

CITY OF GOODYEAR, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007





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



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INTRODUCTORY SECTION





November 19, 2007

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

We are pleased to submit to you the 2007 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, 2007, are free from material misstatement. The independent 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, 2007, are fairly presented, in all material

Proud past. Vibrant future!

City of Goodyear Finance- Finance Department
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respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 182 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 June 2007 population is 55,775. 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 twelve parks encompassing 117 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 ten 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, Cottonflower Community Facilities District, Centerra Community Facilities District, Cortina Community Facilities District, and King Ranch 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. At a general election held in March 11, 2003 the citizens of Goodyear approved a permanent adjustment of the 1979 expenditure base for population and inflation growth. The City may utilize the additional expenditure authority for any local budgetary purposes. The new permanent adjustment eliminates the need for voter approval every four years.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, 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 06-07 another successful year and will provide for continued success in the years to come.

The city permitted 1,340 single-family-residential permits in FY 06-07. Due to a slow down in the new home construction the single family building permits decreased by 51% over the previous year. Even though new home permits were down, construction sales tax remained strong. The City is expecting the commercial activity to supplement the residential shortfall as it relates to construction sales tax in FY 07-08. The City is estimating no significant decrease in construction sales tax from FY06-07 to FY 07-08.

In addition to new phases in the master planned communities, entirely new residential developments will begin throughout previously undeveloped areas of the City. To serve the wants and needs of the citizens, over 4 million square feet of retail space will be added over the next two years with major

developments by Westcor, Evergreen Devco, Suncor and Vestar bringing a new line-up of retailers to the City by 2008 and regional mall in 2009. Some of this retail space began construction in 2007.

Retail & Hospitality

The following business opened this fiscal year:

AutoZone	Kumon Math & Reading Ctr.	Salon Vault
AZ Enlightenment Center	Labor Ready	San Plumbing
Brejje & Associates PLC-Immig Law	Manuel's Mexican Restaurant	Shasta Pools
Bruno's Pizza & Wings	Millennium Dental Arts	Sherwin-Williams Paint Store
Country West Cleaners	Oh! Formaggio	State Farm Insurance
Darrin M Saikley, MD/Family Practice	Once Upon A Child	Sun Valley Urgent Care
Darrin D Sherer Family Practice	O'Pena Internal Medicine	Super Cleaners
Desert Systems Landscape	OzDogs	The Little Gym
Dino's Greek and Italian Grill	Planet Beach	Tomo Japanese Cuisine
Feminine Fashions	Pur Skin Spa	Total Changez Medi-Spa
Fred Astaire Dance Studio	Quizno's Subs	Val's Brazilian Cuisine
G Dental Studio	Rose Properties Southwest	Washburn Pianos
Good Night Sleep Services	Rue 21	Westridge Dental
Ground Control (Coffee & Wine Bar)	Salad Creations	White Cap Construction Supply
Gymboree Play & Music	Sally's Beauty Supply	Wilhelm Automotive
Hot Locks Salon		

Economic Outlook

Goodyear has been sheltered from the impact of the economic slow down, due to the continued growth of the City. While revenues have not increased as projected in the prior fiscal year due to a decline in building permits, Goodyear's revenues continued to grow due to increased growth in commercial activities. Total City operating revenues grew approximately 32% from FY 05-06 to FY 06-07. Total operating revenues for FY 07-08 are expected to grow by 20%.

Sales Tax. The City of Goodyear, like all Arizona cities, places a heavy reliance on City sales tax revenues. Overall, City sales tax revenues comprise approximately 33% of operating revenues. The City's sales tax rate is currently at 2% with an additional 2% restaurant/bar, and additional 2.5% lodging and additional 1.5% for construction. For single item purchases of tangible personal property greater than \$5,000.00 there is a 1.2% tax rate instead of 2%.

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.

Property Tax. The City's combined (secondary and primary) property tax rate is \$1.59 per \$100 of assessed valuation for fiscal year 2007. Of this, \$0.80 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 54% in FY 07-08.

The primary property tax rate is \$.79 for 2007. 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 \$3.6 million in fiscal year 2007. The primary property tax revenues are expected to be \$4.2 million dollars in FY 07-08. 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.

Total primary assessed property value within the City has increased by approximately 24% over FY 05-06 based on preliminary estimates (actuals are set in August of the next fiscal year) by the Maricopa County Assessor's Office. Because of the increasing assessed value of the City, primary property tax revenues continue to grow, as the City's primary rate has decreased slightly. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to continue to increase over the next few years.

Labor Force. Goodyear has a well-educated and available labor force. The estimated median income level is \$73,756 for 2007. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC) which has been successful at introducing new businesses to the City. The City maintains an economic development department "in-house" which has been very instrumental in locating retail/hospitality/office/industrial businesses to the City.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For The Year

During fiscal year 2007, 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 2007:

Mayor & Council

- Commitment for a Recreational Sports and Spring Training Complex and for the Cleveland Indians as one of the teams.
- Intentions of three universities to bring education programs to Goodyear: Franklin Pierce University, University of St. Francis, and University of the Incarnate Word.
- Estrella Falls Regional Mall committed to developing a regional mall.
- Undertook city-wide Management Assessment and received report.
- Entered into three-city agreement to fund carrying costs for acceleration of the I-10 widening, and completed design phase.
- Committed to redevelopment of nonproductive properties from previous contamination as part of the National Brownfields Association.
- Gained two major employers: Macy's and Cancer Treatment Center of America
- Continued quality commercial and residential development, in conjunction with necessary infrastructure.

- Annexed nearly 68 square miles.
- Provided funding and support for community projects.
- Broadened and strengthened regional relationships.
- Fully-staffed department with a Chief of Staff, Assistant to Mayor and Council, and Executive Assistant.

Community Development

- The City Center Specific Area Plan was adopted by Council on September 25, 2006.
- Developed and implemented an administrative process for minor subdivision platting.
- Awarded a bid for construction of the first phase of the Citywide Monument Signage Program.
- Completed the rehabilitation of four homes funded by the CDBG/HOME Grant Program.
- Updated the Zoning Ordinance parking standards to encourage large-scale industrial development.
- Initiated and processed a General Plan Amendment to increase the City's Planning Area by 95 square miles and completed the annexation of 67 square miles of this area known as the Sonoran Valley.
- Received an award from the Arizona Planning Association for development and implementation of a Dark Sky Ordinance.
- Streamlined the approval process for Comprehensive Sign Package applications by allowing administrative approval for applications that meet the criteria in the Zoning Ordinance.
- Amended the Zoning Ordinance to require a Use Permit application for freeway pylon signs.
- Implemented quarterly Development Advisory Forums with the development community for sharing information and seeking input on ways to improve the development processes and procedures.
- Adopted and implemented the 2006 International Building Codes.

Fire

- Purchased land and selected contractor for Fire Station 185 at Pebble Creek Parkway and Clubhouse Drive.
- Conducted Captain and Engineer promotional processes and Firefighter Recruitment for approved Fire Station 185 staffing.
- Hosted Recruit Academy 06-1.
- Hired an EMS Program Manager (Battalion Chief).
- Moved into temporary office space at Venida and have the Administrative and Community Services in one building for the first time in several years.
- With only 30 days to prepare, successfully provided fire and EMS service to newly annexed Sonoran Valley from temporary Fire Station 187.
- Participated in Public Safety Citizen Advisory Committee.
- Initiated work on a Sonoran Valley Public Safety Master Plan.
- Sent eight (8) firefighters to paramedic school.
- Sent three (3) firefighters to hazardous materials technician school.
- Trained an additional 30 citizens as part of the Community Emergency Response Team (CERT).
- Achieved 99% compliance with National Incident Management System (NIMS) training for all City staff. This is a federal requirement which also makes the City eligible for grant funding.

Police

- Actively participated in the Public Safety Citizens Advisory Committee process.
- Assigned an officer as full time liaison to Neighborhood Services and provided neighborhood resources to the community.
- Patrol Officers handled over 53,000 calls for service.
- Patrol and Traffic Officers handled over 13,000 citations.
- The Telecommunications Center handled over 153,000 incoming phone calls.
- The Citizen's Police Academy continued this fiscal year, educating over 40 citizens about the Police Department.
- Partnered with West Valley Police agencies to create and implement the Southwest Crisis Services Center, an innovative center providing essential crisis services to victims.
- Initiated work on a Sonoran Valley Public Safety Master Plan.

Economic Development

- Macys.com order fulfillment center, which will make significant contributions to the tax and job base in the community.
- Airport Gateway Master Plan concept presented to Council in April 2007, formal submission expected Fall 2007.
- Palm Valley 303 broke ground and will provide flex-industrial space for large corporate users.
- Palm Valley Professional Plaza opened with commercial sales and leasing success, including winning a Best of NAIOP award. Likewise, Phase III of Palm Valley Office Park completed.
- A wave of flex-office/industrial was added to the City with the opening of Goodyear Commerce Center and Venida Business Park.
- Façade Improvement Grant Program was launched, a quality of life initiative for commercial properties in Historic Goodyear.
- Assisted in the McDowell Road Improvement District to support Westcor's planned regional mall, Estrella Falls, as well as other retail and commercial development within the corridor (Evergreen Devco, SunCor, W.M. Grace).
- Develop advertisement materials for retail recruitment in national advertising campaign.
- Surveyed retail and business services-related employers in Goodyear complementing current data and efforts of the Business Registration program.
- Provide information to citizens and staff on new and coming businesses to the City.

Recreation & Aquatics

- Developed and implemented on-line registration for all programs.
- Held a Fourth of July Event attended by over 7,000 people.
- Developed twenty new special interest classes.
- Planned and coordinated movies as well as a comedy series at the Community Park.
- Obtained more sponsorship for special events.
- Planned and coordinated a 5k run in Goodyear.
- Established the Goodyear Special Events Committee.
- Recruited and hired a full-time Recreation & Aquatics Programmer.
- Planned and coordinated the Kicks 4 Kids Soccer program.
- Developed the first recreation brochure.
- Provided a holiday baseball camp with Extra Innings.
- Implemented staffing at the skate park.

Water Resources

- Further developed department organizational structure.
- Filled 5 of 6 new approved positions, adding technical and administrative depth to the department.
- Monitored department expenses and cost effectiveness.
- Completed designed and began construction of the Department's administration facility.
- Met or exceeded all state and federal drinking water regulations.
- Developed a strategic plan for the Department.
- Promoted staff training and development.
- Implemented Criteria Based Promotion Program.
- Created and executed an Intern Program for water and wastewater services.
- Improved the efficiency of the Reverse Osmosis (RO) Treatment Facility at Bullard Water Campus.
- Implemented Arsenic treatment at Well 18B.
- Implemented well head treatment though RO at Well 12B.
- Implemented the radio read program for meter reading services.
- Met or exceeded all state and federal wastewater treatment regulations.
- Developed Safeway well, relocated the Centerra Well and converted Well N to a potable water well bringing 2.4 MGD of new potable water into the system.
- Began design and construction of 157th Avenue WRF plant expansion from 3.0 to 6.0 MGD.
- Implemented service line replacements in Historic Goodyear – Arnold Manor.

For a complete listing of all the City departments and their accomplishments for FY 06-07, a copy of the City's FY07-08 Budget is available on-line at www.goodyearaz.gov or contact the City's Budget and Research Office.

For The Future

The City Council desires to accelerate current and planned capital projects and to increase job creation and expansion through economic development. This need for capital will require the City to examine possible operating revenue sources to fund capital projects. To do this, the current level of service would be maintained and available new revenue would be shifted toward capital funding. 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 priorities for FY 07-08:

- Seventy-nine new positions, including 9.5 in public safety to support Sonoran Valley
- City Center Master Plan and Public-Private Partnership for City Hall Campus and Performing Arts Center Development
- Infrastructure along Bullard Avenue (water, sewer, and street improvements)
- I-10 Interchange at Bullard in conjunction with ADOT
- Fire Station 185 at Clubhouse & Pebble Creek (design and construction)
- Fire Station 186 in Estrella Mountain Ranch (design only)
- Community Park in Estrella Mountain Ranch (phase 1 construction and phase 2 design)
- Bulk Water Agreement with Adaman Water District for long term water resources
- Expansion of the 157th Avenue Wastewater Treatment Plant
- Van Buren Road widening from Litchfield to Estrella Parkway
- Completion of the 13, 500 square feet Water Resources Administration Building

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.

Debt Administration

The Arizona Constitution provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent (6%) of the secondary assessed valuation of the taxable property in that city. In addition cities may issue general obligation bonds up to an additional twenty percent (20%) of the secondary assessed valuation for supplying water, artificial light, or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities. The City of Goodyear anticipates selling additional debt in FY 07-08.

The following is a summary of the City's outstanding as of June 30, 2007:

• General Obligation Bonds	\$90,195,000
• Public Improvement Corporation Bonded Debt	\$ 3,320,000
• Greater Arizona Development Authority Loan	<u>\$ 3,185,000</u>
Total	\$96,700,000

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 5.2% for the year ended June 30, 2007. The book value of the City's unrestricted investment portfolio at June 30, 2007 was \$102,431,067. 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 FY 06-07, the City was insured for losses up to \$15 million. The City continued to save budget dollars increasing the general liability deductible to \$250,000. Since there were no liability claims above the \$75,000 level, an additional \$115,000 was saved. The City's Workers' Compensation experience modification factor continued its decline from \$.69 to \$.67.

