 76,842,826

Source: Statement of Net Assets
City financial records and reports

Table 4

Fiscal Year					
2004	2003	2002	2001	2000	1999
$ 18,701,153	$ 12,456,038	$ 11,904,771	$ 7,876,202	$ 10,213,487	$ 5,774,914
6,388,963	3,027,055	4,096,549	3,804,079	1,859,019	1,899,115
-	-	-	-	-	-
8,731,725	4,613,137	3,773,232	2,973,780	2,195,574	1,306,407
21,129,201	32,003,402	18,922,708	25,862,738	15,351,548	19,660,937
$ 36,249,889	$ 39,643,594	$ 26,792,489	$ 32,640,597	$ 19,406,141	$ 22,866,459

City of Goodyear
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2008	2007	2006	2005
Revenues				
Taxes	$ 61,112,204	$ 59,346,833	$ 48,669,770	$ 31,501,700
Licenses and permits	7,160,922	8,905,743	10,593,032	7,899,726
Intergovernmental	17,361,565	16,456,618	7,691,531	6,288,957
Charges for services	19,117,473	14,921,767	12,590,311	9,894,288
Rents and royalties	-	-	-	-
Fines and forfeits	678,594	584,316	482,604	364,301
Investment income	4,268,447	4,723,886	4,436,598	1,079,719
Participation by others	-	-	-	-
Special assessments	2,228,149	2,228,646	2,197,445	2,580,510
Impact fees	-	-	-	-
Contributions	8,260,888	14,245,039	1,717,842	2,401,107
Miscellaneous	4,075,010	1,046,124	1,433,513	1,641,295
Total Revenues	124,263,252	122,458,972	89,812,646	63,651,603
Expenditures				
General Government	5,486,915	8,637,828	3,871,939	2,482,603
Police	13,295,314	10,262,437	8,674,983	7,853,958
Financial Services	4,850,217	2,209,677	1,550,946	1,553,016
Community Services	1,329,505	1,255,467	1,190,116	1,012,533
Information Services	2,834,417	1,622,556	1,593,403	1,434,932
Fire	11,277,737	8,842,402	7,332,103	5,163,911
Municipal Services	1,547,460	1,102,875	848,612	704,584
Human Resources	1,995,841	1,973,845	1,360,762	1,276,457
Community Development	9,262,010	6,028,162	6,599,788	6,636,525
Culture and Recreation	4,667,176	3,431,934	2,381,569	2,128,218
Highways and Streets	3,994,494	4,756,383	3,647,507	2,128,408
Public Works	4,261,005	4,294,102	2,154,782	1,917,725
Debt Service:				
Bond issuance costs				
Principal retirement	5,141,143	4,836,000	3,777,600	5,327,354
Interest and debt cost	10,466,384	5,740,194	5,313,243	5,825,352
Capital outlay	135,249,363	71,999,738	14,819,302	10,039,532
Total Expenditures	215,658,981	136,993,600	65,116,655	55,485,108
Excess of Revenues over (under) Expenditures	(91,395,729)	(14,534,628)	24,695,991	8,166,495

Fiscal Year					
2004	2003	2002	2001	2000	1999
$ 25,507,299	$ 21,092,384	$ 17,493,808	$ 15,164,812	$ 12,946,841	$ 10,509,210
6,785,229	3,845,730	2,729,164	2,705,648	1,920,547	1,331,797
5,811,389	5,985,075	8,442,804	4,084,697	3,848,972	3,218,459
9,057,321	5,805,188	1,621,233	1,851,640	2,378,270	1,239,642
-	-	18,391	14,078	5,770	5,963
332,046	365,136	288,301	332,529	253,629	190,742
567,142	(499,021)	861,929	2,128,121	1,703,719	1,220,929
-	-	1,842,726	860,250	1,087,874	882,211
1,555,984	1,654,637	1,446,388	805,144	1,517,828	1,030,554
-	-	1,946,971	1,142,223	1,018,250	495,575
1,562,190		125,211	1,729	17,545	3,000
600,649	4,940,329	2,803,272	1,221,328	844,288	214,770
51,779,249	43,189,458	39,620,198	30,312,199	27,543,533	20,342,852
3,138,823	4,469,126	3,849,495	2,634,720	1,269,644	2,671,082
6,643,972	6,097,075	5,607,832	4,122,949	4,684,595	3,160,313
1,240,958	1,148,502	1,089,136	560,459	43,329	525,984
787,635	189,763	122,636	76,436	24,495	74,988
1,138,348	1,907,004	1,129,707	802,622	392,401	713,531
4,529,680	4,879,245	4,385,622	3,476,865	3,205,029	2,266,694
879,352	734,689	704,381	608,477	635,405	349,252
985,334	1,525,546	1,369,745	1,115,608	88,595	500,782
5,543,191	864,434	767,620	751,053	635,258	693,203
1,699,797	1,621,308	1,504,652	995,588	1,098,119	474,277
1,804,454	2,817,472	3,764,721	2,929,215	2,735,795	1,711,454
2,002,948	2,432,247	2,967,970	2,532,841	1,587,891	1,104,551
	293,757				
2,971,580	3,026,100	2,324,200	1,950,000	2,115,000	1,454,000
4,020,706	3,901,382	3,152,550	2,197,962	2,552,398	1,592,623
40,712,284	11,449,411	15,747,085	16,589,132	6,127,036	7,928,663
78,099,062	47,357,061	48,487,352	41,343,927	27,194,990	25,221,397
(26,319,813)	(4,167,603)	(8,867,154)	(11,031,728)	348,543	(4,878,545)

