

CITY OF GOODYEAR, ARIZONA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005





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INTRODUCTORY SECTION





December 7, 2005

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

We are pleased to submit to you the 2005 Comprehensive Annual Financial Report (CAFR) of the City of Goodyear, Arizona. The report is prepared by 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.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to allow the compilation of sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Henry & Horne, LLP, whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2005, are free from material misstatement. The independent

Proud past. Vibrant future!

City of Goodyear Finance- Finance Department
190 N. Litchfield Road PO Box 5100 Goodyear, AZ 85338-0601
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audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2005, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The City is not required to have an independent audit ("Single Audit") of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year. The City received less than \$500,000 in federal financial assistance during the year ended June 30, 2005 and therefore was below the Single Audit threshold.

Presentation

The comprehensive annual financial report is presented in three sections. The Introductory Section includes a list of principal officials, an organizational chart, and this transmittal letter which highlights significant aspects of the City and particular financial issues. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The Statistical Section includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.

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 for four-year terms. 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 117 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 from 6,300 to 19,695. The estimated July 2005 population is 41,240. The City's tremendous growth is attributable to excellent housing, small-town atmosphere, convenient access to the central Valley, and excellent school districts. Based on current projections, population growth trends are expected to continue. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

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 nine parks encompassing 175 acres.

This report includes financial statements on both a government-wide and fund basis for the primary government, as well as its component units. Component units are separate legal entities that are included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, The Financial Reporting Entity. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and nine blended component units, the Goodyear Community Facilities General District No. 1, Palm Valley Community Facilities District No. 3, 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 No. 1, Cottonflower Community Facilities District, Centerra Community Facilities District, and Cortina Community Facilities District.

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. The voters approved a permanent Expenditure

Limitation increase that allows the City to operate our budget in line with our growth. The current budget complies with the voter approved Alternative Local Expenditure Limitation.

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, and enterprise funds 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.

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 FY 04-05 another successful year and will provide for continued success in the years to come.

A continued trend of new housing starts during the year increased the size of our community, the third fastest growing city in the Phoenix-Metro area. The city permitted over 2,200 single-family-residential permits in FY 04-05. The city is expected to permit an equal number of permits in FY 05-06.

The City's retail, industrial, and commercial activities are expected to continue strongly including the following:

Retail & Hospitality

The following retail and service stores opened this past fiscal year:

Chick-fil -A	Pulseboard Shop	Rosati's Pizza
Play it Again Sports	Ulta	Kindercare
Jack in the Box	Diamondback Spas	Avalon Nails & Spa
El Paso BBQ	Scrap Therapy	Curves for Women
Dunn Edwards Paint	Safeway	Dr. Coil Footwear
Native New Yorker	Macoyo's	Lane Bryant
Sportsman's Warehouse	Chipotle	Oreck Vacuums
Streets of New York	Carls Jr	Presidential Pools
Massage Envy	Green Burrito	Suki's Bridal
Take Five Dance Studio	Kawasaki	Hi-Health

Industrial and Commercial

RBD built six industrial Speculation buildings totaling 180,000 square feet on Bullard north of Van Buren.

Economic Outlook

Goodyear continues to benefit from residential, retail and industrial growth. The city is less than 15% built out. Total City operating revenues grew approximately 13% from FY 03-04 to FY 04-05. Total operating revenues for FY 05-06 are expected to grow 24% above FY 04-05 levels. This increase is based on the continued issuance of building permits and continued growth in the City's taxable retail sales, and new utility connections.

Retail Sales. The City of Goodyear, like all Arizona cities, places a heavy reliance on City sales tax revenues. Overall, City sales tax revenues comprise approximately 31% of operating revenues. The City's sales tax rate is currently at 2%, with an additional 2.5% charge on lodging/restaurant/bar services. For single item purchases of tangible personal property greater than \$5,000 there is a 1.2% tax rate while construction activities are taxed at 3.5%. Overall, City's sales tax revenues are expected to increase by 21% in FY 05-06.

State Shared Revenues. 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 a large portion of the City's day-to-day activities.

The City currently projects an increase of 15% in these revenues for fiscal year 2006.

Property Tax. The City's combined (secondary and primary) property tax rate is \$1.60 per \$100 of assessed valuation for fiscal year 2006. Of this, \$0.78 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 20% in FY 05-06.

The primary property tax rate is \$.82 for 2006. 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 \$3.5 million in fiscal year 2005. The primary property tax revenues are expected to be \$3.0 million dollars in FY 05-06. While this amount is less than 5% of the operating revenues, it is nonetheless an important component for the stability and revenue diversity of the City's operating revenues.

Labor Force. Goodyear has a well-educated and available labor force. The median income level is \$57,492 as of the 2000 census. 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 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/industrial locates to the City.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For The Year

During fiscal year 2005, 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 fiscal year 2005:

Police

- Instituted Compstat program to track crimes more efficiently, assign accountability, and provide better reports
- Participated in Glendale Police Departments Regional Data Sharing Initiative. This allows police departments in the west valley to share crucial data on persons, locations, and vehicles.
- Coordinated West Valley DUI Task Force and hosted 5 DUI Task Forces
- 50 public safety events including fingerprinting, bike rodeos, paint over of trotter track graffiti and placing alarms in facility
- K-9 Unit responded to 131 deployments to include 55 building searches, 40 drug sniffs, 13 tracks, 40 area searches, 7 article searches, 18 suspect apprehensions and only two bites

Fire

- Completed design of Fire Station 184 at Wildflower Drive and Yuma Road.
- Placed order for a new fire engine for Station 184.
- Created a career path guide for all positions within the fire department and conducted training for all supervisors.
- Conducted site study for City Training Facility.
- Replaced emergency generator at Station No. 1 to provide back up power to entire facility.
- Hired an Emergency Management Coordinator to oversee all emergency management activities for the City.
- Hired a Deputy Fire Chief to fill vacancy created by internal transfer.
- Took delivery of the replacement 100' aerial platform ladder truck.
- Took delivery of the hazardous materials vehicle.
- Received \$90,000 grant from the Arizona Office of Homeland Security to purchase personal protective equipment and a chemical identifier for the Hazardous Materials Team.
- Received four Automated External Defibrillators (AEDs) for City facilities from the Arizona Department of Administration Risk Management.

- Received the Operation Life Safety award for zero fire deaths in the year 2003.
- Held open houses at all three fire stations for Fire Prevention Week.
- Conducted the first-ever Officer Development course for all GFD officers
- Provided HIPAA training for all department employees.
- Sponsored seven fire cadets through Glendale Community College's Fire Operations class.
- For the first time, conducted recruitment for recruit (uncertified) firefighters.
- Partnered with Legal Services, Human Resources, and Finance to determine that firefighters do not need to contribute to Social Security, saving the employees and the City tens of thousands of dollars annually.
- Conducted an Emergency Operations Center drill and field exercise at the Phoenix/Goodyear Airport.
- Conducted a live demonstration of a burn building for City Council and other stakeholders at Luke Air Force Base.
- Council approved the location of PebbleCreek Parkway and Clubhouse Drive for a future fire station.
- Phoenix Fire Department upgraded all Mobile Data Terminals (MDTs) to Mobile Computing Terminals (MCTs) in all fire department apparatus at no charge.
- Reallocated funds from MCT replacement to fund two additional Plymovent (vehicle exhaust removal system) drops for Station 181 (to complete system).
- Council adopted the 2003 International Fire Code that included Firefighter Air Systems for refilling SCBAs in multi-story buildings; provisions aimed at increased firefighter safety.
- ISO conducted an audit of the City's fire protection services and the City was upgraded to a "4" rating.

Parks

- Provided maintenance and support services at the new Community Park.
- Provided support to Community Initiatives at GAIN events scheduled for Fall 2004
- Provided technical support during construction of the new Dog Park, and ensured that the same high standards of maintenance are carried out now that the park is open.
- Developed a new inspection process for all playgrounds within the City of Goodyear.
- Completed a Citywide asset inventory for all landscaping within the City of Goodyear owned rights-of-way, parks, and facilities.
- Three employees attended and passed the Certified Pool Operator training
- Changed work schedules to provide 7-day coverage in the parks.

Recreation

- Coordinated adult and youth sports leagues at the new Community Park.
- Coordinated a Spring Fling Event and two concert series at the new Community Park.
- Created four new special interest classes: Youth Golf, Belly Dancing, Dog Obedience, and Take a Hike with the Mayor.
- Developed and coordinated Goodyear Little League.

- Developed a new employee orientation program for lifeguards.
- Planned and budgeted for a study and design of a new city aquatic facility.
- Improved backwash drainage at the Loma Linda Pool.
- Offered year round dive lessons.
- Received \$5,000 from Southwest Ambulance for swim lessons.

Streets

- Modified vehicle number 253 to be an exclusive sign installation and maintenance truck complete with toolboxes, hydraulic system and tools.
- Upgraded 13 controllers with components compatible with fiber-optic coordination.
- Replaced lighted metro signs at six intersections with new signs that include Lexar anti-graffiti film.
- Activated a new traffic signal at Estrella Pkwy and I-10.
- Purchased furniture and equipment for two additional signalized intersections.
- Replaced damaged mast arms and supports at Palm Valley Blvd and Litchfield and at Indian School Rd and Litchfield Rd.
- Milled and overlaid Litchfield Rd from Western/Yuma to Indian School Rd. with rubberized asphalt.
- Received grant funding for the purchase of two new PM-10 certified street sweepers.
- Received grant funding for National Pollution Discharge Elimination System (NPDES) training and education.
- Modified sweeper routes to reduce cycle time from 3 weeks to 2 weeks.
- Completed and turned in the Phase II Storm Water prevention report.

Water

- Completed department organization
- Monitored department expenses and cost effectiveness
- Met or exceeded all state and federal drinking water regulations
- Developed new potable water sources bringing an additional 660,000 gallons per day into the system.
- Evaluated system storage capacity and brought new 2 MGD tank on line
- Developed Reverse Osmosis (RO) Treatment Facility
- Met or exceeded all state and federal wastewater treatment regulations.
- Completed construction of the Rainbow Valley WRF
- Evaluated the feasibility of re-permitting the current SAT Site from 3.0 mgd to 4.0 mgd (million gallons per day)
- Developed a baseline distribution system maintenance program
- Evaluated lost water sources and formulated a plan to reduce lost water

Sanitation

- Designed and implemented a 500 residential home, commingled curbside recycling pilot program.
- Conducted two regional Household Hazardous Waste (HHW) collection day events. The Cities of Goodyear, Avondale and Litchfield Park, as well as Luke Air Force Base participated in these events.

- Performed public recycling outreach at the 2005 Women’s Expo, City of Goodyear Spring Spectacular, Billy Moore Parade, Western Heritage Parade, KMOR FM recycling interview and Public Works Appreciation Week at Desert Thunder Elementary school.
- Continue to provide data and feedback to the Solid Waste Advisory Committee assigned to identify and recommend Goodyear solid waste needs.
- Acquired the Maricopa County 2005 tire permit which allows Goodyear resident tire disposal at zero tipping fees.
- Entered into an Intergovernmental Agreement with the City of Glendale Materials Recovery Facility, which enables the City to deliver commingled recycling commodities at zero tipping fees. The IGA also enables Goodyear residents to deliver beverage, commingled glass to a drop off center within the Facility.
- Recycled 8 tons of Christmas trees. Chippings were used as ground cover by Duncan Farms.
- Extended the Residential Solid Waste Collection Agreement for one year.
- Sanitation staff member received the SWANA Collections Systems Manager certification.
- Two (2) Sanitation staff members received the SWANA Recycling Systems Manager certification
- Successfully added E-Waste (electronics) as an acceptable HHW material.
- Completed the Sanitation Account Billing Field Survey
- Synchronized the residential uncontained bulk collection holiday schedule with the residential contained holiday schedule.

Community Initiatives

- Seek additional revenue for the City of Goodyear through federal and state funding sources
- Maintain Goodyear representation on regional boards and quasi-governmental councils
- Preserve the Mission of Luke Air Force Base (AFB)
- Draft and recommend policy and code changes that better coordinate and match existing codes
- Continued to educate the community about voluntary code compliance
- Improved customer advocacy by improving department database and reporting methodology and therefore turnaround times
- Initiated formalized public participation training for City staff
- Improved awareness of City services/projects/image through City’s website
- Determined citizen satisfaction with City services and our customer service delivery
- Enhanced the quality of all printed City communications
- Identified “Target Area” neighborhoods for additional City resources and attention to needs.
- Assisted neighborhoods through organizing new neighborhood associations (NAs) and enhancing learning for HOAs and NAs to become better equipped in governing their neighborhoods

- Worked to establish G.A.I.N.(Getting Arizonans Involved) activities in all neighborhoods
- Facilitated the start-up of a citizen mediation program

Community Development

- Completed the development of a City Center Specific Area Development Plan.
- Implemented the Housing Rehabilitation Program funded by HOME funds.
- Implemented the planning and zoning HTE Module for better monitoring and tracking of development proposals.
- Developed and implemented an incentive program for hot water re-circulating pumps for residential dwelling units.
- Developed standards for regulating mobile mini-storage units in commercial developments.
- Expanded the City Center Gateway overlay district landscape standards from the City Center to MC 85.
- Implemented rubberized asphalt standards for new arterial and collector roads.
- Consolidated and streamlined the landscape plan review and inspection process within the Engineering Division.
- Initiated new outdoor lighting standards for non-residential private properties as well as public uses.
- Partnered with Maricopa County Department of Transportation (MCDOT) to design the Cotton Lane Bridge over the Gila River.
- Partnered with ADOT and MCDOT with the Design Concept Report for the future SR303 Freeway.
- Implemented ARC-IMS software to provide access to GIS maps to all city departments. Completed the Water Utility Rates and Impact Fee study.