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

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department. 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

Rob Antoniak

COUNCIL MEMBERS

Richard A. Sousa

Frank Cavalier

Georgia Lord

Brenda Holland

Joanne Osborne

SENIOR MANAGEMENT STAFF

Brian J. Dalke
Interim City Manager

Michael Simonson
Presiding Judge

Roric Massey
City Attorney

Mark K. Brown
Interim Deputy City Manager

James R. Nichols
Deputy City Manager

Dee Cockrum
City Clerk

Kay Wilkinson
Human Resources Director

Harry Paxton
Economic Development Director

Ralph McLaughlin
Interim Police Chief

Mark Gaillard
Fire Chief

Harvey Krauss
Community Development Director

Larry Lange
Finance Director

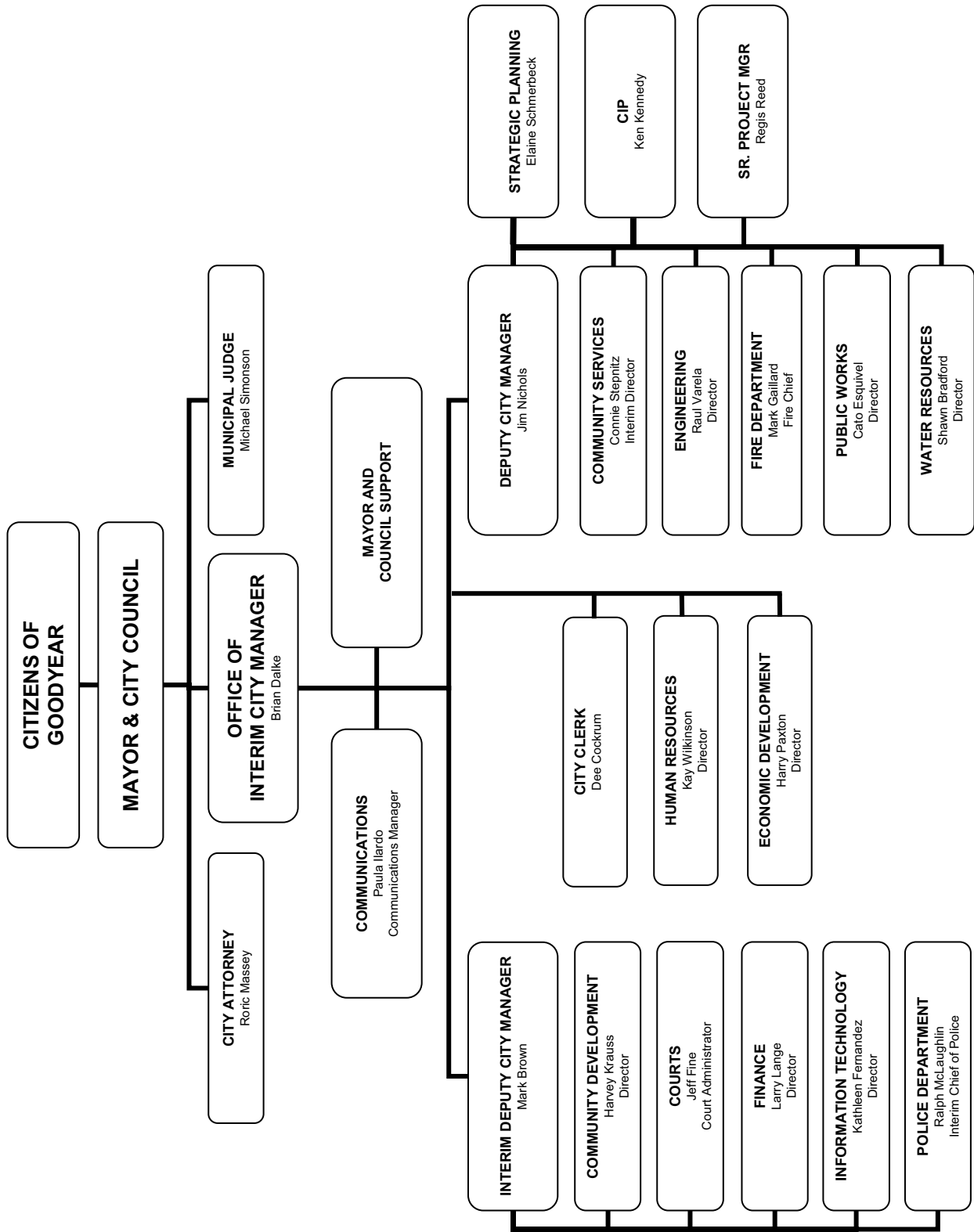
Kathleen Fernandez
Information Technology Director

Cato Esquivel
Public Works Director

Connie Stepnitz
Interim Community Services Director

Shawn Bradford
Water Resources Director

Raul Varela
Engineering Director



ACKNOWLEDGEMENTS

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

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Carla Williamson

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Sheila Mills

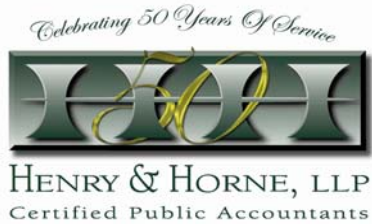
Carmelita Evans

Marty Eckstaine



FINANCIAL SECTION





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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goodyear, Arizona, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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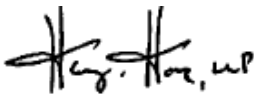
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The Honorable Mayor and Council
City of Goodyear, Arizona

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodyear, Arizona basic financial statements. The introductory section, the accompanying financial information listed as other supplementary information in the financial section, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The financial information listed as other supplementary information in the financial section and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section 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.



December 4, 2007

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION & ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007 (2007). This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

The discussion and analysis (MD&A) has different focus and purpose than the letter of transmittal presented on pages 5-15 this report and is designed to be read in conjunction with the transmittal letter as well as the financial statements beginning on page 19 accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net assets increased \$87.2 million (25.1%) in fiscal year 2007, \$63.2 million (a 24.2% increase) in governmental activities and \$24.0 million (a 28.0% increase) in business-type activities.
- ◆ The City's invested in capital, net of related debt increased by \$102.0 million (49.6%) from the previous year.
- ◆ The governmental activities program revenues increased by \$38.5 million (89.3%) from the previous year.
- ◆ The business-type activities program revenues increased by \$2.3 million (5.7%) from the previous year.
- ◆ At June 30, 2007, total fund balance of the governmental funds was \$108.4 million, up \$2.3 million (2.1%) from the previous year. Of this, \$90.7 million (83.7%) was unreserved (available for spending at the government's discretion).
- ◆ General Fund revenues (on a budgetary basis) exceeded budgeted revenues by \$22.6 million for fiscal year 2007. Additionally, the budgetary expenditures of the General Fund were \$18.5 million less than the final budgeted expenditures.
- ◆ At June 30, 2007, unreserved fund balance for the General Fund was \$61.0 million, or 75.9% of General Fund expenditures for fiscal year 2007.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

- **Governmental activities** – Most of the City’s basic services are included here, such as general government (administration), public safety (police, fire and court), highways and streets, public works, culture and recreation, and community development. These activities are generally supported by taxes and general revenues.
- **Business-type activities** – The services provided by the City included here are stadium, water, wastewater, and sanitation services. These activities are primarily supported through user charges or fees.

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

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

The government-wide financial statements can be found on pages 19-21 of this report.

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

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

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

The City maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Facilities Districts – Debt Service, Capital Improvement Projects, McDowell Road Improvements Capital Projects, and Community Facilities Districts – Capital Projects Funds, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules beginning on page 64 of this report.

The governmental fund financial statements can be found on pages 22 – 30 of this report.

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

The proprietary fund financial statements can be found on pages 31 – 33 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 35 – 36 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 39 – 61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the City's budget process. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. The other supplementary information can be found on pages 74 – 91 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately before the other supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 64 – 68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position of the City as whole as of the year ended June 30, 2007 with comparative information for the previous year.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2007 compared to the prior year.

Statement of Net Assets
as of June 30

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 135,836,711	\$ 126,227,078	\$ 19,475,538	\$ 34,111,790	\$ 155,312,249	\$ 160,338,868	-3.1%
Capital assets	<u>325,621,851</u>	<u>251,663,633</u>	<u>169,732,210</u>	<u>104,867,998</u>	<u>495,354,061</u>	<u>356,531,631</u>	38.9%
Total assets	<u>461,458,562</u>	<u>377,890,711</u>	<u>189,207,748</u>	<u>138,979,788</u>	<u>650,666,310</u>	<u>516,870,499</u>	25.9%
Other liabilities	17,309,308	9,169,754	11,309,331	9,782,757	28,618,639	18,952,511	51.0%
Long-term liabilities outstanding	<u>119,473,772</u>	<u>107,258,170</u>	<u>68,366,127</u>	<u>43,608,184</u>	<u>187,839,899</u>	<u>150,866,354</u>	24.5%
Total liabilities	<u>136,783,080</u>	<u>116,427,924</u>	<u>79,675,458</u>	<u>53,390,941</u>	<u>216,458,538</u>	<u>169,818,865</u>	27.5%
Net assets:							
Invested in capital assets, net of related debt	206,294,183	144,405,463	101,366,083	61,259,814	307,660,266	205,665,277	49.6%
Restricted	60,388,579	67,199,030	-	-	60,388,579	67,199,030	-10.1%
Unrestricted	<u>57,992,720</u>	<u>49,858,294</u>	<u>8,166,207</u>	<u>24,329,033</u>	<u>66,158,927</u>	<u>74,187,327</u>	-10.8%
Total net assets	<u>\$ 324,675,482</u>	<u>\$ 261,462,787</u>	<u>\$ 109,532,290</u>	<u>\$ 85,588,847</u>	<u>\$ 434,207,772</u>	<u>\$ 347,051,634</u>	25.1%

The net assets of the City increased by \$87.2 million (25.1%) in fiscal year 2007. Of this increase, \$63.2 million was in governmental activities, a 24.2% increase and \$24.0 million was in business-type activities, a 28.0% increase.

Net assets consist of three components. The largest portion of net assets (\$307.7 million or 70.9%) reflects the City's investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these assets to provide services to its citizens. Consequently, it is not the City's intention to sell these assets and they are therefore not available for future spending. Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be used to liquidate these liabilities. This category of Net Assets increased by \$61.9 million in fiscal year 2007 primarily as a result of the purchase, construction and donation of additional capital assets.

The second portion of the City's net assets (\$60.4 million or 13.9) represents resources that are subject to external restrictions on how they may be used. The decrease of \$6.8 million is due to construction of capital assets.

The third portion of the City's net asset (\$66.1 million or 15.2%). These net assets may be used to meet the City's ongoing obligations to citizens and creditors. This category decreased by \$8.0 million in fiscal year 2007. Unreserved net assets are the balance of net assets remaining after calculating the other two categories discussed above. The decrease in unreserved net assets results from higher than expected expenses during fiscal year 2007.

Changes in Net Assets.

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

Changes in Net Assets for Year End June 30								
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change	
	2007	2006	2007	2006	2007	2006		
REVENUES:								
Program revenues:								
Charges for services	\$ 17,987,804	\$ 15,655,750	\$ 18,118,171	\$ 13,984,527	\$ 36,105,975	\$ 29,640,277	21.8%	
Operating grants and contributions	895,854	648,756	20,000	240,000	915,854	888,756	3.0%	
Capital grants and contributions	62,732,783	26,761,281	24,414,623	26,016,946	87,147,406	52,778,227	65.1%	
General revenues:								
Sales taxes	45,240,436	37,420,013	-	-	45,240,436	37,420,013	20.9%	
Property taxes	12,370,983	9,826,690	-	-	12,370,983	9,826,690	25.9%	
Franchise taxes	1,817,387	1,479,868	-	-	1,817,387	1,479,868	22.8%	
State shared revenue	15,053,501	6,997,920	-	-	15,053,501	6,997,920	115.1%	
Investment income	4,723,886	4,436,598	1,447,446	715,181	6,171,332	5,151,779	19.8%	
Mitigation proceeds	-	-	-	1,950,000	-	1,950,000	-100.0%	
Miscellaneous	1,029,445	1,486,027	26,683	17,431	1,056,128	1,503,458	-29.8%	
Total revenues	<u>161,852,079</u>	<u>104,712,903</u>	<u>44,026,923</u>	<u>42,924,085</u>	<u>205,879,002</u>	<u>147,636,988</u>	39.4%	
EXPENSES:								
Program activities:								
Governmental activities:								
General government	13,361,750	8,969,973	-	-	13,361,750	8,969,973	49.0%	
Public safety	22,383,891	15,998,399	-	-	22,383,891	15,998,399	39.9%	
Highways and streets	8,497,029	13,364,118	-	-	8,497,029	13,364,118	-36.4%	
Public works	25,397,677	1,791,319	-	-	25,397,677	1,791,319	1317.8%	
Culture and recreation	3,181,071	2,016,304	-	-	3,181,071	2,016,304	57.8%	
Community development	19,683,385	6,668,282	-	-	19,683,385	6,668,282	195.2%	
Interest on long-term debt	5,785,031	5,573,064	-	-	5,785,031	5,573,064	3.8%	
Business activities:								
Water and sewer	-	-	15,738,835	14,036,458	15,738,835	14,036,458	12.1%	
Sanitation	-	-	4,401,267	3,435,486	4,401,267	3,435,486	28.1%	
Total expenses	<u>98,289,834</u>	<u>54,381,459</u>	<u>20,140,102</u>	<u>17,471,944</u>	<u>118,429,936</u>	<u>71,853,403</u>	64.8%	
Increase in net assets								
before transfers	63,562,245	50,331,444	23,886,821	25,452,141	87,449,066	75,783,585	15.4%	
Transfers	(56,622)	(117,062)	56,622	117,062	-	-	-	
Increase in net assets	<u>\$ 63,505,623</u>	<u>\$ 50,214,382</u>	<u>\$ 23,943,443</u>	<u>\$ 25,569,203</u>	<u>\$ 87,449,066</u>	<u>\$ 75,783,585</u>	15.4%	