City of Goodyear
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2008	2007	2006	2005
Expenditures				
Transfer in	$ 11,561,671	$ 17,288,179	$ 18,210,420	$ 2,933,372
Transfer out	(21,005,748)	(17,387,710)	(47,966,568)	(2,299,219)
Capital lease agreements				
Debt issuance	114,450,431	16,897,151	5,005,000	42,005,000
Debt Premium				479,593
Refunding Bonds	(221,698)	-	-	-
Total Other Financing Sources and (Uses)	104,784,656	16,797,620	(24,751,148)	43,118,746
Net Change in Fund Balances	$ 13,388,927	$ 2,262,992	$ (55,157)	$ 51,285,241
Debt Service as a Percentage of Noncapital Expenditures	19.1%	16.3%	18.1%	24.5%

Source: City financial records and reports

	Fiscal Year					
	2004	2003	2002	2001	2000	1999
	$ 2,242,149	$ 8,994,203	$ 7,799,778	$ 10,043,729	$ 3,557,416	$ 2,306,978
	(3,042,148)	(6,736,265)	(5,831,078)	(9,303,528)	(3,054,136)	(2,633,928)
					126,432	
	27,050,000	18,310,000	5,078,915	21,188,698		18,012,644
		272,362				6,682,162
	-	(2,432,655)	-	-	-	-
	26,250,001	18,407,645	7,047,615	21,928,899	629,712	24,367,856
	$ (69,812)	$ 14,240,042	$ (1,819,539)	$ 10,897,171	$ 978,255	$ 19,489,311
	18.7%	19.3%	16.7%	16.8%	22.2%	17.6%

ARIZONA
Goodyear

Table 6

City of Goodyear
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

		Sales and Use Taxes			Intergovernmental		
Fiscal Year	Property	Privilege General	Transient Occupancy	Franchise Taxes	State Shared Sales	State Revenue Sharing	Highway User Revenue
2008	$17,763,564	$ 40,026,804	$ 1,009,256	$ 2,071,378	$ 6,101,593	$ 6,503,557	$ 3,401,589
2007	12,289,010	44,284,577	955,859	1,817,387	6,307,272	5,252,405	3,493,824
2006	9,769,889	36,526,485	893,528	1,479,868	3,225,710	1,979,970	1,792,240
2005	8,583,676	21,747,851	727,576	1,166,525	2,600,534	1,738,442	1,634,562
2004	7,187,270	17,342,116	527,267	958,006	2,582,196	1,705,193	1,469,365
2003	5,718,332	14,610,889	500,620	781,808	2,224,251	2,012,719	1,351,013
2002	4,460,668	13,033,140	394,327	751,432	2,255,263	1,972,442	1,679,426
2001	3,370,249	11,794,563	455,723	550,374	1,606,992	1,103,778	1,221,327
2000	2,612,205	10,334,636	821,056	453,842	1,497,368	1,025,053	809,530
1999	2,141,054	8,368,156	609,712	382,703	1,045,506	923,760	717,521

Source: City financial records and reports

City of Goodyear
Property Tax Rates
Direct and Overlapping Governments[1]
Last Three Fiscal Years
(Unaudited)

	City Direct Rate			Overlapping Rates			
				County-Wide Jurisdictions			
Fiscal Year	Operating Rate	Debt Service Rate	Total City Rate	County Operating Rate	County Library District Rate	Fire District Assistance Rate	County Flood District Rate
2008	$ 0.7321	$ 0.8679	$ 1.6000	$ 1.1046	$ 0.0391	$ 0.0053	$ 0.1533
2007	0.7945	0.7991	1.5936	1.1794	0.0507	0.0068	0.2047
2006	0.8222	0.7778	1.6000	1.1971	0.0521	0.0069	0.2119

Note: Data prior to 2006 is not available.