For a complete listing of all the City departments and their accomplishments for FY 04-05, please contact the City's Budget and Research Office for a copy of the FY 05-06 budget book.

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 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 participates in 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. As of June 30, 2005, the City's net general obligation debt of \$58,265,000 was below the combined legal limit of \$85,069,821. The City of Goodyear anticipates selling an additional \$29,000,000 in General Obligation Bonds in FY 05-06.

The following is a summary of the City's outstanding debt, excluding the Community Facilities District Bonds of \$69,452,600, as of June 30, 2005.

• General Obligation Bonds	\$58,265,000
• Water & Sewer Revenue Bonded Debt	\$13,717,624
• Public Improvement Corporation Bonded Debt	\$ 3,640,000
• Greater Arizona Development Authority Loan	<u>\$ 4,085,000</u>
Total	\$79,707,624

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 2% for the year ended June 30, 2005. The book value of the City's unrestricted investment portfolio at June 30, 2005 was \$93,329,623. 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 related to public and property liability as well as Workers' Compensation. Public liability includes public officials' errors and omissions, automobile and general liability and related lines. During fiscal year 2004/2005, the City was insured for losses up to \$15 million with a deductible of \$75,000 for general liability and \$1,000 for automobile liability. During the fiscal year ended June 30, 2005 there was no reduction in excess insurance coverage. 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 our 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. 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



CITY OF GOODYEAR
LIST OF PRINCIPAL OFFICIALS

MAYOR

James M. Cavanaugh

VICE MAYOR

Frank Cavalier

COUNCIL MEMBERS

Richard A. Sousa

Rob Antoniak

Fred Scott

Brenda Holland

Georgia Lord

SENIOR MANAGEMENT STAFF

Stephen S. Cleveland
City Manager

Michael Simonson
Presiding Judge

Roric Massey
City Attorney

Brian J. Dalke
Deputy City Manager

James R. Nichols
Deputy City Manager

Dee Cockrum
City Clerk

Kay Wilkinson
Human Resources Director

Holly Childs
Economic Development Director

Mark K. Brown
Police Chief

Mark Gaillard
Fire Chief

Harvey Krauss
Community Development Director

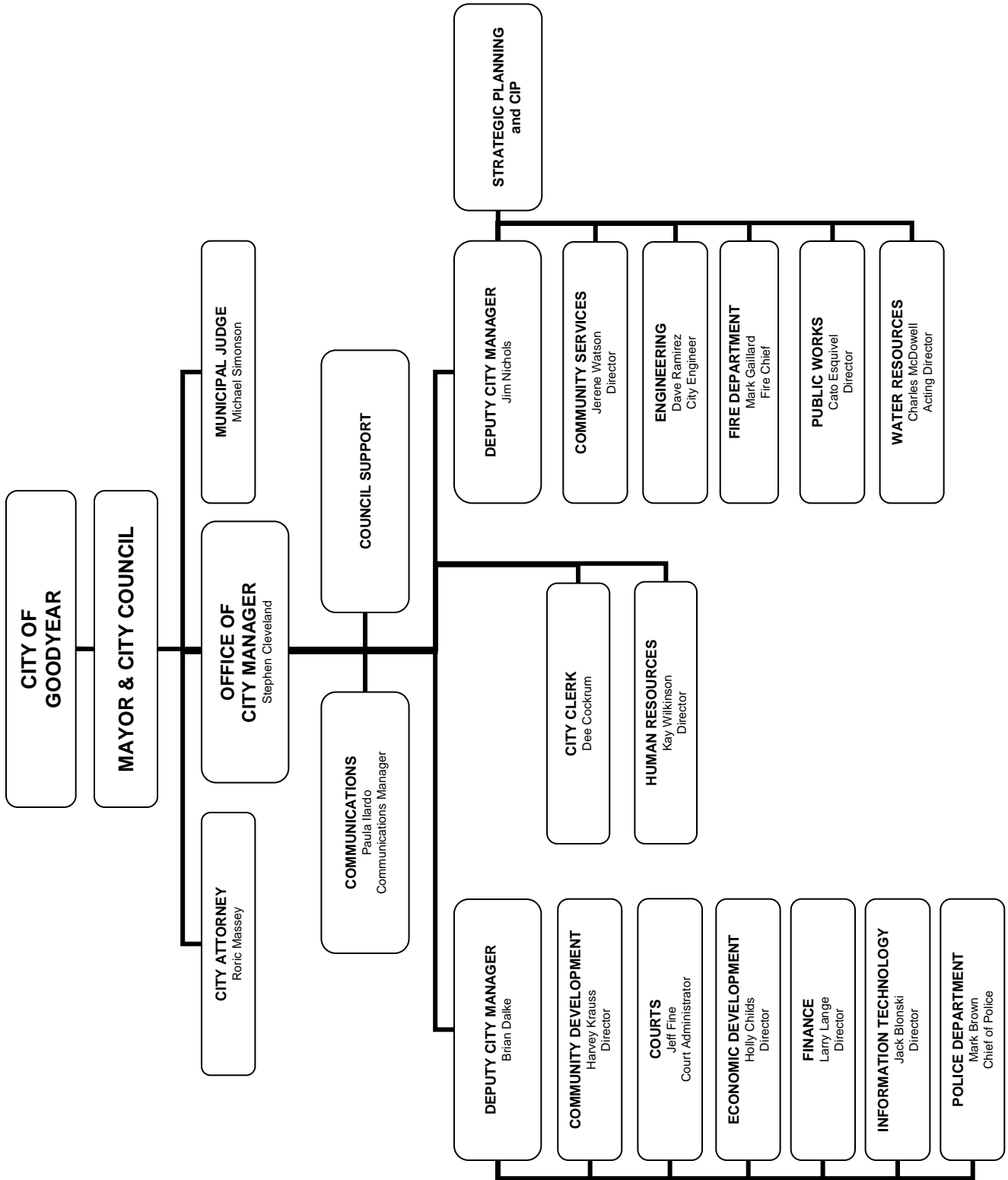
Larry Lange
Finance Director

Jack Blonksi
Information Technology Director

Cato Esquivel
Public Works Director

Jerene Watson
Community Services Director

Charles McDowell
Acting Water Resources Director





FINANCIAL SECTION





HENRY & HORNE, LLP
Advisors to Business

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, 2005, 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 an opinion 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, 2005, 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 accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Council
City of Goodyear, Arizona

The management's discussion and analysis and budgetary comparison information on pages 5 through 13 and 61 through 63 and 76 through 86, 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 basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

A handwritten signature in black ink that reads "Henry Honez, LLP". The signature is written in a cursive style with a large, stylized "H" and "H" at the beginning of the first and last names respectively.

December 7, 2005

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2005 (2005). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-xvi of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2005 as follows:

- The City's total net assets of governmental activities increased \$16.2 million to \$245.9 million and business-type activities increased \$8.0 million to \$59.1 million representing 80.6% and 90.4% respectively, of the total net assets of \$305.0 million.
- General revenues from governmental activities accounted for \$40.2 million in revenue, or 58.5% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$28.4 million or 41.5% of total governmental activities revenues. The City had \$26.3 million of program revenues and \$96,000 in general revenues related to business-type activities.
- The City had \$53.1 million in expenses related to governmental activities; of which \$28.5 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$40.2 million were adequate to provide for the remaining costs of these programs. The City had \$17.7 million in expenses related to business-type activities. Program specific charges for services or grants and contributions of \$26.3 million were adequate to offset the costs.
- Among major governmental funds, the General Fund had \$44.6 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services and intergovernmental revenues. The total expenditures of the General Fund were \$33.2 million. The General Fund's fund balance increased from \$18.7 million to \$29.4 million. This increase was primarily due to revenues increasing faster than operating expenditures. The Community Facilities District – Debt Service Fund had revenues of \$5.6 million, which consisted of taxes and special assessments, and expenditures of \$7.0 million. The Capital Improvement Projects Fund had revenue of \$.5 million, which consisted mainly of developer reimbursements, and expenditures of \$1.8 million. The fund balance of the Capital Improvement Projects Fund increased by \$28.5 million from the prior year due to the issuance of general obligation bonds. The Community Facilities District – Capital Projects Funds fund balance increased by \$6.1 million primarily due to the debt issuance.

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.

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

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

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

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, highways and streets, public works, culture and recreation, and community development. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, wastewater, and sanitation services. These services are financed through user fees and charges.

The government-wide financial statements can be found on pages 17-19 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 23 and 26, respectively.

The City maintains 15 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 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 66 of this report.

The governmental fund financial statements can be found on pages 20 – 27 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses separate enterprise funds to account for its water and sewer

services and its sanitation services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer fund and the sanitation fund, both of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 28 – 31 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 32 – 33 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 37 – 58 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 required supplementary information can be found on pages 61 – 63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 66 – 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$305.0 million as of June 30, 2005.

By far the largest portion of the City's net assets (59.9%) reflect its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City net assets (6.2%) are restricted for the specified purposes of debt service repayment.

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

The following tables present a summary of the City's net assets for the fiscal year ended June 30, 2005 and 2004.

	2005		Total
	Governmental Activities	Business-type Activities	
Current assets	\$ 122,362,399	\$ 10,558,674	\$ 132,921,073
Restricted assets	9,713,144	-	9,713,144
Capital assets, net	<u>262,880,205</u>	<u>70,357,124</u>	<u>333,237,329</u>
Total assets	<u>394,955,748</u>	<u>80,915,798</u>	<u>475,871,546</u>
Current liabilities	12,327,711	6,917,516	19,245,227
Noncurrent liabilities	<u>136,735,337</u>	<u>14,836,776</u>	<u>151,572,113</u>
Total liabilities	<u>149,063,048</u>	<u>21,754,292</u>	<u>170,817,340</u>
Net assets			
Invested in capital assets, net of related debt	127,120,944	55,662,610	182,783,554
Restricted for:			
Special revenue purposes	14,475,469	-	14,475,469
Debt service	19,013,124	-	19,013,124
Capital projects	58,902,675	-	58,902,675
Unrestricted	<u>26,380,488</u>	<u>3,498,896</u>	<u>29,879,384</u>
Total net assets	<u>\$ 245,892,700</u>	<u>\$ 59,161,506</u>	<u>\$ 305,054,206</u>

	2004		Total
	Governmental Activities	Business-type Activities	
Current assets	\$ 55,288,445	\$ 10,871,602	\$ 66,160,047
Internal balances	12,336,547	(12,336,547)	-
Restricted assets	10,401,695	-	10,401,695
Capital assets, net	<u>261,064,851</u>	<u>62,461,518</u>	<u>323,526,369</u>
Total assets	<u>339,091,538</u>	<u>60,996,573</u>	<u>400,088,111</u>
Current liabilities	9,609,204	6,075,115	15,684,319
Noncurrent liabilities	<u>99,785,293</u>	<u>3,792,958</u>	<u>103,578,251</u>
Total liabilities	<u>109,394,497</u>	<u>9,868,073</u>	<u>119,262,570</u>
Net assets			
Invested in capital assets, net of related debt	162,387,951	46,277,707	208,665,658
Restricted for grant purposes	121,571	-	121,571
Restricted for debt service	6,388,963	-	6,388,963
Restricted for capital projects	21,129,201	-	21,129,201
Unrestricted	<u>39,669,358</u>	<u>4,850,793</u>	<u>44,520,151</u>
Total net assets	<u>\$ 229,697,044</u>	<u>\$ 51,128,500</u>	<u>\$ 280,825,544</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The issuance of \$29.3 million in general obligation bonds.
- The issuance of \$12.7 million in community facilities district bonds.
- The addition of \$9.6 million in governmental activities capital assets through the continued construction of system infrastructure, including developer contributions, and equipment additions.
- The addition of \$10.2 million in business-type activities capital assets through the continued construction of system infrastructure, including developer contributions, and equipment additions.

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2005 were \$95.1 million. The total cost of all programs and services was \$70.9 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2005.