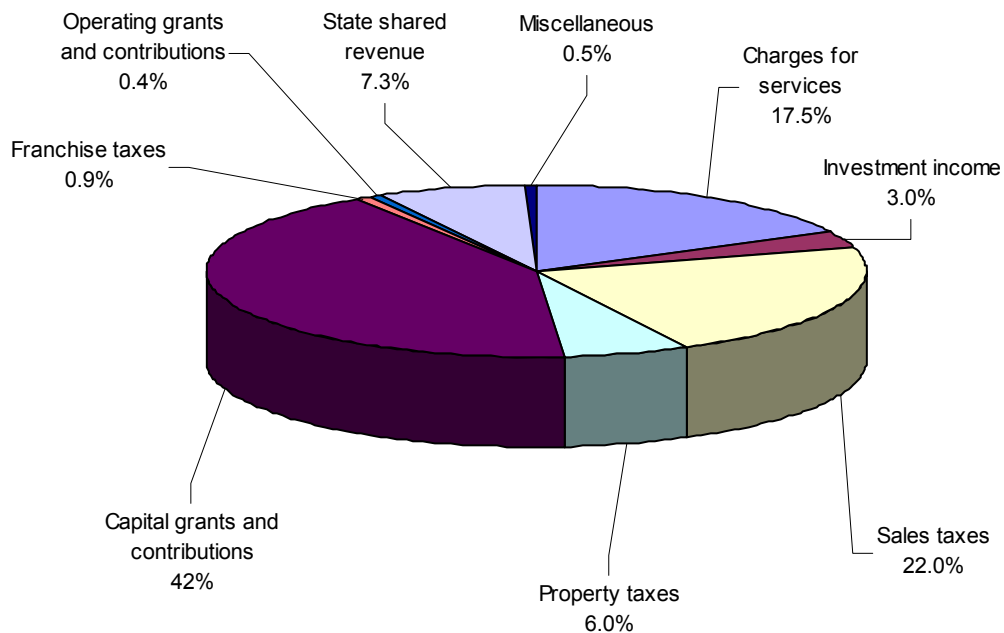
The general revenues of governmental activities increased by \$18.6 million (30.2%) from the previous year. This increase is primarily due to increase collection of sales and use taxes. The program revenues of governmental activities increased by \$38.5 million (89.5%) mostly due to the increase in donations for capital assets (which do not result in spendable resources). There were also increased charges for service primarily from development fees. The program revenues of business-type activities increased by \$2.3 million (5.7%). Charges for services revenue increased while operating grants and contributions and capital grants and contributions decreased. The increase in charges for service revenues is from an increased customer base and rate increase for water, sewer and sanitation fees.

For fiscal year 2007, total governmental revenues increased by \$57.1 million (54.6%) and total business-type revenues increased by \$1.1 million (.7%) while the expenses increased by \$43.9 million (80.7%) and \$2.7 million (3.7%) for the governmental and business-type activities respectively.

As seen in the following graph, the largest source of revenue is capital grants and contributions \$87.1 million (42.3%), consisting of primarily donated assets which represent non-spendable resources. The next two largest financing sources are sales taxes \$45.2 million (22.0%) and charges for services \$36.1 million (17.5%). The major funding sources of the governmental activities are taxes (28.9% of total revenues, 36.7% of governmental revenues) and state shared revenues (7.3% of total revenues, 9.3% of governmental revenues).

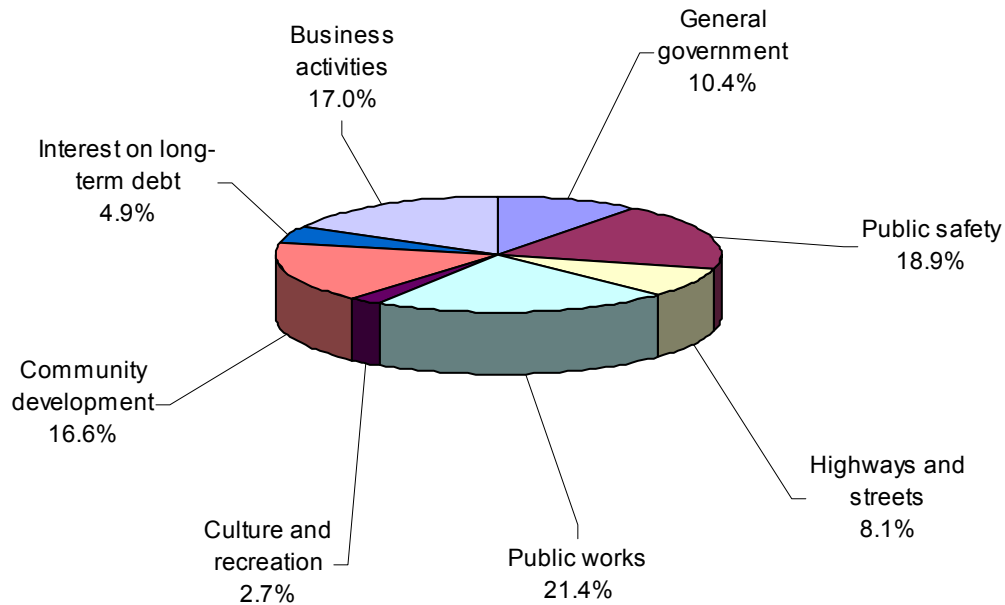
Taxes, including sales taxes, property taxes, and franchise taxes, increased by 22.0% from fiscal year 2006 to fiscal year 2007. Sales taxes increased by 20.9% due to the growing economy, while property taxes rose 25.9% and franchise taxes increased by 22.8%. The increase in property taxes was due to growth in the assessed value of the City, as the City has maintained the same tax rate for several years.

Government-Wide Revenue Sources



Business-type activities account for 17.0% of functional expenses of the City for fiscal year 2007, while governmental activities account for 83.0% of the functional activities. For the governmental activities, the largest users of resources are public works (21.4% of total expenses, 25.8% of governmental expenses), public safety (18.9% of total expenses, 22.8% of governmental expenses), community development (16.6% of total expenses, 20.0% of governmental expenses), general government (10.4% of total expenses, 12.50% of governmental expenses), highways and streets (8.1% of total expenses, 9.7% of governmental expenses), and culture and recreation (2.7% of total expenses, 3.2% of governmental expenses).

Government-Wide Functional Expenses



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. All major governmental funds are discreetly presented on these financial statements, while non-major funds are combined into a single column. Combining statement for non-major funds may be found beginning on page 64.

The fund balance of the governmental funds is \$108.4 million, an increase of \$2.3 million, or 2.1% from the previous year. Of this, \$16.5 million (down \$12.6 million (43.2%) from the previous year) is classified as "Reserved" because is segregated for debt service and capital projects. \$1.2 million is designated for equipment replacement. The remaining \$91.9 million of governmental fund balance is classified as "Unreserved". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. The unreserved fund balance increased by 21.2% during fiscal year 2007 due to debt issuance.

The General Fund is the chief operating fund of the City and accounts for many of the major funds of the government, including general government (administration), public safety (police, fire and courts), public works, highways, culture and recreation and community development. The General Fund revenues increased by \$25.1 million (38.0%) over the previous year. The City's tax revenues increased by \$8.6 million (20.7%), while intergovernmental revenues increased by \$6.3 million (122.0%) and contributions increased by \$11.5 million, 87.1% of this increase was from developer reimbursements. General Fund expenditures increased by \$41.7 (107.7%). The majority of this increase was for capital outlay expenditures \$29.7

million (71.3%), while the general government expenditures increased of \$5.9 million (7.9%) and public safety expenditures increased by \$3.2 million (7.9%) and public works expenditures increased \$2.0 million (4.8%). The City granted a 3.0% increase in salaries for fiscal year 2007, plus eligible employees received salary step increases. Additionally, employer retirement contributions, health insurance and other personnel benefit costs continued to increase in fiscal year 2007. The General Fund balance increased by \$7.2 million to \$61.0 million as of June 30, 2007.

The Community Facilities Districts – Debt Service Fund balance showed an increase of \$.5 million to \$8.1 million as of June 30, 2007. The Capital Improvement Projects Fund balance showed an increase of \$4.2 million to \$6.0 million as of June 30, 2007. The Community Facilities Districts – Capital Projects Fund decreased by \$13.4 million to \$9.5 million as of June 30, 2007.

Proprietary funds

The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statement, but provide additional detail since each major enterprise fund is shown discretely. The proprietary funds statements can be found on pages 31-34.

Net assets of the Enterprise Funds of the enterprise funds increased by \$23.9 million (28.0%) in fiscal year 2007. The Water and Sewer funds net assets increased by \$24.0 million (28.4%) and Sanitation fund net assets increased by \$.2 million (22.5%) from the previous year. The Stadium Fund is new and net assets are minimal. The unrestricted assets of the enterprise funds decreased by \$19.0 million (77.9%) from the previous year due to an increase in net assets reserved for invested in capital assets, net of related debt.

BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. The schedules filed with the Auditor General's office list the original budget adopted for the prior year, estimated expenditures through the end of the fiscal year and the adopted current year's budget. Budgetary comparison schedules are required for the General Fund, all major funds, non-major funds and enterprise funds. The General Fund budgetary comparison schedule can be found on page 30. The other budgetary comparison schedules can be found in the Other Supplementary Information section on pages 74-91.

General Fund inflows (revenues and other financing sources) of \$96.7 million, on a budgetary basis, exceeded inflows of \$70.3 million by \$26.4 million (37.6%) while budgetary basis outflows (expenditures and other financing uses) of \$89.6 million were only 85.2% of final budgeted outflows. The excess of General Fund inflows over budgeted amounts is primarily due to higher tax collection than planned for in the budget. Tax collection, especially construction sales tax and retail sales, and restaurants/bars continue to exceed expectations due to a growing local economy. Reduced General Fund outflows resulted primarily from lower general government cost than projected.

The original General Fund expenditures and other financing uses budget of \$91.7 million was increased by \$13.4 million to come to the final expenditure and other financing uses budget of \$105.1 million. This change was primarily due to contingency transfers in capital outlay.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2007, the City had \$307.7 million invested in various capital assets, net of accumulated depreciation and related debt, up 49.6% from the previous year. The capital assets of the City (net of depreciation, but not capital debt) are \$495.3 million. This is a net increase of \$138.8 million from June 30, 2006. Of this increase, \$74.0 million from governmental activities and \$64.8 million resulted from business-type activities.

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

- The City purchased land for a Recreational Sports and Spring Training Complex for the Cleveland Indians for \$6.3 million.
- The City partnered with Maricopa County Department of Transportation to construct the Cotton Lane Bridge over the Gila River for \$13.7 million.
- The City is near completion on the construction of the Van Buren Street and Bullard Wash Bridge for \$13.9 million.
- The City began construction of the Water Resources Administration Building and spent \$2.5 million at June 30, 2007.
- The City completed site 11 improvements for \$6.1 million.
- The City received contributed capital for infrastructure in the amount of \$47.9 million.

Additional information on the City's capital assets can be found in Note 4 on pages 49-50 and in the schedules on pages 95-99 of this report.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2007.

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
Land	\$ 17,855,748	\$ 17,122,314	\$ 9,460,708	\$ 3,207,375	\$ 27,316,456	\$ 20,329,689	34.4%
Construction in progress	34,640,523	4,522,440	53,573,963	15,578,363	88,214,486	20,100,803	338.9%
Right of way	74,213,181	73,543,797	-	-	74,213,181	73,543,797	0.9%
Streetscape	7,091,027	7,091,027	-	-	7,091,027	7,091,027	0.0%
Infrastructure	154,837,895	120,752,011	-	-	154,837,895	120,752,011	28.2%
Building and improvements	28,991,037	21,264,139	100,803,409	80,465,384	129,794,446	101,729,523	27.6%
Vehicles, furniture and equipment	7,992,440	7,367,905	5,894,129	5,616,876	13,886,569	12,984,781	6.9%
Total	\$ 325,621,851	\$ 251,663,633	\$ 169,732,209	\$ 104,867,998	\$ 495,354,060	\$ 356,531,631	38.9%

Debt Administration

The City's outstanding non-current long-term debt, including bonds, loans, and compensated absences, was \$186.3 million at June 30, 2007. Of this total \$119.5 million was in governmental activities and \$66.8 was in business-type activities. The City's outstanding non-current debt increased by \$36.0 million in fiscal year 2007. This City issued \$36.7 million in general obligation bonds to construct certain improvements to the City's water system, sewer system, street and parks, in addition to construct a portion of a Major League Baseball spring training and recreational complex.

Of the total outstanding bonds of \$186.0 million, \$90.2 million is general obligation bonds backed by the full faith and credit of the City. The outstanding debt also includes \$76.8 million in Community Facilities District bonds where the City has no obligation for payment. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The State constitution limits the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the City is \$99.0 million. The City has \$90.2 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 \$29.7 million.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2007 and 2006. Additional information on the City's long-term debt can be found in Notes 5-10 on pages 50-57 of this report.

	Outstanding Debt as of June 30						
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2007	2006	2007	2006	2007	2006	
General obligation debt	\$ 36,050,000	\$ 27,280,000	\$ 54,145,000	\$ 28,990,000	\$ 90,195,000	\$ 56,270,000	60.3%
Community Facilities							
District bonds	76,844,000	73,000,000	-	-	76,844,000	73,000,000	5.3%
Loan payable	3,185,000	3,645,000	9,985,013	10,505,513	13,170,013	14,150,513	-6.9%
Revenue bonds	3,320,000	3,485,000	2,460,000	2,580,000	5,780,000	6,065,000	-4.7%
Compensated absences	2,727,241	2,518,176	282,218	262,966	3,009,459	2,781,142	8.2%
	<u>\$ 122,126,241</u>	<u>\$ 109,928,176</u>	<u>\$ 66,872,231</u>	<u>\$ 42,338,479</u>	<u>\$ 188,998,472</u>	<u>\$ 152,266,655</u>	24.1%

The City's assigned underlying ratings on its general obligation debt are "A1" from Moody's Investors Service, Inc., and "A" from Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate for Goodyear in June 2007 was 2.3%, which remains below both the State (3.8%) and national average (4.5%) due to the continued population growth of the State and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

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 2007-08 budget projects sales tax revenues to increase by 11.3%, while total General Fund operating revenues are expected to increase by 19.9%.