* = Assessed / Acreage Basis

[1] Source: Maricopa County Assessor's Office

Overlapping Rates				
County-Wide Jurisdictions				
County Education Equalization Rate	Community College Rate	Central Arizona Project Rate	Special Health Care District Rate	Total County Rate
$ -	$ 0.9760	$ 0.1000	$ 0.0935	$ 2.4718
-	1.0646	0.1200	0.1184	2.7446
0.4358	1.0315	0.1200	0.1206	3.1759

City of Goodyear
Property Tax Rates
Direct and Overlapping Governments[1]
Last Three Fiscal Years
(Unaudited)

				Overlapping Rates				
School Districts				Other Special Taxing Districts				
Agua Fria/ Avondale Rate	Agua Fria/ Litchfield Rate	Buckeye/ Liberty Rate	Tolleson/ Littleton Rate	West Maricopa Education Center District Rate	Central Arizona GRD Rate	Roosevelt Irrigation District Rate*	Centerra Community Facilities District Rate	Cortina Community Facilities District Rate
$ 6.4298	$ 5.3545	$ 6.7267	$ 6.8078	$ 0.0500	$ 1.0000	$ 15.0000	$ 3.0000	$ 2.8500
7.8564	6.8558	7.3005	7.3586	0.0500	1.0000	15.0000	3.0000	2.8500
7.8631	6.9430	7.4944	8.3794	0.0500	1.0000	15.0000	3.0000	2.8500

Note: Data prior to 2006 is not available.

* = Assessed / Acreage Basis

[1] Source: Maricopa County Assessor's Office

Overlapping Rates

Other Sepcial Taxing Districts

Cottonflower Community Facilities District Rate	Estrella Mtn. Ranch Community Facilities District Rate	Goodyear Community Facilities General District #1 Rate	Goodyear Community Facilities Utilities District #1 Rate	Palm Valley Community Facilities District #3 Rate	King Ranch Community Facilities District Rate	Wildflower Community Facilities General District #1 Rate	Wildflower Community Facilities General District #2 Rate
$ 1.7639	$ 1.3000	$ 0.8040	$ 1.0000	$ 1.6295	$ 0.3000	$ 1.3123	$ 1.4154
3.0000	1.3000	1.0000	1.0000	2.0000	0.3000	2.1340	2.3935
3.0000	1.3000	1.0000	1.0000	0.3000	$ -	2.1893	2.3547

ARIZONA
Goodyear

Table 8

City of Goodyear
Principal Property Tax Payers
Last Two Fiscal Years
(Unaudited)

Taxpayer	2008 Taxable Assessed Value	2008 Rank	2008 Percentage of Total Taxable Assessed Value	2003 Taxable Assessed Value	2003 Rank	2003 Percentage of Total Taxable Assessed Value
Suncor Development Company	$ 25,206,266	1	3.30%	$ 14,143,894	1	6.36%
NNP Estrella Mountain Ranch LLC	19,558,505	2	2.56%	-	-	0.00%
Arizona Public Service Company	17,302,544	3	2.26%	7,739,112	2	3.48%
VHS of South Phoenix Inc.	14,712,935	4	1.93%	-	-	0.00%
First American Title Insurance Company	12,604,030	5	1.65%	3,580,451	6	1.61%
Taylor Woodrow/Arizona, Inc.	11,094,596	6	1.45%	-	-	0.00%
He Capital KR LLC	9,510,489	7	1.24%	-	-	0.00%
Sun MP LLC	9,162,917	8	1.20%	-	-	0.00%
BT Goodyear LLC	8,489,947	9	1.11%	-	-	0.00%
Doa Properties I LLC	7,702,560	10	1.01%	-	-	0.00%
Byrd Enterprises of Arizona Inc.	-	-	-	2,068,211	9	0.93%
Rubbermaid, Inc.	-	-	-	8,339,560	2	3.75%
Sun Chase Estrella LP	-	-	-	6,560,454	4	2.95%
McLane Company	-	-	-	4,492,243	5	2.02%
Qwest Communications	-	-	-	2,646,420	7	1.19%
Dayton Judson	-	-	-	2,246,121	8	1.01%
Southwest Gas Corporation	-	-	-	1,801,345	10	0.81%
Total	$ 135,344,789		3.32%	$ 51,816,466		4.68%

Note: Data not available prior to 2003.