	2005		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 11,459,192	\$ 15,457,023	\$ 26,916,215
Operating grants and contributions	523,405	-	523,405
Capital grants and contributions	16,472,105	10,853,019	27,325,124
General revenues:			
Sales taxes	21,747,851	-	21,747,851
Property taxes	8,583,676	-	8,583,676
Franchise taxes	1,166,525	-	1,166,525
State shared revenue	5,973,538	-	5,973,538
Investment income	1,079,720	88,211	1,167,931
Miscellaneous	1,641,295	7,666	1,648,961
Total Revenues	<u>\$ 68,647,307</u>	<u>\$ 26,405,919</u>	<u>\$ 95,053,226</u>
Expenses			
General government	\$ 8,602,993	\$ -	\$ 8,602,993
Public safety	16,054,895	-	16,054,895
Highways and streets	8,007,969	-	8,007,969
Public works	6,398,665	-	6,398,665
Culture and recreation	2,591,911	-	2,591,911
Community development	6,861,768	-	6,861,768
Interest on long-term debt	4,567,604	-	4,567,604
Water and sewer	-	15,150,219	15,150,219
Sanitation	-	2,588,541	2,588,541
Total expenses	53,085,805	17,738,760	70,824,565
Transfers	634,153	(634,153)	-
Increase in net assets	<u>\$ 16,195,655</u>	<u>\$ 8,033,006</u>	<u>\$ 24,228,661</u>

	2004		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues			
Charges for services	\$ 10,555,004	\$ 16,492,071	\$ 27,047,075
Operating grants and contributions	109,956	-	109,956
Capital grants and contributions	46,863,563	12,702,625	59,566,188
General revenues:			
Sales taxes	17,342,116	-	17,342,116
Property taxes	7,187,270	-	7,187,270
Franchise taxes	958,006	-	958,006
State shared revenue	5,756,754	-	5,756,754
Investment income	556,145	119,849	675,994
Miscellaneous	408,114	67,756	475,870
Total Revenues	<u>\$ 89,736,928</u>	<u>\$ 29,382,301</u>	<u>\$ 119,119,229</u>
Expenses			
General government	\$ 8,541,514	\$ -	\$ 8,541,514
Public safety	14,739,539	-	14,739,539
Highways and streets	4,217,554	-	4,217,554
Public works	2,744,892	-	2,744,892
Culture and recreation	1,716,362	-	1,716,362
Community development	5,386,786	-	5,386,786
Interest on long-term debt	5,649,175	-	5,649,175
Water and sewer	-	13,696,021	13,696,021
Sanitation	-	2,133,917	2,133,917
Total expenses	42,995,822	15,829,938	58,825,760
Transfers	(799,999)	799,999	-
Increase (decrease) in net assets	<u>\$ 45,941,107</u>	<u>\$ 14,352,362</u>	<u>\$ 60,293,469</u>

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

	2005	
	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General government	\$ 8,602,993	\$ (7,647,915)
Public safety	16,054,895	(15,369,676)
Highways and streets	8,007,969	(2,103,969)
Public works	6,398,665	3,746,894
Culture and recreation	2,591,911	(2,458,718)
Community development	6,861,768	3,769,885
Interest on long-term debt	4,567,604	(4,567,604)
Total expenses	<u>53,085,805</u>	<u>(24,631,103)</u>
Business-Type Activities		
Water and Sewer	15,150,219	8,373,675
Sanitation	2,588,541	197,607
Total expenses	<u>17,738,760</u>	<u>8,571,282</u>
Total	<u>\$ 70,824,565</u>	<u>\$ (16,059,821)</u>

- The cost of all governmental activities this year was \$53.1 million. The cost of all business-type activities this year was \$17.7 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$106.2 million.

The General Fund is the principal operating fund of the City. The increase in fund balance of \$10.7 million in the General Fund to \$29.4 million as of June 30, 2005 was a result of increased revenues from tax revenues. The Community Facilities Districts – Debt Service Fund balance showed an increase of \$.1 million to \$6.5 million as of June 30, 2005. The Capital Improvement Projects Fund showed a fund balance increase of \$28.5 million to \$37.7 million as of June 30, 2005 due to the issuance of general obligation bonds.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$59.2 million. The increase of \$8.0 million in the Enterprise Funds for the fiscal year ended June 30, 2005 is due primarily from the contribution of \$6.4 million in infrastructure by developers.

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. The City did not revise the annual operating budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2005, the City had invested \$333.2 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$10.1 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2005.

	2005		
	Governmental Activities	Business-type Activities	Total
Land	\$ 16,579,557	\$ 3,158,615	\$ 19,738,172
Right of way	112,808,609	-	112,808,609
Streetscape	5,771,420	-	5,771,420
Infrastructure	139,143,127	-	139,143,127
Buildings and improvements	18,591,509	-	18,591,509
Vehicles, furniture and equipment	21,403,138	11,317,890	32,721,028
Improvements other than buildings	-	72,112,362	72,112,362
Construction in progress	192,020	-	192,020
Accumulated depreciation	(51,609,175)	(16,231,743)	(67,840,918)
Total	<u>\$ 262,880,205</u>	<u>\$ 70,357,124</u>	<u>\$ 333,237,329</u>

Additional information on the City's capital assets can be found in Note 4 of this report.

Debt Administration. As year-end, the City had \$135.4 million in governmental long-term debt outstanding with \$792,600 due within one year. The City had \$13.8 million in business-type long-term debt outstanding. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2005.

	2005	
	Governmental Activities	Business-type Activities
General obligation bonds payable	\$ 58,265,000	\$ -
Community facilities districts bonds payable	69,452,600	-
Loan payable	4,085,000	11,007,624
Revenue bonds payable	<u>3,640,000</u>	<u>2,710,000</u>
Total	<u>\$135,442,600</u>	<u>\$ 13,717,624</u>

The Arizona constitution limits the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the City is \$65.4 million. The City has \$48.9 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 \$19.6 million less direct bonded debt outstanding of \$9.4 million.

Additional information on the City's long-term debt can be found in Notes 5 – 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate in the metropolitan Phoenix region for June 2005 was 3.9%, which remains below both the state (4.6%) and national average (5.0%). While the regional economy remains strong, it is traditionally largely driven by construction, due to the continued population growth of the state and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependant on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

Because of the continued growth of the community, Goodyear's revenues have continued to increase. Goodyear continues to attract new retail businesses, restaurants, and employment businesses, helping to increase the City's sales tax base. The adopted fiscal year 2005-06 budget expects sales tax revenues to increase 116.2%, while total General Fund operating revenues are expected to increase 29.4%.

To ensure the City remains financially strong, the adopted fiscal year 2005-06 budget is \$223.7million (up 45.9% from 2004-05). It includes a \$57.9 million operating budget (an increase of 25.2% from 2004-05) and a \$131.4 million capital projects budget (up 22.7% from 2004-05). The fiscal year 2005-06 budget included 72 new staff positions to support City services.

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. 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.



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS



City of Goodyear
Statement of Net Assets
June 30, 2005

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 101,242,713	\$ 8,559,756	\$ 109,802,469
Receivables (net of allowance for uncollectibles)	19,966,588	1,787,093	21,753,681
Due from other governments	5,457	-	5,457
Inventories	86,499	142,292	228,791
Prepaid items	48,741	69,533	118,274
Deferred charges	1,012,401	-	1,012,401
Restricted cash and cash equivalents	9,713,144	-	9,713,144
Capital assets:			
Land and construction in progress	135,351,606	3,158,615	138,510,221
Other capital assts (net of accumulated depreciation)	127,528,599	67,198,509	194,727,108
Total assets	<u>394,955,748</u>	<u>80,915,798</u>	<u>475,871,546</u>
 LIABILITIES			
Accounts payable and other current liabilities	7,243,057	1,753,927	8,996,984
Accrued payroll and employee benefits	975,338	97,312	1,072,650
Accrued interest payable	1,674,697	-	1,674,697
Deposits held for others	371,839	247,422	619,261
Unearned revenue	788,010	4,767,620	5,555,630
Noncurrent liabilities:			
Due within one year:			
Compensated absences	482,170	51,235	533,405
Bonds payable	792,600	-	792,600
Due in more than one year:			
Compensated absences	1,768,676	142,262	1,910,938
Loans payable	4,085,000	11,007,624	15,092,624
Bonds payable	130,565,000	2,710,000	133,275,000
Interest payable	-	942,822	942,822
Deferred amount on refunding	(82,874)	-	(82,874)
Bond discount	(79,896)	-	(79,896)
Bond premium	479,431	34,068	513,499
Total liabilities	<u>149,063,048</u>	<u>21,754,292</u>	<u>170,817,340</u>
 NET ASSETS			
Invested in capital assets, net of related debt	127,120,944	55,662,610	182,783,554
Restricted for:			
Special revenue purposes	14,475,469	-	14,475,469
Debt service	19,013,124	-	19,013,124
Capital projects	58,902,675	-	58,902,675
Unrestricted	26,380,488	3,498,896	29,879,384
Total net assets	<u>\$ 245,892,700</u>	<u>\$ 59,161,506</u>	<u>\$ 305,054,206</u>

City of Goodyear
Statement of Activities
For The Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,602,993	\$ 133,367	\$ 272,365	\$ 549,346
Public safety	16,054,895	434,179	251,040	-
Highways and streets	8,007,969	-	-	5,904,000
Public works	6,398,665	126,800	-	10,018,759
Culture and recreation	2,591,911	133,193	-	-
Community development	6,861,768	10,631,653	-	-
Interest on long-term debt	4,567,604	-	-	-
Total governmental activities	<u>53,085,805</u>	<u>11,459,192</u>	<u>523,405</u>	<u>16,472,105</u>
Business-type activities:				
Water and sewer	15,150,219	12,670,875	-	10,853,019
Sanitation	2,588,541	2,786,148	-	-
Total business-type activities	<u>17,738,760</u>	<u>15,457,023</u>	<u>-</u>	<u>10,853,019</u>
Total primary government	<u>\$ 70,824,565</u>	<u>\$ 26,916,215</u>	<u>\$ 523,405</u>	<u>\$ 27,325,124</u>

General revenues:

- Sales taxes
- Property taxes
- Franchise taxes
- State shared revenues
- 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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Totals
\$ (7,647,915)	\$ -	\$ (7,647,915)
(15,369,676)	-	(15,369,676)
(2,103,969)	-	(2,103,969)
3,746,894	-	3,746,894
(2,458,718)	-	(2,458,718)
3,769,885	-	3,769,885
<u>(4,567,604)</u>	<u>-</u>	<u>(4,567,604)</u>
<u>(24,631,103)</u>	<u>-</u>	<u>(24,631,103)</u>
-	8,373,675	8,373,675
-	197,607	197,607
<u>-</u>	<u>8,571,282</u>	<u>8,571,282</u>
<u>(24,631,103)</u>	<u>8,571,282</u>	<u>(16,059,821)</u>
21,747,851	-	21,747,851
8,583,676	-	8,583,676
1,166,525	-	1,166,525
5,973,538	-	5,973,538
1,079,720	88,211	1,167,931
1,641,295	7,666	1,648,961
634,153	(634,153)	-
<u>40,826,758</u>	<u>(538,276)</u>	<u>40,288,482</u>
<u>16,195,655</u>	<u>8,033,006</u>	<u>24,228,661</u>
<u>229,697,045</u>	<u>51,128,500</u>	<u>280,825,545</u>
<u>\$ 245,892,700</u>	<u>\$ 59,161,506</u>	<u>\$ 305,054,206</u>

City of Goodyear
Balance Sheet
Governmental Funds
June 30, 2005

ASSETS	General	Community Facilities Districts- Debt Service	Capital Improvement Projects
Cash and cash equivalents	\$ 27,896,785	\$ 6,650,156	\$ 37,928,183
Taxes receivable	3,879,233	40,934	-
Interest receivable	169,623	9,218	12,877
Accounts receivable	324,830	-	-
Special assessments receivable	-	15,044,810	-
Due from other governments	-	-	-
Due from other funds	754,334	701	-
Inventories	27,995	-	-
Prepaid items	31,741	-	-
Restricted cash and cash equivalents	-	-	8,411
Total assets	<u>\$ 33,084,541</u>	<u>\$ 21,745,819</u>	<u>\$ 37,949,471</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,793,596	\$ -	\$ 236,809
Accrued payroll and employee benefits	1,168,098	-	-
Accrued interest payable	-	-	-
Deposits held for others	132,666	163,093	-
Due to other funds	-	-	-
Deferred revenue	596,724	15,063,457	1,479
Total liabilities	<u>3,691,084</u>	<u>15,226,550</u>	<u>238,288</u>
Fund balances:			
Reserved:			
Debt service	-	6,519,269	-
Capital improvements	-	-	-
Unreserved:			
Designated for capital replacement	3,053,108	-	-
Unreserved, reported in:			
General fund	26,340,349	-	-
Special revenue funds	-	-	-
Capital improvements	-	-	37,711,183
Total fund balances	<u>29,393,457</u>	<u>6,519,269</u>	<u>37,711,183</u>
Total liabilities and fund balances	<u>\$ 33,084,541</u>	<u>\$ 21,745,819</u>	<u>\$ 37,949,471</u>

Community Facilities Districts- Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 12,738,554	\$ 16,029,037	\$ 101,242,715
-	223,649	4,143,816
6,568	18,912	217,198
3,825	232,109	560,764
-	-	15,044,810
-	5,457	5,457
-	-	755,035
-	58,504	86,499
-	17,000	48,741
9,704,731	-	9,713,142
<u>\$ 22,453,678</u>	<u>\$ 16,584,668</u>	<u>\$ 131,818,177</u>

\$ 4,439,935	\$ 772,717	\$ 7,243,057
-	21,438	1,189,536
-	87,177	87,177
-	76,082	371,841
701	754,334	755,035
-	273,588	15,935,248
<u>4,440,636</u>	<u>1,985,336</u>	<u>25,581,894</u>

-	123,863	6,643,132
9,704,731	-	9,704,731
-	-	3,053,108
-	-	26,340,349
-	14,475,469	14,475,469
8,308,311	-	46,019,494
<u>18,013,042</u>	<u>14,599,332</u>	<u>106,236,283</u>
<u>\$ 22,453,678</u>	<u>\$ 16,584,668</u>	<u>\$ 131,818,177</u>



City of Goodyear
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2005

Total governmental fund balances \$ 106,236,283

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	\$ 314,489,380	
Less accumulated depreciation	<u>(51,609,175)</u>	262,880,205

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.

Property taxes	102,428	
Special assessments	<u>15,044,810</u>	15,147,238

Interest payable on long-term debt is not reported in the
governmental funds. (1,587,520)

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the funds.