To ensure the City remains financially strong, the adopted fiscal year 2007-08 budget is \$497.4 million (an increase of 3.5% from 2006-07). It includes a \$90.7 million operating budget (an increase of 25.6% from 2006-07) and a \$209.1 million capital improvement projects (CIP) budget (an increase of 26.5% from 2006-07). This CIP budget amount does not include the \$150.0 million shown in the budget for special projects and \$47.6 million for contingencies. The fiscal year 2007-08 budget included 89 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. A copy of the City's Comprehensive Annual Financial Report is available on-line at www.goodyearaz.gov. 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.

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



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS



CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 102,630,783	\$ 2,293,780	\$ 104,924,563
Receivables (net of allowance for uncollectibles)	23,193,128	2,789,220	25,982,348
Due from other governments	238,244	151,041	389,285
Inventories	359,309	503,829	863,138
Prepaid items	318,669	58,464	377,133
Deferred charges	1,286,400	605,430	1,891,830
Restricted cash and cash equivalents	7,810,178	13,073,774	20,883,952
Capital assets:			
Land and construction in progress	133,800,479	63,034,672	196,835,151
Other capital assets (net of accumulated depreciation)	191,821,372	106,697,538	298,518,910
Total assets	<u>461,458,562</u>	<u>189,207,748</u>	<u>650,666,310</u>
LIABILITIES			
Accounts payable and other current liabilities	8,830,052	2,311,567	11,141,619
Accrued payroll and employee benefits	1,664,947	190,019	1,854,966
Accrued interest payable	2,039,811	-	2,039,811
Deposits held for others	433,386	826,944	1,260,330
Unearned revenue	1,759,975	7,698,583	9,458,558
Noncurrent liabilities:			
Due within one year:			
Compensated absences	723,137	96,432	819,569
Bonds payable	1,858,000	-	1,858,000
Due in more than one year:			
Compensated absences	2,004,104	185,786	2,189,890
Loans payable	3,185,000	9,985,013	13,170,013
Bonds payable	114,356,000	56,605,000	170,961,000
Interest payable	-	1,154,629	1,154,629
Deferred amount on refunding	(72,514)	-	(72,514)
Bond discount	(73,238)	-	(73,238)
Bond premium	74,420	621,485	695,905
Total liabilities	<u>136,783,080</u>	<u>79,675,458</u>	<u>216,458,538</u>
NET ASSETS			
Invested in capital assets, net of related debt	206,294,183	101,366,083	307,660,266
Restricted for:			
Special revenue purposes	20,838,274	-	20,838,274
Debt service	20,329,874	-	20,329,874
Capital projects	19,220,431	-	19,220,431
Unrestricted	57,992,720	8,166,207	66,158,927
Total net assets	<u>\$ 324,675,482</u>	<u>\$ 109,532,290</u>	<u>\$ 434,207,772</u>

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,361,750	\$ 179,141	\$ 750,723	\$ 10,567,949
Public safety	22,383,891	766,430	8,626	-
Highways and streets	8,497,029	-	136,505	38,643,387
Public works	25,397,677	3,527,777	-	11,918,447
Culture and recreation	3,181,071	272,516	-	1,603,000
Community development	19,683,385	13,241,940	-	-
Interest on long-term debt	5,785,031	-	-	-
Total governmental activities	<u>98,289,834</u>	<u>17,987,804</u>	<u>895,854</u>	<u>62,732,783</u>
Business-type activities:				
Water and sewer	15,738,835	13,725,377	-	24,414,623
Sanitation	4,401,267	4,392,794	20,000	-
Total business-type activities	<u>20,140,102</u>	<u>18,118,171</u>	<u>20,000</u>	<u>24,414,623</u>
Total primary government	<u>\$ 118,429,936</u>	<u>\$ 36,105,975</u>	<u>\$ 915,854</u>	<u>\$ 87,147,406</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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (1,863,937)	\$ -	\$ (1,863,937)
(21,608,835)	-	(21,608,835)
30,282,863	-	30,282,863
(9,951,453)	-	(9,951,453)
(1,305,555)	-	(1,305,555)
(6,441,445)	-	(6,441,445)
(5,785,031)	-	(5,785,031)
<u>(16,673,393)</u>	<u>-</u>	<u>(16,673,393)</u>
-	22,401,165	22,401,165
-	11,527	11,527
<u>-</u>	<u>22,412,692</u>	<u>22,412,692</u>
<u>(16,673,393)</u>	<u>22,412,692</u>	<u>5,739,299</u>
45,240,436	-	45,240,436
12,370,983	-	12,370,983
1,817,387	-	1,817,387
15,053,501	-	15,053,501
4,723,886	1,447,446	6,171,332
1,029,445	26,683	1,056,128
<u>(56,622)</u>	<u>56,622</u>	<u>-</u>
<u>80,179,016</u>	<u>1,530,751</u>	<u>81,709,767</u>
63,505,623	23,943,443	87,449,066
<u>261,169,859</u>	<u>85,588,847</u>	<u>346,758,706</u>
<u>\$ 324,675,482</u>	<u>\$ 109,532,290</u>	<u>\$ 434,207,772</u>

CITY OF GOODYEAR, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

ASSETS	General	Community Facilities Districts- Debt Service	Capital Improvement Projects
Cash and cash equivalents	\$ 57,454,160	\$ 8,015,179	\$ 9,273,672
Taxes receivable	6,724,380	177,602	-
Interest receivable	63,230	30,428	199,125
Accounts receivable	1,649,485	-	644,251
Special assessments receivable	-	12,867,775	-
Due from other governments	-	-	-
Due from other funds	1,236,440	-	-
Inventories	6,306	-	-
Prepaid items	301,637	-	-
Restricted cash and cash equivalents	-	-	-
Total assets	<u>\$ 67,435,638</u>	<u>\$ 21,090,984</u>	<u>\$ 10,117,048</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,037,413	\$ -	\$ 4,017,798
Accrued payroll and employee benefits	1,599,969	-	-
Accrued interest payable	-	-	127,505
Deposits held for others	357,304	-	-
Due to other funds	-	-	-
Deferred revenue	1,403,824	12,952,414	-
Total liabilities	<u>6,398,510</u>	<u>12,952,414</u>	<u>4,145,303</u>
Fund balances:			
Reserved:			
Debt service	-	8,138,570	-
Capital improvements	-	-	-
Unreserved:			
Designated for capital replacement	1,187,821	-	-
Unreserved, reported in:			
General fund	59,849,307	-	-
Special revenue funds	-	-	-
Capital improvements	-	-	5,971,745
Total fund balances	<u>61,037,128</u>	<u>8,138,570</u>	<u>5,971,745</u>
Total liabilities and fund balances	<u>\$ 67,435,638</u>	<u>\$ 21,090,984</u>	<u>\$ 10,117,048</u>

McDowell Road Improvements Capital Projects	Community Facilities Districts- Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,891,818	\$ 1,701,621	\$ 23,279,072	\$ 102,615,522
-	-	484,172	7,386,154
24,935	14,980	172,462	505,160
-	-	140,303	2,434,039
-	-	-	12,867,775
-	-	238,244	238,244
-	-	-	1,236,440
-	-	309,339	315,645
-	-	17,032	318,669
-	7,810,178	-	7,810,178
<u>\$ 2,916,753</u>	<u>\$ 9,526,779</u>	<u>\$ 24,640,624</u>	<u>\$ 135,727,826</u>

\$ 344,141	\$ 40,005	\$ 1,348,404	\$ 8,787,761
-	-	41,234	1,641,203
-	-	-	127,505
-	-	76,082	433,386
-	-	1,236,440	1,236,440
-	-	701,175	15,057,413
<u>344,141</u>	<u>40,005</u>	<u>3,403,335</u>	<u>27,283,708</u>

-	-	587,476	8,726,046
-	7,810,178	-	7,810,178
-	-	-	1,187,821
-	-	-	59,849,307
-	-	20,649,813	20,649,813
<u>2,572,612</u>	<u>1,676,596</u>	<u>-</u>	<u>10,220,953</u>
<u>2,572,612</u>	<u>9,486,774</u>	<u>21,237,289</u>	<u>108,444,118</u>
<u>\$ 2,916,753</u>	<u>\$ 9,526,779</u>	<u>\$ 24,640,624</u>	<u>\$ 135,727,826</u>



CITY OF GOODYEAR, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
June 30, 2007

Total governmental fund balances \$ 108,444,118

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	\$ 387,385,909	
Less accumulated depreciation	<u>(61,764,058)</u>	325,621,851

Certain revenues earned but not received within 60 days of
year-end are deferred for the governmental statements,
but are recognized as revenue for the government-wide
statements.

Grants	188,461	
Property taxes	241,202	
Special assessments	<u>12,867,775</u>	13,297,438

Interest payable on long-term debt is not reported in the
governmental funds. (1,912,306)

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

Compensated absences payable	(2,727,241)	
Bond issuance cost	1,286,400	
Bond refunding amount	72,514	
Bond discount	73,238	
Bond premiums	(74,420)	
Loan payable	(3,185,000)	
Bonds payable	<u>(116,214,000)</u>	(120,768,509)

Internal service funds are used by management to charge
the costs of certain activities to individual funds.

The assets and liabilities of the internal service fund
are reported with governmental activities. (7,110)

Net assets of governmental activities \$ 324,675,482

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2007

REVENUES	General	Community Facilities Districts Debt Service	Capital Improvement Projects
Taxes	\$ 50,520,426	\$ 4,134,514	\$ -
Licenses and permits	8,905,743	-	-
Intergovernmental revenues	11,554,096	-	638,732
Charges for services	4,953,289	-	-
Fines and forfeits	584,316	-	-
Investment income	1,920,343	285,717	313,484
Special assessments	-	2,228,646	-
Contributions	12,050,121	326,417	1,394,251
Miscellaneous	736,093	-	-
Total revenues	<u>91,224,427</u>	<u>6,975,294</u>	<u>2,346,467</u>
EXPENDITURES			
Current:			
General government	14,820,222	-	-
Public safety	20,014,262	-	-
Highways and streets	21,551	-	-
Public works	4,044,760	-	-
Culture and recreation	3,431,934	-	-
Community development	5,943,175	-	-
Capital outlay	31,768,112	-	10,855,468
Debt service:			
Principal retirement	165,000	2,271,000	-
Interest and debt cost	160,685	4,230,992	90,141
Total expenditures	<u>80,369,701</u>	<u>6,501,992</u>	<u>10,945,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,854,726</u>	<u>473,302</u>	<u>(8,599,142)</u>
OTHER FINANCING SOURCES (USES)			
Debt issuance	-	-	10,854,302
Debt premium	-	-	(72,151)
Transfers in	5,528,598	42,596	9,037,318
Transfers out	(9,200,097)	-	(6,973,561)
Total other financing sources and uses	<u>(3,671,499)</u>	<u>42,596</u>	<u>12,845,908</u>
Net change in fund balances	7,183,227	515,898	4,246,766
Fund balances, beginning of year	53,853,901	7,622,672	1,724,979
Fund balances , end of year	<u>\$ 61,037,128</u>	<u>\$ 8,138,570</u>	<u>\$ 5,971,745</u>

McDowell Road Improvements Capital Projects	Community Facilities Districts Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,691,893	\$ 59,346,833
-	-	-	8,905,743
-	-	4,263,790	16,456,618
3,527,777	-	6,440,701	14,921,767
-	-	-	584,316
129,160	838,532	1,236,650	4,723,886
-	-	-	2,228,646
-	474,250	-	14,245,039
-	-	310,031	1,046,124
<u>3,656,937</u>	<u>1,312,782</u>	<u>16,943,065</u>	<u>122,458,972</u>
-	-	879,151	15,699,373
-	-	193,452	20,207,714
-	-	4,734,832	4,756,383
-	-	249,342	4,294,102
-	-	-	3,431,934
-	-	84,987	6,028,162
1,084,325	20,831,707	7,460,126	71,999,738
-	-	2,400,000	4,836,000
-	-	1,258,376	5,740,194
<u>1,084,325</u>	<u>20,831,707</u>	<u>17,260,266</u>	<u>136,993,600</u>
<u>2,572,612</u>	<u>(19,518,925)</u>	<u>(317,201)</u>	<u>(14,534,628)</u>
-	6,115,000	-	16,969,302
-	-	-	(72,151)
-	-	2,679,667	17,288,179
-	(42,596)	(1,171,456)	(17,387,710)
-	<u>6,072,404</u>	<u>1,508,211</u>	<u>16,797,620</u>
2,572,612	(13,446,521)	1,191,010	2,262,992
-	22,933,295	20,046,279	106,181,126
<u>\$ 2,572,612</u>	<u>\$ 9,486,774</u>	<u>\$ 21,237,289</u>	<u>\$ 108,444,118</u>

CITY OF GOODYEAR, ARIZONA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2007

Net change in fund balances - total governmental funds \$ 2,262,992

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	\$ 29,033,000	
Expenditures for capitalized assets	51,614,853	
Less current year depreciation	<u>(6,689,635)</u>	73,958,218

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues received in the current year that were accrued in the Statement of Activities in prior years are reported as revenues in the funds.