Source: Maricopa County Treasurer

City of Goodyear
Assessed Value and Estimated Actual Value of Taxable Property[1]
Last Three Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Total Assessed Value Residential Property	Total Assessed Value Commercial Property	Agricultural/ Vacant Land	Other	Less: Tax-Exempt Property	Net Assessed Value
2008	$ 464,968,904	$ 159,482,762	$221,884,779	$ 30,978	$ 82,130,285	$ 764,237,138
2007	259,063,526	131,663,157	164,267,777	47,639	60,129,086	494,913,013
2006	219,161,231	109,929,249	97,388,312	226,783	35,549,177	391,156,398

Note: Data prior to 2006 is not available.

[1]Source: Maricopa County Assessor's Office

Under Arizona law, there are two property valuations bases: PRIMARY and SECONDARY. The primary (limited) assessed valuation is used when levying for maintenance and operations. The secondary (full cash) assessed valuation is used when levying for debt retirement.

Secondary Tax Rate	Estimated Actual Taxable Value	Assessed Value as Percentage of Actual Value
$ 0.8679	$ 6,700,379,823	11.4%
0.7991	4,159,221,424	11.9%
0.7778	3,254,133,854	12.0%

ARIZONA
Goodyear

Table 10

City of Goodyear
Property Tax Levies and Collections[1]
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 10,843,797	$ 10,784,567	99.45%	$ -	$ 10,784,567	99.45%
2007	7,424,246	7,257,013	97.75%	49,075	7,306,088	98.41%
2006	6,070,318	5,972,384	98.39%	-	5,972,384	98.39%
2005	6,049,416	5,974,482	98.76%	-	5,974,482	98.76%
2004	5,096,682	4,982,963	97.77%	-	4,982,963	97.77%
2003	4,287,085	4,112,585	95.93%	-	4,112,585	95.93%
2002	3,204,131	3,102,195	96.82%	51,203	3,153,398	98.42%
2001	2,541,008	2,484,965	97.79%	2,469	2,487,434	97.89%
2000	1,977,135	1,967,017	99.49%	277	1,967,294	99.50%
1999	1,682,349	1,663,764	98.90%	-	1,663,764	98.90%

[1]Source: City Financial Records and Reports
Schedule includes General and Debt Service Funds

City of Goodyear
Ratios of Outstanding Debt by Type
Last Three Fiscal Years
(Unaudited)

	Governmental Activities				
Fiscal Year Ended June 30	General Obligation Bonds	Greater Arizona Development Authority Loan	Public Improvement Corporation Municipal Facilities Revenue Bond	McDowell Road Corridor Improvement District	Community Facilities District Bonds
2008	$ 41,719,857	$ -	$ 6,415,000	$ 47,165,000	$ 131,116,000
2007	36,050,000	3,185,000	3,320,000	-	76,844,000
2006	27,280,000	3,645,000	3,485,000	-	73,000,000

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

Business-Type Activities						
General Obligation Bonds	Public Improvement Corporation Municipal Facilities Revenue Bond	Revenue Bonds	Water Infrastructure Finance Authority Loan	Total	Percentage of Personal Income	Per Capita
$ 88,125,143	$ 67,850,000	$ 2,345,000	$ 9,443,400	$ 394,179,400	25.65%	$ 6,742
54,145,000		2,460,000	9,985,012	185,989,012	12.34%	3,335
28,990,000		2,580,000	10,505,512	149,485,512	11.74%	3,007

Table 12

City of Goodyear
Ratios of General Bonded Debt Outstanding
Last Seven Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage Estimated Actual Taxable Value of Property	Per Capita
2008	$129,845,000	$ 3,026,753	$ 126,818,247	11.40%	$ 2,169
2007	90,195,000	587,476	89,607,524	12.00%	1,607
2006	56,270,000	210,498	56,059,502	12.00%	1,128
2005	58,265,000	123,863	58,141,137	17.77%	1,410
2004	30,395,000	499	30,394,501	11.49%	849
2003	22,270,000	-	22,270,000	10.01%	733
2002	11,210,000	-	11,210,000	6.43%	420

Note: Data prior to 2002 not available.