Compensated absences payable	(2,036,646)	
Bond issuance cost	1,012,401	
Bond refunding amount	82,874	
Bond discount	79,896	
Bond premiums	(479,431)	
Loan payable	(4,085,000)	
Bonds payable	<u>(131,357,600)</u>	<u>(136,783,506)</u>

Net assets of governmental activities \$ 245,892,700

City of Goodyear
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2005

REVENUES	General	Community Facilities Districts Debt Service	Capital Improvement Projects
Taxes	\$ 26,463,250	\$ 2,044,858	\$ -
Licenses and permits	7,899,726	-	-
Intergovernmental revenues	4,338,976	-	-
Charges for services	3,056,440	-	-
Fines and forfeits	364,301	-	-
Investment income	600,945	114,100	44,705
Special assessments	-	2,580,510	-
Contributions	525,933	879,154	459,044
Miscellaneous	1,395,386	-	-
Total revenues	<u>44,644,957</u>	<u>5,618,622</u>	<u>503,749</u>
EXPENDITURES			
Current:			
General government	7,306,201	-	-
Public safety	13,477,055	-	-
Highways and streets	2,126	-	-
Public works	1,828,399	-	-
Culture and recreation	2,128,218	-	-
Community development	6,615,281	-	-
Capital outlay	1,485,935	-	1,366,809
Debt service:			
Principal retirement	145,000	3,377,354	-
Interest and debt cost	178,685	3,578,607	387,561
Total expenditures	<u>33,166,900</u>	<u>6,955,961</u>	<u>1,754,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,478,057</u>	<u>(1,337,339)</u>	<u>(1,250,621)</u>
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	1,455,000	29,260,000
Debt premium	-	2,755	476,838
Transfers in	1,503,077	10,389	-
Transfers out	(2,288,830)	-	-
Total other financing sources and uses	<u>(785,753)</u>	<u>1,468,144</u>	<u>29,736,838</u>
Net change in fund balances	10,692,304	130,805	28,486,217
Fund balances, beginning of year	<u>18,701,153</u>	<u>6,388,464</u>	<u>9,224,966</u>
Fund balances , end of year	<u>\$ 29,393,457</u>	<u>\$ 6,519,269</u>	<u>\$ 37,711,183</u>

Community Facilities Districts Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,993,592	\$ 31,501,700
-	-	7,899,726
-	1,949,981	6,288,957
-	6,837,848	9,894,288
-	-	364,301
202,562	117,407	1,079,719
-	-	2,580,510
516,063	20,913	2,401,107
-	245,909	1,641,295
<u>718,625</u>	<u>12,165,650</u>	<u>63,651,603</u>
-	453,340	7,759,541
-	245,398	13,722,453
-	2,126,282	2,128,408
-	89,326	1,917,725
-	-	2,128,218
-	21,244	6,636,525
5,642,660	1,544,128	10,039,532
-	1,805,000	5,327,354
246,769	1,433,730	5,825,352
<u>5,889,429</u>	<u>7,718,448</u>	<u>55,485,108</u>
<u>(5,170,804)</u>	<u>4,447,202</u>	<u>8,166,495</u>
11,290,000	-	42,005,000
-	-	479,593
-	1,419,906	2,933,372
(10,389)	-	(2,299,219)
<u>11,279,611</u>	<u>1,419,906</u>	<u>43,118,746</u>
6,108,807	5,867,108	51,285,241
<u>11,904,235</u>	<u>8,732,224</u>	<u>54,951,042</u>
<u>\$ 18,013,042</u>	<u>\$ 14,599,332</u>	<u>\$ 106,236,283</u>

City of Goodyear
 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, 2005

Net change in fund balances - total governmental funds \$ 51,285,241

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	\$ 5,904,000	
Expenditures for capitalized assets	3,742,930	
Less current year depreciation	<u>(7,831,575)</u>	1,815,355

Revenues received in the current year that were accrued in the Statement of Activities in prior years.

Property taxes		(641)
Special assessments		(907,656)

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. (42,005,000)

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. 170,469

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. 695,740

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		5,239,300
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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. (97,153)

Change in net assets of governmental activities \$ 16,195,655

City of Goodyear
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 22,447,005	\$ 22,447,005	\$ 26,463,250	\$ 4,016,245
Licenses and permits	7,624,454	7,624,454	7,899,726	275,272
Intergovernmental revenues	3,993,596	3,993,596	4,338,976	345,380
Charges for services	1,533,384	1,533,384	3,056,440	1,523,056
Fines and forfeits	314,993	314,993	364,301	49,308
Investment income	4,854	4,854	600,945	596,091
Contributions	145,561	145,561	525,933	380,372
Miscellaneous	151,635	151,635	1,395,386	1,243,751
Total revenues	<u>36,215,482</u>	<u>36,215,482</u>	<u>44,644,957</u>	<u>8,429,475</u>
EXPENDITURES				
Current:				
General government	13,399,330	13,399,330	7,306,201	6,093,129
Public safety	14,437,661	14,437,661	13,477,055	960,606
Highways and streets	265,036	265,036	2,126	262,910
Public works	1,859,564	1,859,564	1,828,399	31,165
Culture and recreation	2,412,311	2,412,311	2,128,218	284,093
Community development	7,783,260	7,783,260	6,615,281	1,167,979
Capital outlay	3,075,407	3,075,407	1,485,935	1,589,472
Debt service:				
Principal retirement	135,000	135,000	145,000	(10,000)
Interest and fiscal charges	186,785	186,785	178,685	8,100
Total expenditures	<u>43,554,354</u>	<u>43,554,354</u>	<u>33,166,900</u>	<u>10,387,454</u>
Excess (deficiency) of revenues over expenditures	<u>(7,338,872)</u>	<u>(7,338,872)</u>	<u>11,478,057</u>	<u>18,816,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,503,077	1,503,077
Transfers out	-	-	(2,288,830)	(2,288,830)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(785,753)</u>	<u>(785,753)</u>
Net change in fund balance	(7,338,872)	(7,338,872)	10,692,304	18,031,176
Fund balance, beginning of year	<u>18,701,153</u>	<u>18,701,153</u>	<u>18,701,153</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,362,281</u>	<u>\$ 11,362,281</u>	<u>\$ 29,393,457</u>	<u>\$ 18,031,176</u>

City of Goodyear
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,425,472	\$ 134,284	\$ 8,559,756
Interest receivable	18,279	388	18,667
Accounts receivable	1,477,108	291,318	1,768,426
Prepaid items	69,533	-	69,533
Inventories	142,292	-	142,292
Total current assets	<u>10,132,684</u>	<u>425,990</u>	<u>10,558,674</u>
Noncurrent assets:			
Non-depreciable capital assets	3,158,615	-	3,158,615
Depreciable capital assets	<u>67,097,108</u>	<u>101,401</u>	<u>67,198,509</u>
Total noncurrent assets	<u>70,255,723</u>	<u>101,401</u>	<u>70,357,124</u>
Total assets	<u>80,388,407</u>	<u>527,391</u>	<u>80,915,798</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,231,799	177,340	1,409,139
Accrued payroll and employee benefits	74,804	22,508	97,312
Accrued liabilities	344,788	-	344,788
Deposits held for others	247,422	-	247,422
Unearned revenue	4,767,620	-	4,767,620
Compensated absences payable	41,248	9,987	51,235
Total current liabilities	<u>6,707,681</u>	<u>209,835</u>	<u>6,917,516</u>
Noncurrent liabilities:			
Accrued interest payable	942,822	-	942,822
Compensated absences payable	119,876	22,386	142,262
Loan payable	11,007,624	-	11,007,624
Bonds payable	2,710,000	-	2,710,000
Bond premium	34,068	-	34,068
Total noncurrent liabilities	<u>14,814,390</u>	<u>22,386</u>	<u>14,836,776</u>
Total liabilities	<u>21,522,071</u>	<u>232,221</u>	<u>21,754,292</u>
NET ASSETS			
Invested in capital assets, net of related debt	55,561,209	101,401	55,662,610
Unrestricted	3,305,127	193,769	3,498,896
Total net assets	<u>\$ 58,866,336</u>	<u>\$ 295,170</u>	<u>\$ 59,161,506</u>

City of Goodyear
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended June 30, 2005

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Operating revenues:			
Charges for service	\$ 12,670,875	\$ 2,786,148	\$ 15,457,023
Miscellaneous	7,666	-	7,666
Total operating revenue	<u>12,678,541</u>	<u>2,786,148</u>	<u>15,464,689</u>
Operating expenses:			
Administration	856,039	466,311	1,322,350
Costs of sales and services	11,690,943	2,063,800	13,754,743
Depreciation	2,239,357	58,430	2,297,787
Total operating expenses	<u>14,786,339</u>	<u>2,588,541</u>	<u>17,374,880</u>
Operating income	<u>(2,107,798)</u>	<u>197,607</u>	<u>(1,910,191)</u>
Nonoperating revenues (expenses):			
Investment income	86,501	1,710	88,211
Interest expense	(363,880)	-	(363,880)
Total nonoperating revenues	<u>(277,379)</u>	<u>1,710</u>	<u>(275,669)</u>
Income before capital contributions and transfers	(2,385,177)	199,317	(2,185,860)
Capital contributions	10,853,019	-	10,853,019
Transfers out	<u>(172,374)</u>	<u>(461,779)</u>	<u>(634,153)</u>
Change in net assets	8,295,468	(262,462)	8,033,006
Net assets, beginning of year	<u>50,570,868</u>	<u>557,632</u>	<u>51,128,500</u>
Net assets, end of year	<u>\$ 58,866,336</u>	<u>\$ 295,170</u>	<u>\$ 59,161,506</u>

City of Goodyear
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2005

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Cash flows from operating activities:			
Received from customers	\$ 12,157,489	\$ 2,815,112	\$ 14,972,601
Payments to vendors	(25,822,174)	(2,031,215)	(27,853,389)
Payments to employees	(763,714)	(450,416)	(1,214,130)
Net cash provided (used) by operating activities	(14,428,399)	333,481	(14,094,918)
Cash flows from noncapital and related financing activities:			
Interfund transfers	(172,374)	(461,779)	(634,153)
Net cash used for noncapital and related financing activities	(172,374)	(461,779)	(634,153)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(7,498,803)	-	(7,498,803)
Proceeds from capital debt	12,399,551	-	12,399,551
Principal paid on long-term debt	(757,540)	-	(757,540)
Interest paid on long-term debt	(309,254)	-	(309,254)
Development impact fees received	10,853,019	-	10,853,019
Net cash provided for capital and related financing activities	14,686,973	-	14,686,973
Cash flows from investing activities:			
Investment income received	97,834	2,021	99,855
Net cash provided by investing activities	97,834	2,021	99,855
Net change in cash and cash equivalents	184,034	(126,277)	57,757
Cash and cash equivalents, beginning of year	8,241,438	260,561	8,501,999
Cash and cash equivalents, end of year	\$ 8,425,472	\$ 134,284	\$ 8,559,756

City of Goodyear
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2005

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (2,107,798)	\$ 197,607	\$ (1,910,191)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,239,357	58,430	2,297,787
(Increase) decrease in:			
Accounts receivable	(570,852)	28,964	(541,888)
Inventories	(8,457)	-	(8,457)
Increase (decrease) in:			
Accounts payable	(1,930,812)	32,585	(1,898,227)
Accrued payroll and employee benefits	22,282	8,908	31,190
Accrued liabilities	144,585	-	144,585
Due to other funds	(12,336,547)	-	(12,336,547)
Deposits held for others	49,800	-	49,800
Compensated absences payable	70,043	6,987	77,030
Net cash provided (used) by operating activities	\$ (14,428,399)	\$ 333,481	\$(14,094,918)

City of Goodyear
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 301,957
Interest receivable	<u>2</u>
Total assets	<u>301,959</u>
LIABILITIES	
Accrued liabilities	<u>17,026</u>
Total liabilities	<u>17,026</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 284,933</u></u>

City of Goodyear
Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
For The Year Ended June 30, 2005

	Pension Trust
ADDITIONS	
Contributions:	
Total contributions	\$ -
Investment income	
Interest	968
Total investment income	968
Total additions	968
DEDUCTIONS	
Benefits	47,730
Total deductions	47,730
Net decrease	(46,762)
Net assets, beginning of year	331,695
Net assets, end of year	\$ 284,933



FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS



CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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 States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The City is a municipal entity governed by an elected Mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data 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 No.1, Cottonflower Community Facilities District, Centerra Community Facilities District, Cortina Community Facilities District and Palm Valley 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 subdivision under the Arizona Constitution, the District 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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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 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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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.

Community Facilities District - Capital Project's 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.

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 City, as well as, the City's firefighters make contributions to the fund.

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.

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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)
Community Facilities Districts
General Government Impact Fees
Fire Impact Fees
Transportation Impact Fees

Grants Fund
Community Facilities Impact Fees
Public Works Impact Fees
Police Impact Fees
Library Impact Fees

Debt Service Fund

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.

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 principle 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.

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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

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:

<u>Assets</u>	<u>Years</u>
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, 2005, 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.