Grants	188,461
Property taxes	81,973
Special assessments	(1,123,714)

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. (16,825,000)

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. (99,894)

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. 435,652

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	4,836,000
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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.

(209,065)

Change in net assets of governmental activities

\$ 63,505,623

CITY OF GOODYEAR, ARIZONA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 39,394,506	\$ 39,394,506	\$ 50,520,426	\$ 11,125,920
Licenses and permits	10,120,752	10,120,752	8,905,743	(1,215,009)
Intergovernmental revenues	7,800,000	7,800,000	11,554,096	3,754,096
Charges for services	3,642,325	3,642,325	4,953,289	1,310,964
Fines and forfeits	454,719	454,719	584,316	129,597
Investment income	1,219,327	1,219,327	1,920,343	701,016
Contributions	872,532	872,532	12,050,121	11,177,589
Miscellaneous	5,144,346	5,144,346	736,093	(4,408,253)
Total revenues	<u>68,648,507</u>	<u>68,648,507</u>	<u>91,224,427</u>	<u>22,575,920</u>
EXPENDITURES				
Current				
General government	31,058,685	31,058,685	14,820,222	16,238,463
Public safety	20,308,276	20,331,276	20,014,262	317,014
Highways and streets	374,419	374,419	21,551	352,868
Public works	4,286,004	5,156,277	4,044,760	1,111,517
Culture and recreation	4,047,290	4,047,290	3,431,934	615,356
Community development	5,773,929	5,924,636	5,943,175	(18,539)
Capital outlay	25,493,827	31,692,104	31,768,112	(76,008)
Debt service				
Principal retirement	137,080	137,080	165,000	(27,920)
Interest and fiscal charges	186,785	186,785	160,685	26,100
Total expenditures	<u>91,666,295</u>	<u>98,908,552</u>	<u>80,369,701</u>	<u>18,538,851</u>
Excess (deficiency) of revenues over expenditures	<u>(23,017,788)</u>	<u>(30,260,045)</u>	<u>10,854,726</u>	<u>41,114,771</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,682,000	5,528,598	3,846,598
Transfers out	-	(6,311,285)	(9,200,097)	(2,888,812)
Total other financing sources (uses)	<u>-</u>	<u>(4,629,285)</u>	<u>(3,671,499)</u>	<u>957,786</u>
Net change in fund balance	(23,017,788)	(34,889,330)	7,183,227	42,072,557
Fund balance, beginning of year	<u>53,853,901</u>	<u>53,853,901</u>	<u>53,853,901</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,836,113</u>	<u>\$ 18,964,571</u>	<u>\$ 61,037,128</u>	<u>\$ 42,072,557</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

ASSETS	Business-type Activities-Enterprise Funds				Governmental
	Water & Sewer	Sanitation	Stadium	Total	Activities - Internal Service Fund
Current assets:					
Cash and cash equivalents	\$ 2,276,022	\$ 1	\$ 17,757	\$ 2,293,780	\$ 15,261
Interest receivable	201,204	-	19,284	220,488	-
Accounts receivable	2,098,467	470,265	-	2,568,732	-
Due from other governments	151,041	-	-	151,041	-
Prepaid items	-	58,464	-	58,464	-
Inventories	503,829	-	-	503,829	43,664
Total current assets	<u>5,230,563</u>	<u>528,730</u>	<u>37,041</u>	<u>5,796,334</u>	<u>58,925</u>
Noncurrent assets:					
Deferred charges	521,581	-	83,849	605,430	-
Restricted cash and cash equivalents	10,272,681	-	2,801,093	13,073,774	-
Non-depreciable capital assets	55,602,800	-	7,431,872	63,034,672	-
Depreciable capital assets	<u>105,958,217</u>	<u>739,321</u>	<u>-</u>	<u>106,697,538</u>	<u>-</u>
Total noncurrent assets	<u>172,355,279</u>	<u>739,321</u>	<u>10,316,814</u>	<u>183,411,414</u>	<u>-</u>
Total assets	<u>177,585,842</u>	<u>1,268,051</u>	<u>10,353,855</u>	<u>189,207,748</u>	<u>58,925</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,353,913	12,000	266,111	1,632,024	42,291
Accrued payroll and employee benefits	-	-	-	-	23,744
	152,732	37,287	-	190,019	-
Accrued liabilities	679,543	-	-	679,543	-
Deposits held for others	826,944	-	-	826,944	-
Unearned revenue	7,698,583	-	-	7,698,583	-
Compensated absences payable	80,584	15,848	-	96,432	-
Total current liabilities	<u>10,792,299</u>	<u>65,135</u>	<u>266,111</u>	<u>11,123,545</u>	<u>66,035</u>
Noncurrent liabilities:					
Accrued interest payable	1,154,629	-	-	1,154,629	-
Compensated absences payable	157,451	28,335	-	185,786	-
Loan payable	9,985,013	-	-	9,985,013	-
Bonds payable	44,145,000	-	-	44,145,000	-
Revenue bonds payable	2,460,000	-	10,000,000	12,460,000	-
Bond premium	554,117	-	67,368	621,485	-
Total noncurrent liabilities	<u>58,456,210</u>	<u>28,335</u>	<u>10,067,368</u>	<u>68,551,913</u>	<u>-</u>
Total liabilities	<u>69,248,509</u>	<u>93,470</u>	<u>10,333,479</u>	<u>79,675,458</u>	<u>66,035</u>
NET ASSETS					
Invested in capital assets, net of related debt.	103,262,258	739,321	20,376	104,021,955	-
Unrestricted	5,075,075	435,260	-	5,510,335	(7,110)
Total net assets	<u>\$108,337,333</u>	<u>\$1,174,581</u>	<u>\$ 20,376</u>	<u>\$109,532,290</u>	<u>\$ (7,110)</u>

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended June 30, 2007

	Business-type Activities-Enterprise Funds				Governmental
	Water & Sewer	Sanitation	Stadium	Total	Activities - Internal Service Fund
Operating revenues:					
Charges for service	\$ 13,725,377	\$ 4,392,794	\$ -	\$ 18,118,171	\$ 1,628,629
Intergovernmental	8,402	20,000	-	28,402	-
Miscellaneous	26,683	-	-	26,683	-
Total operating revenue	<u>13,760,462</u>	<u>4,412,794</u>	<u>-</u>	<u>18,173,256</u>	<u>1,628,629</u>
Operating expenses:					
Administration	1,931,505	826,607	-	2,758,112	460,723
Costs of sales and services	9,076,597	3,495,294	-	12,571,891	1,210,815
Depreciation	2,979,468	79,366	-	3,058,834	-
Total operating expenses	<u>13,987,570</u>	<u>4,401,267</u>	<u>-</u>	<u>18,388,837</u>	<u>1,671,538</u>
Operating income (loss)	<u>(227,108)</u>	<u>11,527</u>	<u>-</u>	<u>(215,581)</u>	<u>(42,909)</u>
Nonoperating revenues (expenses):					
Impact fees	5,330,221	-	-	5,330,221	-
Investment income	1,427,070	-	20,376	1,447,446	-
Interest expense	<u>(1,751,265)</u>	<u>-</u>	<u>-</u>	<u>(1,751,265)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>5,006,026</u>	<u>-</u>	<u>20,376</u>	<u>5,026,402</u>	<u>-</u>
Income (loss) before capital contributions and transfers	4,778,918	11,527	20,376	4,810,821	(42,909)
Capital contributions	19,076,000	-	-	19,076,000	-
Transfers in	5,355,227	507,571	-	5,862,798	42,909
Transfers out	<u>(5,502,968)</u>	<u>(303,208)</u>	<u>-</u>	<u>(5,806,176)</u>	<u>-</u>
Change in net assets	23,707,177	215,890	20,376	23,943,443	-
Net assets, beginning of year	<u>84,630,156</u>	<u>958,691</u>	<u>-</u>	<u>85,588,847</u>	<u>(7,110)</u>
Net assets, end of year	<u>\$108,337,333</u>	<u>\$ 1,174,581</u>	<u>\$ 20,376</u>	<u>\$109,532,290</u>	<u>\$ (7,110)</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2007

	Business-type Activities Enterprise Funds				Governmental
	Water & Sewer	Sanitation	Stadium	Total	Activities - Internal Service Fund
Cash flows from operating activities:					
Received from customers	\$16,282,221	\$4,506,423	\$ -	\$20,788,644	\$ 1,628,629
Payments to vendors	(11,529,750)	(3,434,795)	-	(14,964,545)	(1,198,780)
Payments to employees	(1,872,729)	(833,136)	-	(2,705,865)	(458,846)
Net cash provided (used) by operating activities	2,879,742	238,492	-	3,118,234	(28,997)
Cash flows from noncapital and related financing activities					
Interfund transfers	(147,741)	204,363	-	56,622	42,909
Net cash provided (used) for noncapital and related financing activities	(147,741)	204,363	-	56,622	42,909
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(40,970,747)	(444,427)	(7,165,761)	(48,580,935)	-
Capital debt proceeds	16,013,564	-	9,983,519	25,997,083	-
Principal paid on long-term debt	(1,525,500)	-	-	(1,525,500)	-
Interest paid on long-term debt	(1,637,284)	-	-	(1,637,284)	-
Development impact fees received	5,330,221	-	-	5,330,221	-
Net cash provided (used) for capital and related financing activities	(22,789,746)	(444,427)	2,817,758	(20,416,415)	-
Cash flows from investing activities:					
Investment income received	1,458,309	-	1,092	1,459,401	-
Net cash provided by investing activities	1,458,309	-	1,092	1,459,401	-
Net change in cash and cash equivalents	(18,599,436)	(1,572)	2,818,850	(15,782,158)	13,912
Cash and cash equivalents, beginning of year	31,148,139	1,573	-	31,149,712	1,349
Cash and cash equivalents, end of year	\$12,548,703	\$ 1	\$2,818,850	\$15,367,554	\$ 15,261
Cash and cash equivalents	\$ 2,276,022	\$ 1	\$ 17,757	\$ 2,293,780	\$ 15,261
Restricted cash and cash equivalents	10,272,681	-	2,801,093	13,073,774	-
	\$12,548,703	\$ 1	\$2,818,850	\$15,367,554	\$ 15,261

See accompanying notes.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2007

	Business-type Activities-Enterprise Funds				Governmental
	Water & Sewer	Sanitation	Stadium	Total	Activities - Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (227,108)	\$ 11,527	\$ -	\$ (215,581)	\$ (42,909)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	2,979,468	79,366	-	3,058,834	-
(Increase) decrease in:					
Accounts receivable	(1,074,840)	93,629	-	(981,211)	-
Prepaid items	-	320,007	-	320,007	-
Inventories	(265,814)	-	-	(265,814)	7,448
Increase (decrease) in:					
Accounts payable	(1,524,124)	(259,508)	-	(1,783,632)	4,587
Accrued payroll and employee benefits	27,750	5,245	-	32,995	1,877
Accrued liabilities	(663,215)	-	-	(663,215)	-
Unearned revenue	3,003,550	-	-	3,003,550	-
Deposits held for others	593,049	-	-	593,049	-
Compensated absences payable	31,026	(11,774)	-	19,252	-
Net cash provided (used) by operating activities	<u>\$ 2,879,742</u>	<u>\$ 238,492</u>	<u>\$ -</u>	<u>\$ 3,118,234</u>	<u>\$ (28,997)</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets	\$18,732,900	\$ -	\$ -	\$18,732,900	\$ -
Amortization of bond premium	32,423	-	-	32,423	-
Amortization of deferred bond costs	24,234	-	-	24,234	-
Total	<u>\$18,789,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$18,789,557</u>	<u>\$ -</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2007

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 452,752
Total assets	<u>452,752</u>
LIABILITIES	
Total liabilities	<u>-</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 452,752</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
For The Year Ended June 30, 2007

	<u>Pension Trust</u>
ADDITIONS	
Other revenue	\$ -
Total other revenue	<u>-</u>
Investment income	
Interest	<u>61,169</u>
Total investment income	<u>61,169</u>
Total additions	<u>61,169</u>
DEDUCTIONS	
Benefits	<u>15,230</u>
Total deductions	<u>15,230</u>
Net increase	45,939
Net assets, beginning of year	<u>406,813</u>
Net assets, end of year	<u><u>\$ 452,752</u></u>

FINANCIAL SECTION

NOTES TO FINANCIAL STATEMENTS



CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, Cottonflower Community Facilities District, Centerra Community Facilities District, Cortina Community Facilities District, Palm Valley Community Facilities District No. 3, and King Ranch Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political 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, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

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

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

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

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

Community Facilities District - Capital 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.

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

The City reports the following internal service fund:

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

The City reports the following fiduciary fund:

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

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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Special Revenue Funds

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

Debt Service Fund

Fiduciary funds are reported by fund type.

D. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the City upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

E. Investments

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

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).

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

G. Inventory

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

H. Prepaid Items

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

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

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

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

K. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits vest at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities compensated absences.

L. Long-term Obligations

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of the fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management's intended use of resources and reflect actual plans approved by the government's senior management. At June 30, 2007, 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, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Budgetary Data

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

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

Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2007.

The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by department within individual funds. Departmental appropriations may be amended during the year, within administrative guidelines and adopted Council policies.

The initial budget for the fiscal year may be amended during the year in a legally permissible manner.

The City Manager is generally authorized to transfer budgeted amounts within any specific departments expenditure appropriation. Any budget revisions requiring a transfer between departments must be approved by the City Council. Additionally, budget revisions involving personnel or capital asset expenditures/expenses must be approved by the City Council.