Source: City Records (Does not include Enterprise or Special Assessment bonds)

City of Goodyear
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes and special assessment liens			
Maricopa County	$ -	1.1600%	$ -
Maricopa County Community College District	507,390,000	1.7200%	8,727,108
Avondale Elementary School District #44	27,035,000	77.6900%	21,003,492
Liberty Elementary School District #25	8,835,000	51.1800%	4,521,753
Litchfield Elementary School District #79	28,565,000	35.7400%	10,209,131
Agua Fria Union High School District #216	56,120,000	49.2300%	27,627,876
Buckeye Union High School District #201	56,335,000	17.2000%	9,689,620
Centerra Community Facilities District	3,685,000	100.0000%	3,685,000
Cortina Community Facilities District	2,515,000	100.0000%	2,515,000
Cottonflower Community Facilities District	2,825,000	100.0000%	2,825,000
Estrella Mountain Ranch Community Facilities District	17,425,000	100.0000%	17,425,000
Goodyear Community Facilities Utilities District #1	51,875,000	100.0000%	51,875,000
Goodyear Community Facilities General District #1	12,810,000	100.0000%	12,810,000
Palm Valley Community Facilities District #3	8,195,000	100.0000%	8,195,000
Wildflower Ranch Community Facilities General District #1	1,080,000	100.0000%	1,080,000
Wildflower Ranch Community Facilities General District #2	12,960,000	100.0000%	12,960,000
King Ranch Community Facilities District	-	100.0000%	-
City of Goodyear	129,845,000	100.0000%	129,845,000

(a) Proportion applicable to the City of Goodyear, Arizona is computed on the ratio of secondary assessed valuation for 2008-2009.

Sources: Maricopa County Department of Finance, Maricopa County Assessor's Office and Official Statements.

Table 14

City of Goodyear
Legal Debt Margin Information
Last Three Fiscal Years
(Unaudited)

	Fiscal Year		
	2008	2007	2006
Secondary Assessed Value	$ 764,237,138	$ 494,913,013	$ 391,377,371
20% Limitation			
Debt Limit Equal to 20% of Assessed Valuation	$ 152,847,428	$ 98,982,603	$ 78,275,474
Total Debt Applicable to 20% Limit	129,540,000	90,195,000	47,795,000
Legal 20% Debt Margin (Available Borrowing Capacity)	$ 23,307,428	$ 8,787,603	$ 30,480,474
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	84.75%	91.12%	61.06%
6% Limitation			
Debt Limit Equal to 6% of Assessed Valuation	$ 45,854,228	$ 29,694,781	$ 23,482,642
Total Debt Applicable to 6% Limit	305,000	-	8,475,000
Legal 6% Debt Margin (Available Borrowing Capacity)	$ 45,549,228	$ 29,694,781	$ 15,007,642
Total Net Debt Applicable to the 20% Limit as a Percentage of 6% Debt Limit	0.67%	0.00%	36.09%

Note: Data prior to 2006 is not available.

Sources: Maricopa County Treasurer's Office
City financial records and reports

Table 15

City of Goodyear
Pledged-Revenue Coverage
Last Three Fiscal Years
(Unaudited)

	Public Improvement Corporation Municipal Facilities Revenue Bonds					
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	$ 85,680,828	$ 56,456,349	$ 29,224,479	$ 3,250,000	$ -	8.99

	Water Infrastructure Finance Authority Loan							
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	$ 15,151,775	$ 12,671,962	$ 2,479,813	$ 7,829,657	$ 10,309,470	$ 541,612	$ 404,992	10.89
2007	13,760,462	13,987,570	(227,108)	5,330,221	5,103,113	520,500	426,104	5.39
2006	10,816,571	12,401,149	(1,584,578)	7,284,046	5,699,468	502,118	446,469	6.01

	Water and Sewer Revenue Bonds							
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	$ 15,151,775	$ 14,961,551	$ 190,224	$ 7,829,657	$ 8,019,881	$ 115,000	$ 70,000	43.35
2007	13,760,462	13,987,570	(227,108)	5,330,221	5,103,113	120,000	80,000	25.52
2006	10,816,571	12,401,149	(1,584,578)	7,284,046	5,699,468	130,000	70,000	28.50

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

Table 16

City of Goodyear
Demographic and Economic Statistics
Last Three Fiscal Years
(Unaudited)