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 2 – CASH AND INVESTMENTS

At June 30, 2005 cash and cash equivalents consisted of the following:

Cash on hand	\$ 41,276
Cash equivalents-investments	117,932,150
Cash in bank	<u>1,844,144</u>
Total cash and cash equivalents	<u>\$ 119,817,570</u>

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 101,242,713	\$ 8,559,756	\$ 301,957	\$ 110,104,426
Restricted cash and cash equivalents	<u>9,713,144</u>	<u>-</u>	<u>-</u>	<u>9,713,144</u>
	<u>\$ 110,955,857</u>	<u>\$ 8,559,756</u>	<u>\$ 301,957</u>	<u>\$ 119,817,570</u>

Deposits

At June 30, 2005, the City had \$41,276 of cash on hand. The carrying amount of the City's cash in bank totaled \$1,844,144 and the bank balance was \$2,679,012. The City's deposits at June 30, 2005 were covered by Federal Depository Insurance to the extent of \$603,116. Deposits of \$1,421,361 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 \$654,535 are uninsured and uncollateralized.

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 value per share of the pool at June 30, 2005 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.

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2005, the City’s funds invested with the State Treasurer totaled \$93,329,623.

The City is invested in multiple mutual funds through the trust department of Wells Fargo. The mutual funds have a value of \$24,318,593 at June 30, 2005.

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 pension account had a value of \$283,934 at June 30, 2005.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All of the City’s 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.

<u>Investment Type</u>	<u>Total</u>	<u>Ratings as of Year-End</u>	
		<u>AAA</u>	<u>Unrated</u>
LGIP	\$ 93,329,623	\$ -	\$ 93,329,623
Money market mutual funds	24,318,593	24,318,593	-
Money market funds (fiduciary)	283,934	-	283,934
	<u>\$ 117,932,150</u>	<u>\$ 24,318,593</u>	<u>\$ 93,613,557</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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:

	General Fund	Community Facilities Districts- Debt Service Fund	Capital Improvement Projects Fund	Community Facilities Districts- Capital Projects Fund	Non-Major Governmental Fund	Total
Receivables:						
Taxes	\$ 3,879,233	\$ 40,934	\$ -	\$ -	\$ 223,649	\$ 4,143,816
Interest	169,623	9,218	12,877	6,568	18,912	217,198
Accounts	326,689	-	-	3,825	232,109	562,623
Special assessments	-	15,044,810	-	-	-	15,044,810
	<u>4,375,545</u>	<u>15,094,962</u>	<u>12,877</u>	<u>10,393</u>	<u>474,670</u>	<u>19,968,447</u>
Less:						
Allowance	(1,859)	-	-	-	-	(1,859)
Net receivables	<u>\$ 4,373,686</u>	<u>\$ 15,094,962</u>	<u>\$ 12,877</u>	<u>\$ 10,393</u>	<u>\$ 474,670</u>	<u>\$ 19,966,588</u>

The following table summarizes the City's receivables for the enterprise funds as of June 30, 2005.

	Water and Sewer Fund	Sanitation Fund	Total
Receivables:			
Interest	\$ 18,279	\$ 388	\$ 18,667
Accounts	1,695,108	291,318	1,986,426
	<u>1,713,387</u>	<u>291,706</u>	<u>2,005,093</u>
Less:			
Allowance	(218,000)	-	(218,000)
Net receivables	<u>\$ 1,495,387</u>	<u>\$ 291,706</u>	<u>\$ 1,787,093</u>

Revenues of the Water and Sewer Fund and Sanitation Fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water and sewer	\$ 74,866
Uncollectibles related to sanitation	17,240
Total uncollectibles for the current year	<u>\$ 92,106</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 4 – CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2005 follows.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 16,574,557	\$ 5,000	\$ -	\$ 16,579,557
Construction in progress	-	192,020		192,020
Right of way	112,808,609	-	-	112,808,609
Streetscape	5,771,420	-	-	5,771,420
Total capital assets not being depreciated	135,154,586	197,020	-	135,351,606
Capital assets, being depreciated:				
Infrastructure	133,239,127	5,904,000	-	139,143,127
Buildings and improvements	17,109,277	1,484,593	(2,361)	18,591,509
Vehicles, furniture and equipment	19,339,460	2,063,678	-	21,403,138
Total capital assets being depreciated	169,687,864	9,452,271	(2,361)	179,137,774
Less accumulated depreciation for:				
Infrastructure	(25,611,615)	(3,377,093)	-	(28,988,708)
Buildings and improvements	(1,982,080)	(357,851)	-	(2,339,931)
Vehicles, furniture and equipment	(16,183,905)	(4,096,631)	-	(20,280,536)
Total accumulated depreciation	(43,777,600)	(7,831,575)	-	(51,609,175)
Total capital assets, being depreciated, net	125,910,264	1,620,696	(2,361)	127,528,599
Governmental activities capital assets, net	\$ 261,064,850	\$ 1,817,716	\$ (2,361)	\$ 262,880,205
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,158,615	\$ -	\$ -	\$ 3,158,615
Construction in progress	6,848,089	-	(6,848,089)	-
Total capital assets not being depreciated	10,006,704	-	(6,848,089)	3,158,615
Capital assets, being depreciated:				
Improvements other than buildings	55,328,608	16,783,754	-	72,112,362
Vehicles, machinery and equipment	11,060,162	257,728	-	11,317,890
Total capital assets being depreciated	66,388,770	17,041,482	-	83,430,252
Less accumulated depreciation for:				
Improvements other than buildings	(7,549,128)	(1,925,951)	-	(9,475,079)
Vehicles, machinery and equipment	(6,384,828)	(371,836)	-	(6,756,664)
Total accumulated depreciation	(13,933,956)	(2,297,787)	-	(16,231,743)
Total capital assets, being depreciated, net	52,454,814	14,743,695	-	67,198,509
Business-Type activities capital assets, net	\$ 62,461,518	\$ 14,743,695	\$ (6,848,089)	\$ 70,357,124

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,029,348
Public safety	2,227,999
Highway and streets	3,377,093
Culture and recreation	339,888
Public works	857,247
Total depreciation expense	<u>\$ 7,831,575</u>
Business-type activities	
Water and wastewater	\$ 2,239,357
Sanitation	58,430
Total depreciation expense	<u>\$ 2,297,787</u>

NOTE 5 – LOANS PAYABLE

The City received a loan from the Greater Arizona Development Authority for the fire facilities and street and highway improvements. In addition, the City received two loans from the Water Infrastructure Finance Authority. The first loan will be used to acquire the rights and make improvements to existing capacity in the wastewater treatment plant owned by Litchfield Park Service Company (LPSCO). 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, 2005, are as follows:

<u>Description</u>	<u>Interest Rate (Including Fees)</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2005</u>	<u>Due Within One Year</u>
Governmental activities:				
Greater Arizona Development Authority Loan	4.1 - 5.75%	7/1/06 - 13	\$ 4,085,000	\$ -
Total Governmental activities			<u>\$ 4,085,000</u>	<u>\$ -</u>
Business-type activities:				
Water Infrastructure Finance Authority Loan	4.06%	07/01/06 - 21	\$ 3,796,585	\$ -
Water Infrastructure Finance Authority Loan	4.06%	07/01/06 - 21	7,211,039	-
Total Business-type activities			<u>\$ 11,007,624</u>	<u>\$ -</u>
Total			<u>\$ 15,092,624</u>	<u>\$ -</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 – LOANS PAYABLE (Continued)

Annual debt service requirements to maturity on the loans payable at June 30, 2005 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ -	\$ 88,371	\$ -	\$ 223,235
2007	440,000	167,723	502,112	436,286
2008	460,000	149,273	522,477	415,508
2009	475,000	129,986	543,669	393,886
2010	495,000	109,611	565,721	371,387
2011-2015	2,215,000	206,020	3,191,976	1,486,198
2016-2020	-	-	3,893,991	769,943
2021-2025	-	-	1,787,678	73,229
Total	<u>\$ 4,085,000</u>	<u>\$ 850,984</u>	<u>\$11,007,624</u>	<u>\$ 4,169,672</u>

NOTE 6 – BONDS PAYABLE

Bonds payable at June 30, 2005, 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, \$254,765,449 remains unissued. The bonds payable at June 30, 2005 are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2005	Due Within One Year
General Obligation Bonds				
Project of 1988, Series 1992	6.00 - 8.00%	7/1/2006	\$ 150,000	\$ -
General Obligation Bonds				
Series 1998	4.00 - 6.00%	7/1/06 - 13	6,185,000	-
Refunding Bonds Series 2002	3.25 - 5.25%	7/1/06 - 08	1,620,000	-
General Obligation Bonds				
Series 2002	3.65 - 4.25%	7/1/06 - 17	10,250,000	-
General Obligation Bonds				
Series 2003	3.00 - 4.50%	7/1/08 - 18	10,800,000	-
General Obligation Bonds				
Series 2005	3.50 - 5.00%	7/1/06 - 20	29,260,000	-
Total			<u>\$ 58,265,000</u>	<u>\$ -</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 6 – BONDS PAYABLE (Continued)

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2005 are summarized as follows:

<u>Fiscal year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ -	\$ 1,474,008
2007	1,995,000	2,299,677
2008	2,825,000	2,193,780
2009	3,740,000	2,058,357
2010	3,885,000	1,904,312
2011-2015	22,255,000	6,810,105
2016-2020	20,325,000	2,532,058
2021-2025	3,240,000	64,800
Total	<u>\$ 58,265,000</u>	<u>\$ 19,337,097</u>

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all further debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2005, the total outstanding on the defeased bonds was \$900,000.

NOTE 7 - REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2005 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

Governmental activities:			Outstanding	Due Within
<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal</u>	<u>June 30, 2005</u>
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2002	4.00 - 6.00%	7/1/06 - 21	\$ 3,640,000	\$ -

Business-type activities:			Outstanding	Due Within
<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal</u>	<u>June 30, 2005</u>
Revenue Bonds, Series 1999	4.47 - 6.73%	7/1/06 - 18	\$ 2,710,000	\$ -

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 7 - REVENUE BONDS PAYABLE (Continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ -	\$ 84,993	\$ -	\$ -
2007	155,000	165,335	130,000	70,000
2008	165,000	155,735	120,000	80,000
2009	175,000	145,535	115,000	70,000
2010	180,000	136,685	300,000	175,000
2011-2015	1,030,000	561,714	1,290,000	1,100,000
2016-2020	1,310,000	302,492	755,000	1,020,000
2021-2025	625,000	29,253	-	-
Total	<u>\$ 3,640,000</u>	<u>\$ 1,581,742</u>	<u>\$ 2,710,000</u>	<u>\$ 2,515,000</u>

Revenue bonds in the business-type activities include \$34,068 of unamortized bond premium.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 8 – COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE

Community facilities district bonds payable at June 30, 2005 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, 2005, are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2005	Due Within One Year
General District No. 1:				
G.O. Bonds, Series 1994	7.50%	7/15/05 - 09	\$ 110,000	\$ 20,000
G.O. Bonds, Series 1996 (A)	6.5 - 7.0%	7/15/10 - 21	500,000	-
G.O. Bonds, Series 1998	4.55 - 5.25%	7/15/05 - 23	2,035,000	60,000
G.O. Bonds, Series 2000	4.6 - 5.3%	7/15/06 - 25	5,725,000	-
G.O. Bonds, Series 2003	3.3 - 5.75%	7/15/09 - 28	5,295,000	-
Assessment Bonds, Series 1996(C)	6.75 - 7.25%	7/01/05 - 15	3,438,000	-
Utilities District No. 1:				
G.O. Bonds, Series 1998	4.55 - 5.25%	7/15/05 - 23	6,585,000	210,000
G.O. Bonds, Series 2000	4.7 - 5.2%	7/15/06 - 25	7,075,000	-
G.O. Bonds, Series 2003	3.3 - 5.75%	7/15/09 - 28	7,870,000	-
G.O. Bonds, Series 2005 Refunding	3.0 - 4.3%	7/15/07 - 21	1,455,000	-
G.O. Bonds, Series 2005	3.5 - 4.5%	7/15/10 - 29	7,190,000	-
Wildflower Ranch General District 1:				
G.O. Bonds, Series 1997	5.875 - 6.5%	7/15/05 - 22	575,000	20,000
G.O. Bonds, Series 1998	5.2 - 5.75%	7/15/05 - 23	665,000	15,000
Wildflower Ranch General District 2:				
G.O. Bonds, Series 2000	6.0 - 7.0%	7/15/04 - 25	675,000	15,000
G.O. Bonds, Series 2001	4.5 - 5.9%	7/15/04 - 26	735,000	20,000
Estrella Mountain Ranch:				
G.O. Bonds, Series 2001	8.00%	7/15/05 - 25	179,600	3,600
Assessment Bonds, Series 2001(A)	7.88%	7/01/05 - 25	7,268,000	222,000
Assessment Bonds, Series 2002	7.38%	7/01/05 - 27	4,892,000	167,000
Cottonflower:				
G.O. Bonds, Series 2003	4.1 - 5.7%	7/15/05 - 28	1,760,000	40,000
G.O. Bonds, Series 2004	3.7 - 6.75%	7/15/06 - 28	1,325,000	-
Cortina:				
G.O. Bonds, Series 2005	5.0 - 5.7%	7/15/06 - 29	1,700,000	-
Centerra:				
G.O. Bonds, Series 2005	5.50%	7/15/06 - 29	2,400,000	-
Total			<u>\$ 69,452,600</u>	<u>\$792,600</u>

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 8 – COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE (Continued)

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

<u>Fiscal year ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 792,600	\$ 3,626,259
2007	1,301,800	3,848,284
2008	1,299,200	3,772,040
2009	1,823,500	3,678,690
2010	2,167,800	3,560,713
2011-2015	12,725,600	15,670,596
2016-2020	13,753,200	12,069,191
2021-2025	18,055,300	7,527,183
2026-2030	17,533,600	2,116,331
Total	<u>\$ 69,452,600</u>	<u>\$ 55,869,287</u>