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

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

All Funds of the City have legally adopted budgets. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

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

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 2 CASH AND INVESTMENTS

At June 30, 2007, cash and cash equivalents are presented in the funds as follows:

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 102,630,783	\$ 2,293,780	\$ 452,752	\$ 105,377,315
Restricted cash and cash equivalents	7,810,178	13,073,774	-	20,883,952
	<u>\$ 110,440,961</u>	<u>\$ 15,367,554</u>	<u>\$ 452,752</u>	<u>\$ 126,261,267</u>

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

Cash on hand	\$ 3,100
Cash equivalents-investments	116,010,203
Cash in bank	<u>10,247,964</u>
Total cash and cash equivalents	<u>\$ 126,261,267</u>

Deposits

At June 30, 2007, the City had \$3,100 of cash on hand. The carrying amount of the City's cash in bank totaled \$10,247,964 and the bank balance was \$14,533,349. The City's deposits at June 30, 2007 were covered by Federal Depository Insurance to the extent of \$249,253. Deposits of \$14,284,096 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.

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, 2006 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, 2007

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, 2007, the City's funds invested with the State Treasurer totaled \$102,431,064.

The City is invested in multiple mutual funds through the trust department of Wells Fargo. The mutual funds have a value of \$12,535,542 at June 30, 2007.

The City's Community Facilities Districts are invested in repurchase agreements through the trust department of Wells Fargo. The repurchase agreements have a value of \$667,000 at June 30, 2007.

The City also owns investments that belong to the City's Volunteer Fire Department. These funds are held by Linsco Private Ledger Investment Services and consist of multiple money market funds and mutual funds. The maturities of these investments are usually less than 30 days. The Fiduciary Fund investments have a value of \$376,661 at June 30, 2007.

Interest Rate Risk

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

Credit Risk

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

Governmental funds	Total	Ratings as of Year-End	
		AAA	Unrated
<u>Investment Type</u>			
LGIP	\$ 91,059,623	\$ -	\$ 91,059,623
Money market mutual funds	12,535,478	12,535,478	-
Repurchase agreements	667,000	-	667,000
	<u>\$ 104,262,101</u>	<u>\$ 12,535,478</u>	<u>\$ 91,726,623</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 CASH AND INVESTMENTS (Continued)

Proprietary funds		Ratings as of Year-End	
Investment Type	Total	AAA	Unrated
LGIP	\$ 11,296,249	\$ -	\$ 11,296,249
	<u>\$ 11,296,249</u>	<u>\$ -</u>	<u>\$ 11,296,249</u>

Fiduciary funds		Ratings as of Year-End	
Investment Type	Total	AAA	Unrated
LGIP	\$ 75,192	\$ -	\$ 75,192
Money market funds	6,522	-	6,522
Mutual funds	370,139	-	370,139
	<u>\$ 451,853</u>	<u>\$ -</u>	<u>\$ 451,853</u>

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	Capital Improvement Projects	McDowell Road Improvements	Community Facilities	Non-Major Governmental Fund	Total
		Districts-Debt Service Fund		Road Capital Projects	Districts-Capital Projects Fund		
Receivables:							
Taxes	\$ 6,724,380	\$ 177,602	\$ -	\$ -	\$ -	\$ 484,172	\$ 7,386,154
Interest	63,230	30,428	199,125	24,935	14,980	172,462	505,160
Accounts	1,651,344	-	644,251	-	-	140,303	2,435,898
Special assessments	-	12,867,775	-	-	-	-	12,867,775
	<u>8,438,954</u>	<u>13,075,805</u>	<u>843,376</u>	<u>24,935</u>	<u>14,980</u>	<u>796,937</u>	<u>23,194,987</u>
Less:							
Allowance	(1,859)	-	-	-	-	-	(1,859)
Net receivables	<u>\$ 8,437,095</u>	<u>\$ 13,075,805</u>	<u>\$ 843,376</u>	<u>\$ 24,935</u>	<u>\$ 14,980</u>	<u>\$ 796,937</u>	<u>\$ 23,193,128</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 3 RECEIVABLES (Continued)

The following table summarizes the City's receivables for the enterprise funds as of June 30, 2007.

Receivables:	Water and Sewer Fund	Sanitation Fund	Stadium Fund	Total
Interest	\$ 201,204	\$ -	\$ 19,284	\$ 220,488
Accounts	2,477,009	470,265	-	2,947,274
	<u>2,678,213</u>	<u>470,265</u>	<u>19,284</u>	<u>3,167,762</u>
Less:				
Allowance	(227,501)	-	-	(227,501)
Net receivables	<u>\$ 2,450,712</u>	<u>\$ 470,265</u>	<u>\$ 19,284</u>	<u>\$ 2,940,261</u>

Revenues of the Water and Sewer Fund and Sanitation Fund are reported net of uncollectible amounts. Total uncollectible amounts related to water and sewer revenues of the current period are \$47,931.

NOTE 4 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2007 follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 17,122,314	\$ 733,434	\$ -	\$ 17,855,748
Construction in progress	4,522,440	36,664,201	(6,546,118)	34,640,523
Right of way	73,543,797	669,384	-	74,213,181
Streetscape	7,091,027	-	-	7,091,027
Total capital assets not being depreciated	<u>102,279,578</u>	<u>38,067,019</u>	<u>(6,546,118)</u>	<u>133,800,479</u>
Capital assets, being depreciated:				
Infrastructure	155,043,904	37,974,003	-	193,017,907
Buildings and improvements	23,684,044	8,240,958	-	31,925,002
Vehicles, furniture and equipment	25,730,530	2,911,991	-	28,642,521
Total capital assets being depreciated	<u>204,458,478</u>	<u>49,126,952</u>	<u>-</u>	<u>253,585,430</u>
Less accumulated depreciation for:				
Infrastructure	(34,291,893)	(3,888,119)	-	(38,180,012)
Buildings and improvements	(2,419,905)	(514,060)	-	(2,933,965)
Vehicles, furniture and equipment	(18,362,625)	(2,287,456)	-	(20,650,081)
Total accumulated depreciation	<u>(55,074,423)</u>	<u>(6,689,635)</u>	<u>-</u>	<u>(61,764,058)</u>
Total capital assets, being depreciated, net	<u>149,384,055</u>	<u>42,437,317</u>	<u>-</u>	<u>191,821,372</u>
Governmental activities capital assets, net	<u>\$ 251,663,633</u>	<u>\$ 80,504,336</u>	<u>\$ (6,546,118)</u>	<u>\$ 325,621,851</u>

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 4 CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,207,375	\$ 6,253,333	\$ -	\$ 9,460,708
Construction in progress	15,578,363	41,728,387	(3,732,786)	53,573,964
Total capital assets not being depreciated	<u>18,785,738</u>	<u>47,981,720</u>	<u>(3,732,786)</u>	<u>63,034,672</u>
Capital assets, being depreciated:				
Improvements other than buildings	93,192,827	22,808,787	-	116,001,614
Vehicles, machinery and equipment	11,990,855	865,325	-	12,856,180
Total capital assets being depreciated	<u>105,183,682</u>	<u>23,674,112</u>	<u>-</u>	<u>128,857,794</u>
Less accumulated depreciation for:				
Improvements other than buildings	(12,727,443)	(2,470,762)	-	(15,198,205)
Vehicles, machinery and equipment	(6,373,979)	(588,072)	-	(6,962,051)
Total accumulated depreciation	<u>(19,101,422)</u>	<u>(3,058,834)</u>	<u>-</u>	<u>(22,160,256)</u>
Total capital assets, being depreciated, net	<u>86,082,260</u>	<u>20,615,278</u>	<u>-</u>	<u>106,697,538</u>
Business-Type activities capital assets, net	<u>\$ 104,867,998</u>	<u>\$ 68,596,998</u>	<u>\$ (3,732,786)</u>	<u>\$ 169,732,210</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 711,666
Public safety	1,407,958
Highway and streets	4,057,718
Public works	512,293
Total depreciation expense	<u>\$ 6,689,635</u>
Business-type activities	
Water and wastewater	\$ 2,979,467
Sanitation	79,367
Total depreciation expense	<u>\$ 3,058,834</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 was used to acquire the rights and make improvements to existing capacity in the wastewater treatment plant. The second loan will be used to finance the planning and design of a pilot recharge project and to construct a well distribution line. The loans payable at June 30, 2007, are as follows:

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 LOANS PAYABLE (Continued)

Description	Interest Rate (Including Fees)	Maturity	Outstanding Principal June 30, 2007	Due Within One Year
Governmental activities:				
Greater Arizona Development Authority Loan	4.1 - 5.75%	07/01/07 - 13	\$ 3,185,000	\$ -
Total Governmental activities			<u>\$ 3,185,000</u>	<u>\$ -</u>
Business-type activities:				
Water Infrastructure Finance Authority Loan	4.06%	07/01/07 - 21	\$ 3,443,881	\$ -
Water Infrastructure Finance Authority Loan	4.06%	07/01/07 - 21	6,541,132	-
Total Business-type activities			<u>\$ 9,985,013</u>	<u>\$ -</u>
Total			<u>\$ 13,170,013</u>	<u>\$ -</u>

Annual debt service requirements to maturity on the loans payable at June 30, 2007 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 69,921	\$ -	\$ 202,456
2009	475,000	129,986	543,669	393,886
2010	495,000	109,611	565,721	371,387
2011	520,000	87,783	588,666	347,977
2012	540,000	64,593	612,542	623,617
2013-2017	1,155,000	53,644	3,456,160	1,216,656
2018-2022	-	-	4,218,255	441,120
2023-2027	-	-	-	-
Total	<u>\$ 3,185,000</u>	<u>\$ 515,538</u>	<u>\$ 9,985,013</u>	<u>\$ 3,597,099</u>

NOTE 6 BONDS PAYABLE

Bonds payable at June 30, 2007, 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, 2007 are presented below.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 BONDS PAYABLE (Continued)

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2007	Due Within One Year
Governmental activities:				
General Obligation Bonds				
Series 1998	4.00 - 6.00%	7/1/07 - 13	\$ 5,150,000	\$ -
Refunding Bonds Series 2002	3.25 - 5.25%	7/1/07 - 08	450,000	-
General Obligation Bonds				
Series 2002	3.65 - 4.25%	7/1/07 - 17	8,940,000	-
General Obligation Bonds				
Series 2003	3.00 - 4.50%	7/1/08 - 18	10,800,000	-
General Obligation Bonds				
Series 2007	3.00 - 5.00%	7/1/08 - 26	10,710,000	-
Total Governmental activities			<u>\$ 36,050,000</u>	<u>\$ -</u>
Business-type activities:				
General Obligation Bonds				
Series 2005	3.50 - 5.00%	7/1/07 - 20	\$ 28,105,000	\$ -
General Obligation Bonds				
Series 2007	3.00 - 5.00%	7/1/08 - 26	26,040,000	-
Total Business-type activities			<u>\$ 54,145,000</u>	<u>\$ -</u>
Total			<u>\$ 90,195,000</u>	<u>\$ -</u>

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2007 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 795,531	\$ -	\$ 1,263,659
2009	3,075,143	1,443,491	1,814,857	2,286,178
2010	2,761,143	1,317,839	2,448,857	2,195,910
2011	2,860,714	1,201,006	2,789,286	2,106,513
2012	2,997,571	1,085,921	2,897,429	1,941,554
2013-2017	14,101,571	3,643,985	16,363,429	7,744,003
2018-2022	6,508,999	1,312,878	18,726,001	3,859,118
2023-2027	3,744,859	388,037	9,105,141	943,462
Total	<u>\$36,050,000</u>	<u>\$11,188,688</u>	<u>\$54,145,000</u>	<u>\$22,340,397</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, 2007, the total outstanding on the defeased bonds was \$900,000.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 7 REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2007 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

Governmental activities:			Outstanding	Due Within
Description	Interest Rate	Maturity	Principal June 30, 2007	One Year
Public Improvement Corporation Municipal Facilities Revenue Bonds, Series 2002	4.00 - 6.00%	7/1/07 - 21	\$ 3,320,000	\$ -

Business-type activities:			Outstanding	Due Within
Description	Interest Rate	Maturity	Principal June 30, 2007	One Year
Revenue Bonds, Series 1999	4.47 - 6.73%	7/1/07 - 18	\$ 2,460,000	\$ -

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 75,393	\$ -	\$ -
2009	175,000	145,535	115,000	70,000
2010	180,000	136,685	300,000	175,000
2011	190,000	129,238	280,000	185,000
2012	195,000	121,343	275,000	210,000
2013-2017	1,130,000	468,186	1,160,000	1,255,000
2018-2022	1,450,000	174,692	330,000	470,000
2023-2027	-	-	-	-
Total	<u>\$ 3,320,000</u>	<u>\$ 1,251,072</u>	<u>\$ 2,460,000</u>	<u>\$ 2,365,000</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE