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	Unemployment Rate
2008	58,462	$ 1,536,966	$ 26,290	36.1	13 to 16	3.0%
2007	55,775	1,507,375	27,026	36.3	13 to 16	2.3%
2006	49,714	1,274,269	25,632	35.7	13 to 16	2.3%

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

Table 17

City of Goodyear
Principal Employers[1]
Last Two Fiscal Years
(Unaudited)

Major Corporation	Fiscal Year 2008 Employees	Fiscal Year 2008 Rank	Fiscal Year 2008 Percentage of Total City Employment*	Fiscal Year 2003 Employees	Fiscal Year 2003 Rank	Fiscal Year 2003 Percentage of Total City Employment*
Arizona State Prison/Perryville	950	1	4.61%	825	2	4.29%
Lockheed Martin	900	2	4.36%	0	1	0.00%
City of Goodyear	570	3	2.76%	200	3	1.04%
West Valley Hospital	555	4	2.69%	0	7	0.00%
McLane Sunwest	500	5	2.42%	450	4	2.34%
Amazon.com	500	6	2.42%	0	0	0.00%
Wal-Mart Supercenter	495	7	2.40%	0	5	0.00%
Cavco Industries, Inc.	475	8	2.30%	400	6	2.08%
Macy's Logistics & Operations	250	9	1.21%	0	0	0.00%
Snyder's of Hanover	230	10	1.12%	0	10	0.00%
Newell Rubbermaid, Inc.	0	0	0.00%	250	4	1.90%
Fry's Food and Drug Store	0	0	0.00%	225	5	1.71%
Aviation Management Systems	0	0	0.00%	220	6	1.67%
Target	0	0	0.00%	175	8	1.33%
Lufthansa-German Airlines	0	0	0.00%	170	9	1.29%
Arizona Galvanizing	0	0	0.00%	150	10	1.14%
Total	4,475			2,240		

Note: Data not available prior to 2003.

[1]Source: City Records
*2008 labor force = 20,626; 2007 labor force = 19,240

ARIZONA
Goodyear

Table 18

City of Goodyear
Full-time Equivalent City Government Employees by Function
Last Three Fiscal Years
(Unaudited)

	2008	2007	2006
Function			
General Government	52	52	41
Financial Services	28	27	21
Information Services	12	11	9
Police			
Officers	89	72	72
Civilians	26	24	18
Planning and Development	38	32	21
Fire			
Firefighters and Officers	93	70	65
Civilians	17	12	12
Human Resources	10	9	9
Community Services	11	12	8
Economic Development	5	3	3
Municipal Services	14	11	9
Public Works	64	52	49
Water	30	30	30
Wastewater	18	14	14
Sanitation	12	13	10
Total	519	444	391

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

City of Goodyear
Operating Indicators by Function
Last Three Fiscal Years
(Unaudited)

Function	Fiscal Year 2008	2007	2006
General Government			
City Clerk's Office			
# of records requests	648	576	180
City Prosecutor's Office			
% of cases resolved at first court appearance (arraignment)	97.53%	94.79%	94.77%
Charges filed/charges adjudicated (resolved)	2,469	3,653	2,692
City Manager's Office			
% of survey respondents rating "Your Neighborhood as a Place to Live" as good to excellent	94%	94%	91%
Communications & Public Information			
News releases/media updates	182	129	92
Traffic construction alerts	462	215	267
Total newsletter pages sent to citizens	136	116	42
Web pages created/updated	5,788	4,296	2,520
Number of visits to website	1,509,717	1,322,259	840,757
Number of web pages viewed	7,203,478	4,865,081	5,318,311
Number of graphics/photography projects completed	200	175	140
Police			
# Total arrests	2,614	2,814	2,603
# Moving violations citations	11,452	12,422	12,175
Fire			
# Emergency responses	3,431	3,236	1,960
# Fire extinguished	143	154	150
# Inspections	3,427	2,403	759
Financial Services			
# accounts payable checks issued	9,949	9,305	9,014
# purchase orders	1,043	1,002	1,067
# water meters read annually	155,805	147,241	125,382
Information Services			
# documents requests for service (Help Desk tickets)	6,052	4,000	3,477
# of SPAM emails blocked from being delivered to the staff	5,214,519	3,587,184	878,595
# of emails received	6,008,336	4,264,236	1,246,386
Planning and Development			
Customer wait-time (in minutes) at One Stop Shop	< 5	< 5	< 5
Total Number of Permits Issued	5874	1,340	7,859
Provide applicant with pre-application meeting within 30 days of submitting request	100%	100%	100%
% of inspections performed within 24 hours of request	100%	100%	100%
Human Resources			
# of new hires (FT & PT)	179	164	174
HR operating cost as a % of City payroll	4.36%	5.50%	5.26%