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. The amount outstanding on those bonds as of June 30, 2005 is \$1,350,000. These bonds have been fully defeased. The difference between the cash flows required to service the refunded debt and the new debt resulted in a savings to the City of \$230,805. The net present value cash flow for savings on issuing the refunding bonds at a 4.59% bond yield was \$171,450. The \$88,054 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, 2005 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:

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

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

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Costs:				
Governmental Activities				
General Obligation Bonds				
Series 2005	\$ -	\$ 387,752	\$ -	\$ 387,752
Community Facilities District Bonds Payable				
Utilities District #1 Series 2005	-	385,280	15,411	369,869
Utilities District #1 Series 2005 Refunding	-	19,000	1,118	17,882
Cortina Series 2005	-	115,241	4,610	110,631
Centerra Series 2005	-	131,528	5,261	126,267
	<u>\$ -</u>	<u>\$ 1,038,801</u>	<u>\$ 26,400</u>	<u>\$ 1,012,401</u>
	Beginning Balance	Additions	Reductions	Ending Balance
Bond Premiums (Discounts)				
Governmental Activities				
General Obligation Bonds				
Series 2005	\$ -	\$ 476,838	\$ -	\$ 476,838
Community Facilities District Bonds Payable				
Utilities District #1 Series 2005	-	(83,225)	(3,329)	(79,896)
Utilities District #1 Series 2005 Refunding	-	2,755	162	2,593
Business-type Activities				
Revenue Bonds, Series 1999	36,689	-	2,621	34,068
	<u>\$ 36,689</u>	<u>\$ 396,368</u>	<u>\$ (546)</u>	<u>\$ 433,603</u>

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,074,097	\$ 913,757	\$ 737,008	\$ 2,250,846	\$ 482,170
General obligation bonds payable	30,395,000	29,260,000	1,390,000	58,265,000	-
Loans payable	4,500,000	-	415,000	4,085,000	-
Community Facilities					
District bonds payable	59,996,900	12,745,000	3,289,300	69,452,600	792,600
Revenue bonds payable	3,785,000	-	145,000	3,640,000	-
Governmental activities long-term liabilities	<u>\$ 100,750,997</u>	<u>\$ 42,918,757</u>	<u>\$ 5,976,308</u>	<u>\$ 137,693,446</u>	<u>\$ 1,274,770</u>

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 116,466	\$ 144,400	\$ 67,369	\$ 193,497	\$ 51,235
Revenue bonds payable	2,985,000	-	275,000	2,710,000	-
Loans payable	-	12,399,551	1,391,927	11,007,624	-
Business-type activities long-term liabilities	<u>\$ 3,101,466</u>	<u>\$ 12,543,951</u>	<u>\$ 1,734,296</u>	<u>\$ 13,911,121</u>	<u>\$ 51,235</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2005, interfund balances were as follows:

Interfund receivable/payable:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 754,334	\$ -
Community Facilities Districts-Debt Service	701	-
Community Facilities Districts-Capital Projects	-	701
Non-Major Governmental Funds	-	754,334
Total	<u>\$ 755,035</u>	<u>\$ 755,035</u>

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

Interfund transfers:

Fund	Transfers Out	Transfers In
General Fund	\$ 2,288,830	\$ 1,503,077
Community Facilities Districts-Debt Service	-	10,389
Community Facilities Districts-Capital Projects	10,389	-
Non-Major Governmental Funds	-	1,419,906
Water and Sewer Fund	172,374	-
Sanitation Fund	461,779	-
Total	<u>\$ 2,933,372</u>	<u>\$ 2,933,372</u>

All transfers made during the year were routine in nature and consistent with the activities of the fund making the transfer.

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, 2005, however, the City expects no material disallowances of expenditures.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 12 – CONTINGENT LIABILITIES (Continued)

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 risk 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 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 ASRS, 3300 Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling 602-240-2200 or 1-800-621-3778.

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, 2005, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and .49 percent long-term disability) of the member's annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2005, 2004, and 2003 were \$645,078, \$528,675, and \$211,962, respectively, which were equal to the required contributions for the year.

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2005

NOTE 14 – RETIREMENT PLANS (Continued)

Arizona Public Safety Personnel Retirement System

Plan Description - The *Public Safety Personal 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, 2005, 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 8.89% and 7.23% 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, 2005, and related information follows:

	<u>PSPRS – Police</u>	<u>PSPRS - Fire</u>
Contribution Rates:		
City	8.89%	7.23%
Plan members	7.65%	7.65%
Annual pension cost	\$298,580	\$89,277
Contributions made	\$298,580	\$89,277
Actuarial valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	6.0% - 9.0%	6.0% - 9.0%
Includes inflation at cost-of-living adjustment	5.0%	5.0%
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

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 14 – RETIREMENT PLANS (Continued)

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

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS - Police	2005	\$ 298,580	100.0%	-
	2004	274,670	100.0%	-
	2003	237,104	100.0%	-
PSPRS - Fire	2005	89,277	100.0%	-
	2004	268,224	100.0%	-
	2003	234,027	100.0%	-

Funding Progress - An analysis of funding progress for each of the agent plan as most recent actuarial valuations, June 30, 2005 follows:

PSPR - Goodyear Police Plan:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding Liability (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)</u>
2005	\$6,372,349	\$8,017,990	\$(1,645,641)	79.5%	\$3,407,937	48.3%
2004	5,499,466	6,111,357	(611,891)	90.0%	2,933,985	20.9%
2003	4,937,802	4,925,456	12,346	100.3%	2,708,779	0%

PSPR - Goodyear Fire Plan:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding Liability (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)</u>
2005	\$4,580,344	\$4,826,980	\$ (246,636)	94.9%	\$3,561,253	6.9%
2004	3,846,596	3,201,957	644,639	120.1%	2,916,393	0%
2003	3,065,496	2,520,831	544,665	121.6%	2,666,015	0%

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 15 – FUND BALANCE/NET RESERVATIONS AND DESIGNATIONS

Only restrictions imposed by external resources are shown as Restricted Net Assets on the government-wide financial statements. Reservation or designation of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, is shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of the fund balance included in unreserved fund balance at June 30, 2005:

General Fund:		
Designated for capital replacement	\$	4,347,756
Community Facilities Districts-Debt Service Fund:		
Reserved for debt service		6,519,269
Community Facilities Districts-Capital Projects Fund:		
Reserved for capital improvements		9,704,731
Non-Major Governmental Funds:		
Reserved for debt service		123,863

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

MAJOR GOVERNMENTAL FUNDS



City of Goodyear
Community Facilities Districts - Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 2,117,587	\$ 2,117,587	\$ 2,044,858	\$ (72,729)
Investment income	44,162	44,162	114,100	69,938
Special assessments	1,550,896	1,550,896	2,580,510	1,029,614
Contributions	1,433,617	1,433,617	879,154	(554,463)
Total revenues	<u>5,146,262</u>	<u>5,146,262</u>	<u>5,618,622</u>	<u>472,360</u>
EXPENDITURES				
Debt service				
Principal retirement	826,300	826,300	3,377,354	(2,551,054)
Interest and debt costs	4,355,342	4,355,342	3,578,607	776,735
Total expenditures	<u>5,181,642</u>	<u>5,181,642</u>	<u>6,955,961</u>	<u>(1,774,319)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,380)</u>	<u>(35,380)</u>	<u>(1,337,339)</u>	<u>(1,301,959)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	300	300	1,455,000	1,454,700
Debt premium	-	-	2,755	2,755
Transfers in	-	-	10,389	10,389
Total other financing sources	<u>300</u>	<u>300</u>	<u>1,468,144</u>	<u>1,467,844</u>
Net change in fund balances	(35,080)	(35,080)	130,805	165,885
Fund balances, beginning of year	<u>6,388,464</u>	<u>6,388,464</u>	<u>6,388,464</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,353,384</u>	<u>\$ 6,353,384</u>	<u>\$ 6,519,269</u>	<u>\$ 165,885</u>

City of Goodyear
Capital Improvement Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 135,061	\$ 135,061	\$ -	\$ (135,061)
Charges for service	-	-	-	-
Investment income	-	-	44,705	44,705
Contributions	40,000,000	40,000,000	459,044	(39,540,956)
Total revenues	<u>40,135,061</u>	<u>40,135,061</u>	<u>503,749</u>	<u>(39,631,312)</u>
EXPENDITURES				
Capital outlay	24,379,174	24,379,174	1,366,809	23,012,365
Debt service				
Interest and debt cost	-	-	387,561	(387,561)
Total expenditures	<u>24,379,174</u>	<u>24,379,174</u>	<u>1,754,370</u>	<u>22,624,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,755,887</u>	<u>15,755,887</u>	<u>(1,250,621)</u>	<u>(17,006,508)</u>
OTHER FINANCING SOURCES				
Debt issuance	20,050,000	20,050,000	29,260,000	9,210,000
Debt premium	-	-	476,838	476,838
Transfer in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	<u>20,050,000</u>	<u>20,050,000</u>	<u>29,736,838</u>	<u>9,686,838</u>
Net change in fund balances	35,805,887	35,805,887	28,486,217	(7,319,670)
Fund balances, beginning of year	<u>9,224,966</u>	<u>9,224,966</u>	<u>9,224,966</u>	<u>-</u>
Fund balances, end of year	<u>\$ 45,030,853</u>	<u>\$ 45,030,853</u>	<u>\$ 37,711,183</u>	<u>\$ (7,319,670)</u>

City of Goodyear
Community Facilities Districts - Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 54,500	\$ 54,500	\$ 202,562	\$ 148,062
Contributions	4,867,976	4,867,976	516,063	(4,351,913)
Total revenues	<u>4,922,476</u>	<u>4,922,476</u>	<u>718,625</u>	<u>(4,203,851)</u>
EXPENDITURES				
Capital outlay	65,059,141	65,059,141	5,642,660	59,416,481
Debt service:				
Interest and debt cost	489,880	489,880	246,769	243,111
Total expenditures	<u>65,549,021</u>	<u>65,549,021</u>	<u>5,889,429</u>	<u>59,659,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,626,545)</u>	<u>(60,626,545)</u>	<u>(5,170,804)</u>	<u>55,455,741</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	36,327,353	36,327,353	11,290,000	(25,037,353)
Transfers out	-	-	(10,389)	(10,389)
Total other financing sources	<u>36,327,353</u>	<u>36,327,353</u>	<u>11,279,611</u>	<u>(25,047,742)</u>
Net change in fund balance	(24,299,192)	(24,299,192)	6,108,807	30,407,999
Fund balance, beginning of year	<u>11,904,235</u>	<u>11,904,235</u>	<u>11,904,235</u>	<u>-</u>
Fund balance, end of year	<u>\$ (12,394,957)</u>	<u>\$ (12,394,957)</u>	<u>\$ 18,013,042</u>	<u>\$ 30,407,999</u>



OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

City of Goodyear
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
ASSETS			
Cash and cash equivalents	\$ 491,647	\$ 51,488	\$ 1,140,623
Taxes receivable	139,415	-	13,809
Interest receivable	2,082	-	3,483
Accounts receivable	-	131,016	101,093
Due from other governments	-	5,457	-
Inventories	58,504	-	-
Prepaid items	-	-	-
Total assets	\$ 691,648	\$ 187,961	\$ 1,259,008
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 299,882	\$ 13,794	\$ 35,659
Accrued payroll and employee benefits	20,423	1,015	-
Accrued interest payable	-	-	-
Deposits held for others	71,082	-	5,000
Due to other funds	-	70,000	684,334
Deferred revenue	231,425	-	8,239
Total liabilities	622,812	84,809	733,232
Fund balances:			
Reserved:			
Debt service	-	-	-
Unreserved, reported in			
Special revenue	68,836	103,152	525,776
Total fund balances	68,836	103,152	525,776
Total liabilities and fund balances	\$ 691,648	\$ 187,961	\$ 1,259,008

Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ 2,447,534	\$ 1,605,378	\$ 2,156,043	\$ 1,407,741	\$ 2,181,612	\$ 3,150,653
-	-	-	-	-	-
2,188	1,571	2,309	1,696	1,591	2,787
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,449,722</u>	<u>\$ 1,606,949</u>	<u>\$ 2,158,352</u>	<u>\$ 1,409,437</u>	<u>\$ 2,183,203</u>	<u>\$ 3,153,440</u>
\$ 323,098	\$ -	\$ 69,090	\$ -	\$ -	\$ 31,194
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>323,098</u>	<u>-</u>	<u>69,090</u>	<u>-</u>	<u>-</u>	<u>31,194</u>
-	-	-	-	-	-
2,126,624	1,606,949	2,089,262	1,409,437	2,183,203	3,122,246
<u>2,126,624</u>	<u>1,606,949</u>	<u>2,089,262</u>	<u>1,409,437</u>	<u>2,183,203</u>	<u>3,122,246</u>
<u>\$ 2,449,722</u>	<u>\$ 1,606,949</u>	<u>\$ 2,158,352</u>	<u>\$ 1,409,437</u>	<u>\$ 2,183,203</u>	<u>\$ 3,153,440</u>