Community facilities district bonds payable at June 30, 2007 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, 2007, are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2007	Due Within One Year
General District No. 1:				
G.O. Bonds, Series 1994	7.50%	07/15/09	\$ 70,000	\$ 20,000
G.O. Bonds, Series 1996 (A)	6.5 - 7.0%	07/15/21	500,000	-
G.O. Bonds, Series 1998	4.55 - 5.25%	07/15/23	1,910,000	70,000
G.O. Bonds, Series 2000	4.6 - 5.3%	07/15/25	5,565,000	170,000
G.O. Bonds, Series 2003	3.3 - 5.75%	07/15/28	5,295,000	-
Assessment Bonds, Series 1996(C)	6.75 - 7.25%	07/01/17	2,418,000	199,000
Palm Valley:				
G.O. Bonds, Series 2006	4.25 - 5.30%	07/15/31	4,540,000	125,000
Utilities District No. 1:				
G.O. Bonds, Series 1998	4.55 - 5.25%	07/15/23	6,155,000	230,000
G.O. Bonds, Series 2000	4.7 - 5.2%	07/15/25	6,900,000	180,000
G.O. Bonds, Series 2003	3.3 - 5.75%	07/15/28	7,870,000	-
G.O. Bonds, Series 2005	3.5 - 4.5%	07/15/29	7,190,000	-
G.O. Bonds, Series 2005 Refunding	3.0 - 4.3%	07/15/21	1,455,000	40,000
Wildflower Ranch General District 1:				
G.O. Bonds, Series 1997	5.875 - 6.5%	07/15/22	535,000	20,000
G.O. Bonds, Series 1998	5.2 - 5.75%	07/15/23	630,000	20,000
Wildflower Ranch General District 2:				
G.O. Bonds, Series 2000	6.0 - 7.0%	07/15/25	645,000	20,000
G.O. Bonds, Series 2001	4.5 - 5.9%	07/15/26	695,000	20,000
Estrella Mountain Ranch:				
Assessment Bonds, Series 2001(A)	7.88%	07/01/25	6,581,000	157,000
Assessment Bonds, Series 2002	7.38%	07/01/27	4,435,000	287,000
G.O. Bonds, Series 2005	5.0 - 5.8%	07/15/30	4,870,000	95,000
Cottonflower:				
G.O. Bonds, Series 2003	4.1 - 5.7%	07/15/28	1,675,000	45,000
G.O. Bonds, Series 2004	3.7 - 6.75%	07/15/28	1,300,000	30,000
Cortina:				
G.O. Bonds, Series 2005	5.0 - 5.7%	07/15/29	1,675,000	40,000
G.O. Bonds, Series 2006	5.0 - 5.375%	07/15/31	955,000	20,000
Centerra:				
G.O. Bonds, Series 2005	5.50%	07/15/29	2,360,000	55,000
G.O. Bonds, Series 2006	4.75 - 5.15%	07/15/31	620,000	15,000
Total			<u>\$ 76,844,000</u>	<u>\$ 1,858,000</u>

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

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>
2008	\$ 1,858,000	\$ 4,269,183
2009	1,740,000	4,161,242
2010	2,074,000	4,052,280
2011	2,364,000	3,930,259
2012	2,497,000	3,795,795
2013-2017	14,323,000	16,646,070
2018-2022	17,078,000	12,213,344
2023-2027	21,490,000	6,656,362
2028-2032	13,420,000	1,202,138
Total	<u>\$ 76,844,000</u>	<u>\$ 56,926,673</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. There is no amount outstanding on these bonds as of June 30, 2007. These bonds have been fully defeased. The \$72,514 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, 2007 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, 2007

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 2007	\$ -	\$ 89,803	\$ -	\$ 89,803
Community Facilities District Bonds Payable				
Utilities District #1 Series 2005	354,458	-	15,411	339,047
Utilities District #1 Series 2005 Refunding	16,764	-	1,118	15,646
Cortina Series 2005	106,021	-	4,610	101,411
Centerra Series 2005	121,006	-	5,261	115,745
Estrella Mountain Ranch Series 2005	172,001	-	6,880	165,121
Palm Valley District #3 Series 2006	-	258,972	-	258,972
Cortina Series 2006	-	126,020	-	126,020
Centerra Series 2006	-	74,635	-	74,635
Business-type Activities				
General Obligation Bonds				
Revenue Bonds, Series 1999	69,532	-	21,729	47,803
Series 2005	363,518	-	24,234	339,284
Series 2007	-	218,343	-	218,343
	<u>\$ 1,203,300</u>	<u>\$ 767,773</u>	<u>\$ 79,243</u>	<u>\$ 1,891,830</u>

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Premiums (Discounts)				
Governmental Activities				
General Obligation Bonds Series 2007				
	\$ -	\$ 72,151	\$ -	\$ 72,151
Community Facilities District Bonds Payable				
Utilities District #1 Series 2005	(76,567)	-	(3,329)	(73,238)
Utilities District #1 Series 2005 Refunding	2,431	-	162	2,269
Business-type Activities				
General Obligation Bonds				
Series 2005	447,036	-	29,802	417,234
Series 2007	-	175,425	-	175,425
Revenue Bonds, Series 1999	31,447	-	2,621	28,826
	<u>\$ 404,347</u>	<u>\$ 175,425</u>	<u>\$ 29,256</u>	<u>\$ 550,516</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,518,176	\$ 1,299,271	\$ 1,090,206	\$ 2,727,241	\$ 723,137
General obligation bonds payable	27,280,000	10,710,000	1,940,000	36,050,000	-
Loans payable	3,645,000	-	460,000	3,185,000	-
Community Facilities					
District bonds payable	73,000,000	6,115,000	2,271,000	76,844,000	1,858,000
Revenue bonds payable	3,485,000	-	165,000	3,320,000	-
Governmental activities long-term liabilities	<u>\$ 109,928,176</u>	<u>\$ 18,124,271</u>	<u>\$ 5,926,206</u>	<u>\$ 122,126,241</u>	<u>\$ 2,581,137</u>
Business-type activities					
Compensated absences	\$ 262,966	\$ 141,092	\$ 121,840	\$ 282,218	\$ 96,432
General obligation bonds payable	28,990,000	26,040,000	885,000	54,145,000	-
Revenue bonds payable	2,580,000	-	120,000	2,460,000	-
Loans payable	10,505,513	-	520,500	9,985,013	-
Business-type activities long-term liabilities	<u>\$ 42,338,479</u>	<u>\$ 26,181,092</u>	<u>\$ 1,647,340</u>	<u>\$ 66,872,231</u>	<u>\$ 96,432</u>

NOTE 11 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2007, interfund balances were as follows:

Interfund receivable/payable:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,236,440	\$ -
Non-Major Governmental Funds	-	1,236,440
Total	<u>\$ 1,236,440</u>	<u>\$ 1,236,440</u>

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

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 11 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers:

Fund	Transfers Out	Transfers In
General Fund	\$ 9,200,097	\$ 5,528,598
Community Facilities Districts-Debt Service	-	42,596
Capital Improvements	6,973,561	9,037,318
Community Facilities Districts-Capital Projects	42,596	-
Non-Major Governmental Funds	1,171,456	2,679,667
Water and Sewer Fund	147,741	-
Sanitation Fund	303,208	507,571
Internal Service Fund	-	42,909
Total	\$ 17,838,659	\$ 17,838,659

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, 2007, however, the City expects no material disallowances of expenditures.

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

NOTE 13 RISK MANAGEMENT

The City is exposed to various 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.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 14 RETIREMENT PLANS

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

Arizona State Retirement Plan

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

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, 2007, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and .50 percent long-term disability) of the member's annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2007, 2006, and 2005 were \$1,552,734, \$1,011,588, and \$645,078, respectively, which were equal to the required contributions for the year.

Arizona Public Safety Personnel Retirement System

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

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2007, 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 9.23% and 7.90% of the covered payroll to the Plan for the Police and Firefighters, respectively.

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 14 RETIREMENT PLANS (Continued)

Annual Pension Cost - The City's pension cost for the agent plan for the year ended June 30, 2006, and related information follows:

Contribution Rates:	<u>PSPRS – Police</u>	<u>PSPRS - Fire</u>
City	9.23%	7.90%
Plan members	7.65%	7.65%
Annual pension cost	\$419,311	\$293,449
Contributions made	\$419,311	\$293,449
Actuarial valuation date	June 30, 2006	June 30, 2006
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Includes inflation at cost-of-living adjustment	5.0%	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

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	2006	\$ 419,311	100.0%	-
	2005	298,580	100.0%	-
	2004	274,670	100.0%	-
PSPRS - Fire	2006	293,449	100.0%	-
	2005	89,277	100.0%	-
	2004	268,224	100.0%	-

Funding Progress - An analysis of funding progress for each of the agent plan as most recent actuarial valuations, June 30, 2006 follows:

CITY OF GOODYEAR, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2007

NOTE 14 RETIREMENT PLANS (Continued)

PSPR - Goodyear Police Plan:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((b-a)/c)
June 30, 2006	\$7,302,460	\$8,870,283	\$ 1,567,823	82.3%	\$4,475,426	35.0%
2005	6,372,349	7,439,933	1,067,584	85.7%	3,407,937	31.3%
2004	5,499,466	6,111,357	611,891	90.0%	2,933,985	20.9%

PSPR - Goodyear Fire Plan:

Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((b-a)/c)
June 30, 2006	\$5,554,786	\$5,530,427	\$ (24,359)	100.4%	\$4,406,608	0%
2005	4,580,344	4,319,321	(261,023)	106.0%	3,561,253	0%
2004	3,846,596	3,201,957	(644,639)	120.1%	2,916,393	0%

NOTE 15 DEFICIT NET ASSETS

Internal Service Fund Deficit Net Assets- At June 30, 2007, the Internal Service Fund contains a deficit net assets balance of \$7,110 in the fund financial statements.

Grants Fund Deficit Net Assets- At June 30, 2007, the Grants Fund contains a deficit net assets balance of \$84,588 in the fund financial statements.

Fire Impact Fees Fund Deficit Net Assets- At June 30, 2007, the Fire Impact Fees Fund contains a deficit net assets balance of \$246,500 in the fund financial statements.

NOTE 16 COMMITMENTS

The City has active construction projects as of June 30, 2007. The balances for work not yet complete as of June 30, 2007 were as follows:

Sunland Asphalt	\$ 84,370
Nesbitt Contracting	2,196,777
Archer Western Contractors	918,752
Brown & Caldwell	786,337
Alliance Service & Control	1,020,523
Hennesy Mechanical Sales	8,959
Total	<u>\$ 5,015,718</u>

These commitments are being financed from existing fund balances.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 17 SUBSEQUENT EVENTS

In December 2007, the City issued \$74,265,000 of Arizona Public Improvement Corporation Municipal Facilities Revenue and Refunding Bonds, Series 2007. The bonds were issued to fund the construction of the of the City's Spring Training Stadium for \$67,850,000, to advance refund the Greater Arizona Development Authority Loan for \$3,165,000 and to advance refund the Public Improvement Corporation Bond for \$3,250,000. Interest rates range from 4.0% to 5.0% with a term of 25 years.

The City also issued in December 2007, \$47,165,000 McDowell Road Commercial Corridor Improvement District Bonds. The bonds were issued to acquire and construct improvements of streets, sidewalks, underground utilities, landscaping, drainage, lightings, traffic control and other improvements. Interest rate is 5.25% with a term of 25 years.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

CITY OF GOODYEAR, ARIZONA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
ASSETS			
Cash and cash equivalents	\$ 1,305,329	\$ 48,326	\$ 1,841,299
Taxes receivable	297,410	-	33,667
Interest receivable	9,299	-	14,116
Accounts receivable	-	140,233	70
Due from other governments	-	238,244	-
Inventories	309,339	-	-
Prepaid items	-	-	32
Total assets	<u>\$ 1,921,377</u>	<u>\$ 426,803</u>	<u>\$ 1,889,184</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,082,676	\$ 113	\$ 83,927
Accrued payroll and employee benefits	38,657	2,577	-
Deposits held for others	71,082	-	5,000
Due to other funds	-	320,240	916,200
Deferred revenue	419,622	188,461	15,339
Total liabilities	<u>1,612,037</u>	<u>511,391</u>	<u>1,020,466</u>
Fund balances:			
Reserved:			
Debt service	-	-	-
Unreserved, reported in			
Special revenue	309,340	(84,588)	868,718
Total fund balances	<u>309,340</u>	<u>(84,588)</u>	<u>868,718</u>
Total liabilities and fund balances	<u>\$ 1,921,377</u>	<u>\$ 426,803</u>	<u>\$ 1,889,184</u>

Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ 3,911,425	\$ 3,839,311	\$ 4,034,980	\$ (241,707)	\$ 5,084,536	\$ 691,803
-	-	-	-	-	-
26,850	26,313	27,675	3	34,887	7,961
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,938,275</u>	<u>\$ 3,865,624</u>	<u>\$ 4,062,655</u>	<u>\$ (241,704)</u>	<u>\$ 5,119,423</u>	<u>\$ 699,764</u>
\$ 48,732	\$ 4,372	\$ 66,875	\$ 4,796	\$ 4,161	\$ 50,196
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,732</u>	<u>4,372</u>	<u>66,875</u>	<u>4,796</u>	<u>4,161</u>	<u>50,196</u>
-	-	-	-	-	-
3,889,543	3,861,252	3,995,780	(246,500)	5,115,262	649,568
<u>3,889,543</u>	<u>3,861,252</u>	<u>3,995,780</u>	<u>(246,500)</u>	<u>5,115,262</u>	<u>649,568</u>
<u>\$ 3,938,275</u>	<u>\$ 3,865,624</u>	<u>\$ 4,062,655</u>	<u>\$ (241,704)</u>	<u>\$ 5,119,423</u>	<u>\$ 699,764</u>

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CITY OF GOODYEAR, ARIZONA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 June 30, 2007

	<u>Special Revenue</u>		Total Non-Major Governmental Funds
	Library Impact Fees	Debt Services	
ASSETS			
Cash and cash equivalents	\$ 2,278,450	\$ 485,320	\$ 23,279,072
Taxes receivable	-	153,095	484,172
Interest receivable	15,544	9,814	172,462
Accounts receivable	-	-	140,303
Due from other governments	-	-	238,244
Inventories	-	-	309,339
Prepaid items	-	17,000	17,032
Total assets	<u>\$ 2,293,994</u>	<u>\$ 665,229</u>	<u>\$ 24,640,624</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,556	\$ -	\$ 1,348,404
Accrued payroll and employee benefits	-	-	41,234
Deposits held for others	-	-	76,082
Due to other funds	-	-	1,236,440
Deferred revenue	-	77,753	701,175
Total liabilities	<u>2,556</u>	<u>77,753</u>	<u>3,403,335</u>
Fund balances:			
Reserved:			
Debt service	-	587,476	587,476
Unreserved:			
Special revenue	2,291,438	-	20,649,813
Total fund balances	<u>2,291,438</u>	<u>587,476</u>	<u>21,237,289</u>
Total liabilities and fund balances	<u>\$ 2,293,994</u>	<u>\$ 665,229</u>	<u>\$ 24,640,624</u>