Function	Fiscal Year 2008	2007	2006
Parks and Recreation			
# attending Park & Recreation facilities and Libraries annually (Aquatics)	49,111	50,093	46,330
# of square feet of medians and rights of way maintained	113,422,247	108,342,476	106,600,032
Economic Vitality			
Sales Tax growth (% annual change)	-10.25%	21%	70%
Bed Tax growth (% annual change)	6%	7%	23%
Municipal Services			
# of homes serviced by Residential Refuse Collection	19,811	18,664	17,228
# of citizens serviced by Household Hazardous Waste collection program	634	510	531
Water Service			
Water Service Connections	13,500	13,051	11,597
Drinking Water Supplied (million gallons per day)	10.80	6.86	6.95
Reclaimed Water Supplied (million gallons per day)	0.27	0.09	0.09
Wastewater			
Sewer Service Connections	13,500	11,398	5,037
Sewage Treated (millions gallons per day)	3.24	2.48	2.29
Other Public Works			
Street resurfacing (miles)	0	34	32.7
Potholes repaired	783	1,096	977
Citizen & Neighborhood Resources			
# of new Code Enforcement cases processed per year	2,698	2,755	2,092

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

ARIZONA
Goodyear

Table 20

City of Goodyear
Capital Asset Statistics by Function
Last Three Fiscal Years
(Unaudited)

Function	Fiscal Year 2008	2007	2006
Public Safety			
Police:			
Stations	3	4	1
Police Vehicles	125	146	107
Fire Stations	6	4	4
Highways and Streets			
Street (miles)	904	904	791
Streetlights	9040	9040	7,915
Traffic signals	56	37	30
Culture and Recreation			
Parks	16	12	11
Parks Acreage	156	117	82
Swimming Pools	1	1	1
Tennis Courts	6	6	2
Community Centers	1	1	1
Water			
Water Mains (miles)	286	257	173
Fire Hydrants	2,481	2,370	2,053
Storage capacity (thousands of gallons)	15	11	12
Wastewater			
Sanitary Sewers (miles)	236	152	167
Storm Sewers (miles)	80	105	105
Treatment capacity (thousands of gallons)	5.5 MGD	4.55 MGD	11.6 MGD

Note: Data prior to 2006 is not available.

Source: City Financial Records and Reports

ARIZONA
Goodyear

SINGLE AUDIT SECTION

ARIZONA
Goodyear

Celebrating 50 Years Of Service

HENRY & HORNE, LLP
Certified Public Accountants

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

The Honorable Mayor and Council
City of Goodyear, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodyear, Arizona (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City of Goodyear's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, 2008-1 and 2008-2.

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

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

Casa Grande
711 E. Cottonwood Lane
Suite C
Casa Grande, AZ 85222-2725
(520) 836-8201

www.henryandhorne.com

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-2 to be a material weakness.

Compliance and Other Matters

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

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Casa Grande, Arizona
December 12, 2008

Celebrating 50 Years Of Service

HENRY & HORNE, LLP
Certified Public Accountants

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

The Honorable Mayor and Council
City of Goodyear, Arizona

Compliance
We have audited the compliance of the City of Goodyear (the City), Arizona with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Goodyear, Arizona, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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
711 E. Cottonwood Lane
Suite C
Casa Grande, AZ 85222-2725
(520) 836-8201
Fax (520) 426-9432