City of Goodyear
Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2005

	<u>Special Revenue</u>		Total Non-Major Governmental Funds
	Library Impact Fees	Debt Services	
ASSETS			
Cash and cash equivalents	\$ 1,238,779	\$ 157,539	\$ 16,029,037
Taxes receivable	-	70,425	223,649
Interest receivable	1,205	-	18,912
Accounts receivable	-	-	232,109
Due from other governments	-	-	5,457
Inventories	-	-	58,504
Prepaid items	-	17,000	17,000
Total assets	<u>\$ 1,239,984</u>	<u>\$ 244,964</u>	<u>\$ 16,584,668</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 772,717
Accrued payroll and employee benefits	-	-	21,438
Accrued interest payable	-	87,177	87,177
Deposits held for others	-	-	76,082
Due to other funds	-	-	754,334
Deferred revenue	-	33,924	273,588
Total liabilities	<u>-</u>	<u>121,101</u>	<u>1,985,336</u>
Fund balances:			
Reserved:			
Debt service	-	123,863	123,863
Unreserved:			
Special revenue	1,239,984	-	14,475,469
Total fund balances	<u>1,239,984</u>	<u>123,863</u>	<u>14,599,332</u>
Total liabilities and fund balances	<u>\$ 1,239,984</u>	<u>\$ 244,964</u>	<u>\$ 16,584,668</u>

City of Goodyear
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended June 30, 2005

	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
REVENUES			
Taxes	\$ -	\$ -	\$ 567,984
Intergovernmental	1,633,997	315,984	-
Charges for services	-	-	12,000
Investment income	8,327	-	33,074
Contributions	-	-	20,913
Miscellaneous	68,850	63,237	113,822
Total revenues	<u>1,711,174</u>	<u>379,221</u>	<u>747,793</u>
EXPENDITURES			
Current:			
General government	-	-	453,340
Public safety	-	245,398	-
Highway and streets	2,126,282	-	-
Public works	-	-	-
Community development	-	6,925	-
Capital outlay	-	145,317	-
Debt service:			
Principal retirement	-	-	-
Interest and debt costs	-	-	-
Total expenditures	<u>2,126,282</u>	<u>397,640</u>	<u>453,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(415,108)</u>	<u>(18,419)</u>	<u>294,453</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	483,860	-	-
Total other financing sources (uses)	<u>483,860</u>	<u>-</u>	<u>-</u>
Net change in fund balances	68,752	(18,419)	294,453
Fund balances, beginning of year	84	121,571	231,323
Fund balances, end of year	<u>\$ 68,836</u>	<u>\$ 103,152</u>	<u>\$ 525,776</u>

Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,147,923	821,840	766,221	878,971	1,200,301	1,564,512
13,119	9,757	12,767	7,806	8,276	16,359
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,161,042</u>	<u>831,597</u>	<u>778,988</u>	<u>886,777</u>	<u>1,208,577</u>	<u>1,580,871</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	344	88,982	-	-	-
-	14,319	-	-	-	-
349,014	232,748	109,646	554,443	145	152,815
-	-	-	-	-	-
-	-	-	-	-	-
<u>349,014</u>	<u>247,411</u>	<u>198,628</u>	<u>554,443</u>	<u>145</u>	<u>152,815</u>
812,028	584,186	580,360	332,334	1,208,432	1,428,056
-	-	-	-	-	-
-	-	-	-	-	-
812,028	584,186	580,360	332,334	1,208,432	1,428,056
1,314,596	1,022,763	1,508,902	1,077,103	974,771	1,694,190
<u>\$ 2,126,624</u>	<u>\$ 1,606,949</u>	<u>\$ 2,089,262</u>	<u>\$ 1,409,437</u>	<u>\$ 2,183,203</u>	<u>\$ 3,122,246</u>



City of Goodyear
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For The Year Ended June 30, 2005

REVENUES	<u>Special Revenue</u>		Total Non-Major Government Funds
	Library Impact Fees	Debt Service	
Taxes	\$ -	\$ 2,425,608	\$ 2,993,592
Intergovernmental	-	-	1,949,981
Charges for services	446,080	-	6,837,848
Investment income	7,482	440	117,407
Contributions	-	-	20,913
Miscellaneous	-	-	245,909
Total revenues	<u>453,562</u>	<u>2,426,048</u>	<u>12,165,650</u>
EXPENDITURES			
Current:			
General government	-	-	453,340
Public safety	-	-	245,398
Highway and streets	-	-	2,126,282
Public works	-	-	89,326
Community development	-	-	21,244
Capital outlay	-	-	1,544,128
Debt service:			
Principal retirement	-	1,805,000	1,805,000
Interest and debt costs	-	1,433,730	1,433,730
Total expenditures	<u>-</u>	<u>3,238,730</u>	<u>7,718,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>453,562</u>	<u>(812,682)</u>	<u>4,447,202</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	936,046	1,419,906
Total other financing sources (uses)	<u>-</u>	<u>936,046</u>	<u>1,419,906</u>
Net change in fund balances	453,562	123,364	5,867,108
Fund balances, beginning of year	<u>786,422</u>	<u>499</u>	<u>8,732,224</u>
Fund balances, end of year	<u>\$ 1,239,984</u>	<u>\$ 123,863</u>	<u>\$ 14,599,332</u>



OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NON – MAJOR GOVERNMENTAL FUNDS

City of Goodyear
Highway User Revenue
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,455,760	\$ 1,455,760	\$ 1,633,997	\$ 178,237
Investment income	-	-	8,327	8,327
Miscellaneous	-	-	68,850	68,850
Total revenues	<u>1,455,760</u>	<u>1,455,760</u>	<u>1,711,174</u>	<u>255,414</u>
EXPENDITURES				
Current:				
Highway and streets	<u>2,596,022</u>	<u>2,596,022</u>	<u>2,126,282</u>	<u>469,740</u>
Total expenditures	<u>2,596,022</u>	<u>2,596,022</u>	<u>2,126,282</u>	<u>469,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,140,262)</u>	<u>(1,140,262)</u>	<u>(415,108)</u>	<u>725,154</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	483,860	483,860
Total other financing sources	<u>-</u>	<u>-</u>	<u>483,860</u>	<u>483,860</u>
Net change in fund balance	(1,140,262)	(1,140,262)	68,752	1,209,014
Fund balance, beginning of year	<u>84</u>	<u>84</u>	<u>84</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (1,140,178)</u></u>	<u><u>\$ (1,140,178)</u></u>	<u><u>\$ 68,836</u></u>	<u><u>\$ 1,209,014</u></u>

City of Goodyear
Grants
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 242,000	\$ 242,000	\$ 315,984	\$ 73,984
Miscellaneous	-	-	63,237	63,237
Total revenues	<u>242,000</u>	<u>242,000</u>	<u>379,221</u>	<u>137,221</u>
EXPENDITURES				
Current:				
Public safety	-	-	245,398	(245,398)
Community development	-	-	6,925	(6,925)
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>145,317</u>	<u>54,683</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>397,640</u>	<u>(197,640)</u>
Net change in fund balance	42,000	42,000	(18,419)	(60,419)
Fund balance, beginning of year	<u>121,571</u>	<u>121,571</u>	<u>121,571</u>	<u>-</u>
Fund balance, end of year	<u>\$ 163,571</u>	<u>\$ 163,571</u>	<u>\$ 103,152</u>	<u>\$ (60,419)</u>

City of Goodyear
Community Facilities Districts - General
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 574,240	\$ 574,240	\$ 567,984	\$ (6,256)
Charges for services	-	-	12,000	12,000
Investment income	3,900	3,900	33,074	29,174
Contributions	42,309	42,309	20,913	(21,396)
Miscellaneous	55,000	55,000	113,822	58,822
Total revenues	<u>675,449</u>	<u>675,449</u>	<u>747,793</u>	<u>72,344</u>
EXPENDITURES				
Current				
General government	<u>1,029,214</u>	<u>1,029,214</u>	<u>453,340</u>	<u>575,874</u>
Total expenditures	<u>1,029,214</u>	<u>1,029,214</u>	<u>453,340</u>	<u>575,874</u>
Net change in fund balance	(353,765)	(353,765)	294,453	648,218
Fund balance, beginning of year	<u>231,323</u>	<u>231,323</u>	<u>231,323</u>	-
Fund balance, end of year	<u>\$ (122,442)</u>	<u>\$ (122,442)</u>	<u>\$ 525,776</u>	<u>\$ 648,218</u>

City of Goodyear
Community Facilities Impact Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 512,727	\$ 512,727	\$ 1,147,923	\$ 635,196
Investment income	-	-	13,119	13,119
Total revenues	<u>512,727</u>	<u>512,727</u>	<u>1,161,042</u>	<u>648,315</u>
EXPENDITURES				
Capital outlay	<u>515,000</u>	<u>515,000</u>	<u>349,014</u>	<u>165,986</u>
Total expenditures	<u>515,000</u>	<u>515,000</u>	<u>349,014</u>	<u>165,986</u>
Net change in fund balance	(2,273)	(2,273)	812,028	814,301
Fund balance, beginning of year	<u>1,314,596</u>	<u>1,314,596</u>	<u>1,314,596</u>	-
Fund balance, end of year	<u><u>\$ 1,312,323</u></u>	<u><u>\$ 1,312,323</u></u>	<u><u>\$ 2,126,624</u></u>	<u><u>\$ 814,301</u></u>

City of Goodyear
 General Government Impact Fees
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 450,000	\$ 450,000	\$ 821,840	\$ 371,840
Investment income	-	-	9,757	9,757
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>831,597</u>	<u>381,597</u>
EXPENDITURES				
Current:				
Public works	-	-	344	(344)
Community development	-	-	14,319	(14,319)
Capital outlay	<u>500,000</u>	<u>500,000</u>	<u>232,748</u>	<u>267,252</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>247,411</u>	<u>252,589</u>
Net change in fund balance	(50,000)	(50,000)	584,186	634,186
Fund balance, beginning of year	<u>1,022,763</u>	<u>1,022,763</u>	<u>1,022,763</u>	-
Fund balance, end of year	<u>\$ 972,763</u>	<u>\$ 972,763</u>	<u>\$ 1,606,949</u>	<u>\$ 634,186</u>

City of Goodyear
Public Works Impact Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 432,295	\$ 432,295	\$ 766,221	\$ 333,926
Investment income	-	-	12,767	12,767
Total revenues	<u>432,295</u>	<u>432,295</u>	<u>778,988</u>	<u>346,693</u>
EXPENDITURES				
Current:				
Public works	190,000	190,000	88,982	101,018
Capital outlay	<u>800,000</u>	<u>800,000</u>	<u>109,646</u>	<u>690,354</u>
Total expenditures	<u>990,000</u>	<u>990,000</u>	<u>198,628</u>	<u>791,372</u>
Net change in fund balance	(557,705)	(557,705)	580,360	1,138,065
Fund balance, beginning of year	<u>1,508,902</u>	<u>1,508,902</u>	<u>1,508,902</u>	-
Fund balance, end of year	<u><u>\$ 951,197</u></u>	<u><u>\$ 951,197</u></u>	<u><u>\$ 2,089,262</u></u>	<u><u>\$ 1,138,065</u></u>

City of Goodyear
 Fire Impact Fees
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 411,981	\$ 411,981	\$ 878,971	\$ 466,990
Investment income	-	-	7,806	7,806
Total revenues	<u>411,981</u>	<u>411,981</u>	<u>886,777</u>	<u>474,796</u>
EXPENDITURES				
Current:				
Capital outlay	<u>1,375,200</u>	<u>1,375,200</u>	<u>554,443</u>	<u>820,757</u>
Total expenditures	<u>1,375,200</u>	<u>1,375,200</u>	<u>554,443</u>	<u>820,757</u>
Net change in fund balance	(963,219)	(963,219)	332,334	1,295,553
Fund balance, beginning of year	<u>1,077,103</u>	<u>1,077,103</u>	<u>1,077,103</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 113,884</u></u>	<u><u>\$ 113,884</u></u>	<u><u>\$ 1,409,437</u></u>	<u><u>\$ 1,295,553</u></u>

City of Goodyear
Police Impact Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 271,686	\$ 271,686	\$ 1,200,301	\$ 928,615
Investment income	-	-	8,276	8,276
Total revenues	<u>271,686</u>	<u>271,686</u>	<u>1,208,577</u>	<u>936,891</u>
EXPENDITURES				
Current:				
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>145</u>	<u>159,855</u>
Total expenditures	<u>160,000</u>	<u>160,000</u>	<u>145</u>	<u>159,855</u>
Net change in fund balance	111,686	111,686	1,208,432	1,096,746
Fund balance, beginning of year	<u>974,771</u>	<u>974,771</u>	<u>974,771</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,086,457</u></u>	<u><u>\$ 1,086,457</u></u>	<u><u>\$ 2,183,203</u></u>	<u><u>\$ 1,096,746</u></u>

City of Goodyear
Transportation Impact Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,143,985	\$ 1,143,985	\$ 1,564,512	\$ 420,527
Investment income	-	-	16,359	16,359
Total revenues	<u>1,143,985</u>	<u>1,143,985</u>	<u>1,580,871</u>	<u>436,886</u>
EXPENDITURES				
Current:				
Capital outlay	<u>900,000</u>	<u>900,000</u>	<u>152,815</u>	<u>747,185</u>
Total expenditures	<u>900,000</u>	<u>900,000</u>	<u>152,815</u>	<u>747,185</u>
Net change in fund balance	243,985	243,985	1,428,056	1,184,071
Fund balance, beginning of year	<u>1,694,190</u>	<u>1,694,190</u>	<u>1,694,190</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,938,175</u></u>	<u><u>\$ 1,938,175</u></u>	<u><u>\$ 3,122,246</u></u>	<u><u>\$ 1,184,071</u></u>