The Honorable Mayor and Council
City of Goodyear, Arizona
Page Two

Internal Control Over Compliance

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

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

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

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

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

Heinfeld, Meech & Co., LLP

Casa Grande, Arizona
December 12, 2008

CITY OF GOODYEAR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

	Grant Number	Federal CFDA Number	Expenditures	
U.S. Department of Agriculture - Forest Service:				
Passed through Arizona State Land Depatment -				
Forestry Division - Urban & Community Forestry:				
Tree City USA	CCG7-15	10.664	$ 5,000	
Total U.S. Department of Agriculture			5,000	
U.S. Department of Housing and Urban Development:				
Passed through Maricopa County Department of Housing:				
Community Development Block Grant	DG0605	14.218	350,000	*
Total Department of Housing and Urban Development			350,000	
U.S. Department of Justice:				
Passed through Maricopa County:				
McNett Grant	C5008515200	16.738	71,000	*
McNett Grant	C5008518200	16.738	11,000	*
Total U.S. Department of Justice			82,000	
U.S. Department of Transportation:				
Passed through Arizona Department of Transportation:				
ITS Strategic Plan Study	STP-GDY-0(014)	20.205	113,424	*
Passed through Arizona Governor's Office of				
Highway Safety:				
Highway Safety	2007-PT-025	20.600	20,341	
Total U.S. Department of Transportation			133,765	
U.S. Environmental Protection Agency:				
Congressionally Mandated Projects	XP-96926901-0	66.202	29,132	
Total U.S. Environmental Protection Agency			29,132	
U.S. Department of Homeland Security				
Assistance to Firefighters	EMW-2007-FO-09830	97044	12,560	
Passed through Arizona Division of Emergency Management:				
Arizona Dept of Homeland Security	2005-GE-T5-0030	97.067	4,732	
Arizona Dept of Homeland Security	2006-GE-T6-0007	97.067	8,715	
Arizona Dept of Homeland Security	2007-333825-01	97.067	1,803	
Arizona Dept of Homeland Security	2007-333825-02	97.067	376,416	
Total Department of Homeland Security			404,226	
Total Federal Financial Assistance and Expenditures of Federal Awards			$ 1,004,123	

*Denotes major program

CITY OF GOODYEAR, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

NOTE 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Goodyear, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF GOODYEAR, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Goodyear.
2. Two significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Goodyear were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for U.S. Department of Housing and Urban Development Community Development Block Grant passed through Maricopa County Department of Housing, U.S. Department of Justice McNett Grants passed through Maricopa County, and U.S. Department of Transportation ITS Strategic Plan Study Grant passed through Arizona Department of Transportation expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include U.S. Department of Housing and Urban Development Community Development Block Grant passed through Maricopa County Department of Housing (CFDA 14.218), U.S. Department of Justice McNett Grants passed through Maricopa County (CFDA 16.738), and U.S. Department of Transportation ITS Strategic Plan Study Grant passed through Arizona Department of Transportation (CFDA 20.205).
8. The threshold used for distinguishing between Type A and B programs was $300,000.
9. City of Goodyear did not qualify as a low-risk auditee.
10. There were no prior year findings.

CITY OF GOODYEAR
SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2008

Financial Statement Findings

2008-1 Segregation of duties

Condition: There were several individuals within finance that had access to make changes to payroll information even though it was not part of their normal duties.

Criteria: A proper segregation of accounting functions is necessary to assure adequate internal controls.

Effect: Segregation of duties related to the payroll process was not adequate. This could create control situations which would allow personnel to misappropriate assets.

Cause: Management did not evaluate and grant payroll access only to individuals that needed the access to perform their normal duties.

Recommendation: We recommend management evaluate and grant payroll access only to those individuals that need the access to perform their normal duties.

Management's response: The changes necessary to achieve this recommendation were made determined and provided to the ITS security personnel in 2007. Everyone involved in the process, including ITS security personnel thought these changes were made at that time. Upon review by the auditors in connection with the 2008 audit, it was determined that these changes were not made at that time. The changes were subsequently made in October. No inappropriate access to the payroll information was noted during this timeframe.

2008-2 Journal entries related to capital assets

Condition: The City did not have proper controls to record nonstandard acquisitions/contributions of capital assets.

Criteria: Proper controls over the financial reporting process of capital assets are necessary to ensure proper application of generally accepted accounting principles.

Effect: The City made several client journal entries to correct capital assets after audit fieldwork had started. Material audit adjustments were made to correct capital assets.

Cause: Management did not have proper oversight over the process of recording nonstandard acquisitions/contributions of capital assets.

Recommendation: We recommend that the finance department have a process in place to monitor and review the recording of acquisitions/contributions of capital assets. We also recommend that finance personnel prepare a crosswalk of capital outlay expenditures and capital contribution revenue compared to capitalized assets for management to review prior to audit fieldwork.

Management's response: There were a couple of complex capital asset transactions recorded after the final adjusted balances were presented by the auditors. The adjustments impacting the capital asset accounts for the governmental fund types were found by City accounting staff in a follow up review of the information given to the auditors. In addition, there was a significant change in the accounting for the water rights in the Enterprise Funds that was generated by City Staff as a result of an analytical review of the draft financial statements that were compiled after the completion of the fieldwork. Training programs for accounting staff will be enhanced to emphasize capital asset accounting standards.