City of Goodyear
Library Impact Fees
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 372,075	\$ 372,075	\$ 446,080	\$ 74,005
Investment income	-	-	7,482	7,482
Total revenues	<u>372,075</u>	<u>372,075</u>	<u>453,562</u>	<u>81,487</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	372,075	372,075	453,562	81,487
Fund balance, beginning of year	<u>786,422</u>	<u>786,422</u>	<u>786,422</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,158,497</u></u>	<u><u>\$ 1,158,497</u></u>	<u><u>\$ 1,239,984</u></u>	<u><u>\$ 81,487</u></u>

City of Goodyear
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$2,451,787	\$2,451,787	\$2,425,608	\$ (26,179)
Investment income	-	-	440	440
Total revenues	2,451,787	2,451,787	2,426,048	(25,739)
EXPENDITURES				
Debt service:				
Principal retirement	2,579,749	2,579,749	1,805,000	774,749
Interest and debt costs	489,318	489,318	1,433,730	(944,412)
Total expenditures	3,069,067	3,069,067	3,238,730	(169,663)
Excess (deficiency) of revenues over (under) expenditures	(617,280)	(617,280)	(812,682)	(195,402)
OTHER FINANCING SOURCES				
Transfers in	-	-	936,046	936,046
Total other financing sources	-	-	936,046	936,046
Net change in fund balance	(617,280)	(617,280)	123,364	740,644
Fund balance, beginning of year	499	499	499	-
Fund balance, end of year	\$ (616,781)	\$ (616,781)	\$ 123,863	\$ 740,644

STATISTICAL SECTION

City of Goodyear
Government-Wide Expenses By Function¹
For The Years Ended June 30
(Unaudited)

Fiscal Year	General Government(a)	%	Public Safety	%	Public Works and Highways and Streets	%	Culture and Recreation
2003	\$ 11,683,171	29.35	\$ 12,198,244	30.65	\$ 9,842,863	24.73	\$ 1,925,726
2004	13,928,300	32.39	14,739,539	34.28	6,962,446	16.19	1,716,362
2005	15,464,761	29.13	16,054,895	30.25	14,406,634	27.14	2,591,911

Schedule includes General, Special Revenue, Debt Services, and Capital Projects Funds

¹ Source: City records

* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.

(a) Includes Community Development

	Interest on Long-Term Debt		Total Government- wide Expenses
%		%	
4.84	\$ 4,153,359	10.43	\$ 39,803,363
4.00	5,649,175	13.14	42,995,822
4.88	4,567,604	8.60	53,085,805

City of Goodyear
Government-Wide Revenues¹
For The Years Ended June 30
(Unaudited)

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	State Shared	Investment Income (Loss)
2003	\$ 11,223,001	\$ 397,092	\$ 9,475,823	\$ 21,111,029	\$ 5,587,983	\$ (499,021)
2004	10,555,004	109,956	46,863,563	25,487,392	5,756,754	556,145
2005	11,459,192	523,405	16,472,105	31,498,052	5,973,538	1,079,720

Schedule includes General, Special Revenue, Debt Services, and Capital Projects Funds

¹ Source: City records

* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.

Miscellaneous	Total Government-wide Revenues
\$ 233,858	\$ 47,529,765
408,114	89,736,928
1,641,295	68,647,307

City of Goodyear
Property Tax Levies and Collection¹
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Levy Collections to Total Tax Levy	Total Property Tax Revenues
1996	1,061,068	1,051,239	99.07%	-	1,051,239	99.07%	1,051,239
1997	1,173,156	1,168,884	99.64%	-	1,168,884	99.64%	1,168,884
1998	1,418,131	1,414,046	99.71%	-	1,414,046	99.71%	1,414,046
1999	1,682,349	1,663,764	98.90%	-	1,663,764	98.90%	1,663,764
2000	1,977,135	1,967,017	99.49%	277	1,967,294	99.50%	1,967,294
2001	2,541,008	2,484,965	97.79%	2,469	2,487,434	97.89%	2,487,434
2002	3,204,131	3,102,195	96.82%	51,203	3,153,398	98.42%	3,153,398
2003	4,287,085	4,112,585	95.93%	-	4,112,585	95.93%	4,112,585
2004	5,096,682	4,982,963	97.77%	-	4,982,963	97.77%	4,982,963
2005	6,049,416	5,974,482	98.76%	-	5,974,482	98.76%	5,974,482

Schedule includes General and Debt Service Funds

¹ Source: City records

City of Goodyear
 Assessed and Estimated Actual Value Taxable Property¹
 Last Ten Fiscal Years
 (Unaudited)

Assessment Year	Assessed Value	Estimated Actual Value	Percent of Assessed Value To Estimated Actual Value
1996	53,323,611	386,104,649	13.81%
1997	57,976,454	418,994,590	13.84%
1998	72,104,817	547,923,202	13.16%
1999	88,767,663	666,631,042	13.32%
2000	103,618,251	785,915,672	13.18%
2001	136,713,813	1,046,255,320	13.07%
2002	174,404,952	1,412,131,409	12.35%
2003	222,388,265	1,807,280,114	12.31%
2004	264,638,241	2,222,833,697	11.91%
2005	327,191,619	2,683,850,075	12.19%

¹ Source: Maricopa County Assessor's Office

City of Goodyear
Property Tax Rates -
Direct and Overlapping Governments¹
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	City of Goodyear Primary	City of Goodyear Secondary	City of Goodyear Total	Maricopa County Primary	Library District Secondary	Fire District Assistance Tax Secondary	Flood Control Secondary
1996	0.20290	1.89160	2.09450	1.6880	0.0099	0.0108	0.3332
1997	0.40490	1.72120	2.12610	1.6354	0.0421	0.0109	0.3425
1998	1.00440	1.10470	2.10910	1.1265	0.0421	0.0105	0.3425
1999	1.29760	0.79190	2.08950	1.1472	0.0421	0.0103	0.3270
2000	1.07990	1.01680	2.09670	1.1884	0.0421	0.0100	0.2858
2001	1.34030	0.74130	2.08160	1.1641	0.0421	0.0096	0.2534
2002	1.36740	0.57820	1.94560	1.1832	0.0421	0.0091	0.2319
2003	1.28660	0.75490	2.04150	1.2108	0.0421	0.0091	0.2119
2004	1.22390	0.74930	1.97320	1.2108	0.0521	0.0069	0.2119
2005	0.82220	0.77780	1.60000	1.1971	0.0521	0.0069	0.2119

¹ Source: Maricopa County Assessor's Office

* Information is not available

School Equalization Primary	Community College Primary	Community College Secondary	Central Arizona Project Secondary	Maricopa Special Health Care District
*	0.9455	*	0.1400	*
*	0.9772	*	0.1400	*
*	0.9747	*	0.1400	*
*	0.9866	*	0.1400	*
*	0.9741	*	0.1400	*
*	0.9691	*	0.1300	*
*	0.9583	*	0.1300	*
*	0.9634	*	0.1300	*
0.4560	0.9211	0.1161	0.1200	*
0.4358	0.8936	0.1379	0.1200	0.1206

City of Goodyear
Ratio of Net General Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population ²	Assessed Value ³	Gross Bonded Debt ¹	Less: Debt Service Fund ¹	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1996	10,215	53,323,611	*	*	*	*	*
1997	12,205	57,976,454	*	*	*	*	*
1998	14,305	72,104,817	*	*	*	*	*
1999	17,085	88,767,663	*	*	*	*	*
2000	19,695	103,618,251	*	*	*	*	*
2001	22,820	136,713,813	*	*	*	*	*
2002	26,715	174,404,952	11,210,000	-	11,210,000	6.43%	420
2003	30,395	222,388,265	22,270,000	-	22,270,000	10.01%	733
2004	35,810	264,638,241	30,395,000	499	30,394,501	11.49%	849
2005	41,240	327,191,619	58,265,000	123,863	58,141,137	17.77%	1410

¹Source: City records (Does not include Enterprise or Special Assessment bonds)

²Source: Arizona Department of Commerce

³Source: Maricopa County Assessor's Office

* Information is not available.

City of Goodyear
 Computation of Legal Debt Margin
 June 30, 2005
 (Unaudited)

The computation of the Town's legal debt margins as of June 30, 2005 is as follows:

City of Goodyear Secondary Assessed Valuation ¹ :		\$ 327,191,619	
Allowable 6% Debt*		\$ 19,631,497	
Less 6% Bonds Outstanding		<u>(9,405,000)</u>	
Unused 6% Debt Capacity			\$ 10,226,497
Allowable 20% Debt**		65,438,324	
Less 20% Bonds Outstanding		<u>(48,860,000)</u>	
Unused 6% Debt Capacity			<u>16,578,324</u>
Legal debt margin			<u><u>\$ 26,804,821</u></u>

Amount of debt outstanding ² :	
Total bonded debt	\$ 134,067,600
Total loans	<u>15,092,624</u>
	149,160,224
Less:	
Municipal facilities revenue bonds	(3,640,000)
Water revenue bonds	(2,710,000)
Community facilities districts bonds	(69,452,600)
Greater Arizona Development Authority	(4,085,000)
Water Infrastructure Authority Loan	<u>(11,007,624)</u>
General obligation bonds	<u><u>\$ 58,265,000</u></u>

¹ Source: Maricopa County Assessor's Office

²Source: City records

* Under Arizona law, cities can issue general obligation bonds for general municipal purposes up to an amount not exceeding 6% of assessed valuation.

** under Arizona law, cities can issue additional general obligation bonds for supplying specific services as water, sewer, lighting, parks and recreational facilities up to an amount not exceeding 20% of assessed valuation.

City of Goodyear
Principal Taxpayers
June 30, 2005
(Unaudited)

Taxpayer ¹	Type of Business	Assessed Valuation of Property ²	Percentage of Total Assessed Valuation
Sun MP LLC	Vacant Land	\$ 15,914,506	4.85%
Suncor Development Company	Vacant Land	11,126,565	3.39%
Rubbermaid, Inc.	Industrial Parks	8,893,205	2.71%
Arizona Public Service Company	Electric Utility	7,213,544	2.20%
VHS of South Phoenix Inc.	Hospital	6,845,325	2.09%
First American Title Insurance Co.	Vacant Land	5,128,082	1.56%
McLane/Sunwest Inc.	Warehouses	3,941,499	1.20%
PVPW Corporation	Shopping Center	3,773,693	1.15%
Snyders of Hanover	Industrial Parks	3,445,821	1.05%
Qwest Corporation	Communication	<u>3,082,120</u>	<u>0.94%</u>
Total		<u>\$ 69,364,360</u>	<u>21.14%</u>

¹Source: Arizona Department of Revenue

²Source: Maricopa County Assessor's Office

City of Goodyear
Major Employers¹
June 30, 2005
(Unaudited)

Major Corporation	Approximate Number of Employees *	Type of Company
Arizona State Prison/Perryville	825	Correctional Facility
Lockheed Martin	732	Aviation/Technology
McLane Sunwest	500	Distribution
Cavco Industries, Inc.	475	Modular Homes
Timco	430	Aircraft Maintenance, Modification and Repair
City of Goodyear	410	Government
Rubbermaid, Inc.	261	Manufacturing Plastic Consumer Products
Rudolpho Brothers	260	Plastering
Target	175	Department Store
Lufthansa-German Airlines	170	Training Center

¹Source: City Records



COMPLIANCE REPORT





HENRY & HORNE, LLP
Advisors to Business

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

To the City Council
City of Goodyear, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Goodyear, Arizona, as of and for the year ended June 30, 2005, which collectively comprise the City of Goodyear's basic financial statements and have issued our report thereon dated December 7, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether City of Goodyear's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Goodyear's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Goodyear's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

Tempe
2055 E. Warner Road
Suite 101
Tempe, AZ 85284-3487
(480) 839-4900
Fax (480) 839-3624

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

Pinetop
Post Office Box 527
Pinetop, AZ 85935-0527
(928) 367-2591
Fax (928) 367-3501

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CERTIFIED PUBLIC ACCOUNTANTS

1. Detailed subsidiary records are not reconciled to the general ledger control accounts and supporting documents for various significant general ledger accounts. Reconciliations for all significant asset and liability accounts should be performed on a timely basis.
2. The City makes use of check signing stamps for processing disbursements. The Community Facilities Districts Administrator has access to a stamp with the signature of Larry Price. A system should be implemented to limit check signing duties and access to stamps.
3. Detail records of capital assets are not sufficiently maintained and integrated into the accounting system. These records should be consistently maintained and reconciled to the general ledger on a timely basis.
4. There is no evidence that all journal entries are subject to adequate review. We noted on some that the persons preparing and posting the entries signed them off but found no indication of review. All journal entries should be properly approved before they are posted to the system.
5. The limited number of personnel prevents a proper segregation of accounting functions necessary to assure adequate internal controls. This is not unusual in entities of this size. Management should be constantly aware of this condition and realize that concentrations of duties in a limited number of personnel could create control situations that would allow personnel to misappropriate assets. This is especially evident with the CFD's. The CFD administration manager handles all cash receipts and disbursements functions. She prepares invoices for payment, writes the checks by hand, stamps the check with a signature, reconciles the cash account, etc.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the items described above to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of City of Goodyear, in a separate letter dated December 7, 2005.

This report is intended solely for the information and use of the management, City Council and is not intended to be and should not be used by anyone other than these specified parties.

Henry Home, LLP

December 7, 2005