CITY OF GOODYEAR, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended June 30, 2007

REVENUES	Special Revenue		
	Highway User Revenue	Grants	Community Facilities Districts
Taxes	\$ -	\$ -	\$ 848,408
Intergovernmental	3,630,329	633,461	-
Charges for services	-	-	-
Investment income	53,127	-	85,167
Contributions	-	-	-
Miscellaneous	28,949	128,599	127,021
Total revenues	<u>3,712,405</u>	<u>762,060</u>	<u>1,060,596</u>
EXPENDITURES			
Current:			
General government	-	-	879,151
Public safety	-	193,452	-
Highway and streets	4,734,832	-	-
Public works	-	-	-
Community development	-	84,987	-
Capital outlay	325,954	674,757	-
Debt service:			
Principal retirement	-	-	-
Interest and debt costs	-	-	-
Total expenditures	<u>5,060,786</u>	<u>953,196</u>	<u>879,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,348,381)</u>	<u>(191,136)</u>	<u>181,445</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,470,375	99,719	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>1,470,375</u>	<u>99,719</u>	<u>-</u>
Net change in fund balances	121,994	(91,417)	181,445
Fund balances, beginning of year	<u>187,346</u>	<u>6,829</u>	<u>687,273</u>
Fund balances, end of year	<u>\$ 309,340</u>	<u>\$ (84,588)</u>	<u>\$ 868,718</u>

Special Revenue

Community Facilities Impact Fees	General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
433,533	1,035,229	849,649	688,503	1,404,068	1,739,771
184,773	163,771	176,657	4,121	212,279	199,594
-	-	-	-	-	-
-	-	-	-	-	25,462
<u>618,306</u>	<u>1,199,000</u>	<u>1,026,306</u>	<u>692,624</u>	<u>1,616,347</u>	<u>1,964,827</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	115,440	133,902	-	-	-
-	-	-	-	-	-
34,684	12,510	-	733,427	15,856	5,662,938
-	-	-	-	-	-
-	-	-	-	-	-
<u>34,684</u>	<u>127,950</u>	<u>133,902</u>	<u>733,427</u>	<u>15,856</u>	<u>5,662,938</u>
<u>583,622</u>	<u>1,071,050</u>	<u>892,404</u>	<u>(40,803)</u>	<u>1,600,491</u>	<u>(3,698,111)</u>
-	-	-	-	-	-
-	-	-	(202,727)	-	-
-	-	-	(202,727)	-	-
583,622	1,071,050	892,404	(243,530)	1,600,491	(3,698,111)
3,305,921	2,790,202	3,103,376	(2,970)	3,514,771	4,347,679
<u>\$ 3,889,543</u>	<u>\$ 3,861,252</u>	<u>\$ 3,995,780</u>	<u>\$ (246,500)</u>	<u>\$ 5,115,262</u>	<u>\$ 649,568</u>

(Continued on next page)



CITY OF GOODYEAR, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES
 NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
 For The Year Ended June 30, 2007

REVENUES	Special Revenue		Total Non-Major Government Funds
	Library Impact Fees	Debt Service	
Taxes	\$ -	\$ 3,843,485	\$ 4,691,893
Intergovernmental	-	-	4,263,790
Charges for services	289,948	-	6,440,701
Investment income	106,136	51,025	1,236,650
Contributions	-	-	-
Miscellaneous	-	-	310,031
Total revenues	<u>396,084</u>	<u>3,894,510</u>	<u>16,943,065</u>
EXPENDITURES			
Current:			
General government	-	-	879,151
Public safety	-	-	193,452
Highway and streets	-	-	4,734,832
Public works	-	-	249,342
Community development	-	-	84,987
Capital outlay	-	-	7,460,126
Debt service:			
Principal retirement	-	2,400,000	2,400,000
Interest and debt costs	-	1,258,376	1,258,376
Total expenditures	<u>-</u>	<u>3,658,376</u>	<u>17,260,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>396,084</u>	<u>236,134</u>	<u>(317,201)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,109,573	2,679,667
Transfers out	-	(968,729)	(1,171,456)
Total other financing sources (uses)	<u>-</u>	<u>140,844</u>	<u>1,508,211</u>
Net change in fund balances	396,084	376,978	1,191,010
Fund balances, beginning of year	<u>1,895,354</u>	<u>210,498</u>	<u>20,046,279</u>
Fund balances, end of year	<u>\$ 2,291,438</u>	<u>\$ 587,476</u>	<u>\$ 21,237,289</u>



OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

MAJOR GOVERNMENTAL FUNDS

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,343,737	\$ 4,343,737	\$ 4,134,514	\$ (209,223)
Investment income	117,259	117,259	285,717	168,458
Special assessments	28,253,739	28,253,739	2,228,646	(26,025,093)
Contributions	9,681,337	9,681,337	326,417	(9,354,920)
Total revenues	<u>42,396,072</u>	<u>42,396,072</u>	<u>6,975,294</u>	<u>(35,420,778)</u>
EXPENDITURES				
Debt service				
Principal retirement	17,842,000	17,842,000	2,271,000	15,571,000
Interest and debt costs	39,059,024	39,059,024	4,230,992	34,828,032
Total expenditures	<u>56,901,024</u>	<u>56,901,024</u>	<u>6,501,992</u>	<u>50,399,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,504,952)</u>	<u>(14,504,952)</u>	<u>473,302</u>	<u>14,978,254</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	42,596	42,596
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>17,010,000</u>	<u>17,010,000</u>	<u>42,596</u>	<u>(16,967,404)</u>
Net change in fund balance	2,505,048	2,505,048	515,898	(1,989,150)
Fund balance, beginning of year	<u>7,622,672</u>	<u>7,622,672</u>	<u>7,622,672</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,127,720</u>	<u>\$ 10,127,720</u>	<u>\$ 8,138,570</u>	<u>\$ (1,989,150)</u>

CITY OF GOODYEAR, ARIZONA
 CAPITAL IMPROVEMENT PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
 AND ACTUAL
 For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 2,547,678	\$ 2,547,678	\$ 638,732	\$ (1,908,946)
Investment income	-	-	313,484	313,484
Contributions	4,391,013	4,391,013	1,394,251	(2,996,762)
Total revenues	<u>6,938,691</u>	<u>6,938,691</u>	<u>2,346,467</u>	<u>(4,592,224)</u>
EXPENDITURES				
Capital outlay	253,012,477	92,497,024	10,855,468	81,641,556
Debt service				
Interest and debt cost	-	-	90,141	(90,141)
Total expenditures	<u>253,012,477</u>	<u>92,497,024</u>	<u>10,945,609</u>	<u>81,551,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,073,786)</u>	<u>(85,558,333)</u>	<u>(8,599,142)</u>	<u>76,959,191</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	289,000,000	289,000,000	10,782,151	(278,217,849)
Transfers in	-	-	9,037,318	9,037,318
Transfers out	-	-	(6,973,561)	(6,973,561)
Total other financing sources (uses)	<u>289,000,000</u>	<u>289,000,000</u>	<u>12,845,908</u>	<u>(276,154,092)</u>
Net change in fund balance	42,926,214	203,441,667	4,246,766	(199,194,901)
Fund balance, beginning of year	<u>1,724,979</u>	<u>1,724,979</u>	<u>1,724,979</u>	<u>-</u>
Fund balance, end of year	<u>\$ 44,651,193</u>	<u>\$ 205,166,646</u>	<u>\$ 5,971,745</u>	<u>\$ (199,194,901)</u>

CITY OF GOODYEAR, ARIZONA
MCDOWELL ROAD IMPROVEMENTS CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Charges for service	\$ -	\$ -	\$ 3,527,777	\$ 3,527,777
Investment income	-	-	129,160	129,160
Total revenues	-	-	3,656,937	3,656,937
EXPENDITURES				
Capital outlay	-	81,705,609	1,084,325	80,621,284
Total expenditures	-	81,705,609	1,084,325	80,621,284
Excess (deficiency) of revenues over (under) expenditures	-	(81,705,609)	2,572,612	84,278,221
Net change in fund balance	-	(81,705,609)	2,572,612	84,278,221
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ (81,705,609)	\$ 2,572,612	\$ 84,278,221

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 11,544,776	\$ 11,544,776	\$ 838,532	\$ (10,706,244)
Contributions	8,500,000	8,500,000	474,250	(8,025,750)
Total revenues	<u>20,044,776</u>	<u>20,044,776</u>	<u>1,312,782</u>	<u>(18,731,994)</u>
EXPENDITURES				
Capital outlay	615,077,265	615,077,265	20,831,707	594,245,558
Total expenditures	<u>615,077,265</u>	<u>615,077,265</u>	<u>20,831,707</u>	<u>594,245,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(595,032,489)</u>	<u>(595,032,489)</u>	<u>(19,518,925)</u>	<u>575,513,564</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	573,738,824	573,738,824	6,115,000	(567,623,824)
Transfers out	-	-	(42,596)	(42,596)
Total other financing sources (uses)	<u>573,738,824</u>	<u>573,738,824</u>	<u>6,072,404</u>	<u>(567,666,420)</u>
Net change in fund balance	(21,293,665)	(21,293,665)	(13,446,521)	7,847,144
Fund balance, beginning of year	<u>22,933,295</u>	<u>22,933,295</u>	<u>22,933,295</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,639,630</u>	<u>\$ 1,639,630</u>	<u>\$ 9,486,774</u>	<u>\$ 7,847,144</u>



OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS
AND ENTERPRISE FUNDS



CITY OF GOODYEAR, ARIZONA
HIGHWAY USER REVENUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 2,042,927	\$ 2,042,927	\$ 3,630,329	\$ 1,587,402
Investment income	22,052	22,052	53,127	31,075
Miscellaneous	15,215	15,215	28,949	13,734
Total revenues	<u>2,080,194</u>	<u>2,080,194</u>	<u>3,712,405</u>	<u>1,632,211</u>
EXPENDITURES				
Current				
Highway and streets	5,518,908	5,456,178	4,734,832	721,346
Capital outlay	250,000	312,730	325,954	(13,224)
Total expenditures	<u>5,768,908</u>	<u>5,768,908</u>	<u>5,060,786</u>	<u>708,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,688,714)</u>	<u>(3,688,714)</u>	<u>(1,348,381)</u>	<u>2,340,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,787,433</u>	<u>2,787,433</u>	<u>1,470,375</u>	<u>(1,317,058)</u>
Total other financing sources (uses)	<u>2,787,433</u>	<u>2,787,433</u>	<u>1,470,375</u>	<u>(1,317,058)</u>
Net change in fund balance	(901,281)	(901,281)	121,994	1,023,275
Fund balance, beginning of year	<u>187,346</u>	<u>187,346</u>	<u>187,346</u>	<u>-</u>
Fund balance, end of year	<u>\$ (713,935)</u>	<u>\$ (713,935)</u>	<u>\$ 309,340</u>	<u>\$ (293,783)</u>

CITY OF GOODYEAR, ARIZONA
GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 1,179,400	\$ 1,179,400	\$ 633,461	\$ (545,939)
Miscellaneous	1,580,000	1,580,000	128,599	(1,451,401)
Total revenues	<u>2,759,400</u>	<u>2,759,400</u>	<u>762,060</u>	<u>(1,997,340)</u>
EXPENDITURES				
Current				
Public safety	248,400	248,400	193,452	54,948
Community development	-	-	84,987	(84,987)
Capital outlay	2,361,000	2,361,000	674,757	1,686,243
Total expenditures	<u>2,669,400</u>	<u>2,669,400</u>	<u>953,196</u>	<u>1,716,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,000</u>	<u>90,000</u>	<u>(191,136)</u>	<u>(281,136)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	99,719	99,719
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>99,719</u>	<u>99,719</u>
Net change in fund balance	90,000	90,000	(91,417)	(181,417)
Fund balance, beginning of year	<u>6,829</u>	<u>6,829</u>	<u>6,829</u>	<u>-</u>
Fund balance, end of year	<u>\$ 96,829</u>	<u>\$ 96,829</u>	<u>\$ (84,588)</u>	<u>\$ (181,417)</u>

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES DISTRICTS - GENERAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 912,398	\$ 912,398	\$ 848,408	\$ (63,990)
Investment income	35,600	35,600	85,167	49,567
Contributions	1,251,358	1,251,358	-	(1,251,358)
Miscellaneous	465,000	465,000	127,021	(337,979)
Total revenues	<u>2,664,356</u>	<u>2,664,356</u>	<u>1,060,596</u>	<u>(1,603,760)</u>
EXPENDITURES				
Current				
General government	2,883,730	2,883,730	879,151	2,004,579
Total expenditures	<u>2,883,730</u>	<u>2,883,730</u>	<u>879,151</u>	<u>2,004,579</u>
Net change in fund balance	(219,374)	(219,374)	181,445	400,819
Fund balance, beginning of year	<u>687,273</u>	<u>687,273</u>	<u>687,273</u>	<u>-</u>
Fund balance, end of year	<u>\$ 467,899</u>	<u>\$ 467,899</u>	<u>\$ 868,718</u>	<u>\$ 400,819</u>

CITY OF GOODYEAR, ARIZONA
COMMUNITY FACILITIES IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 1,743,703	\$ 1,743,703	\$ 433,533	\$ (1,310,170)
Investment income	-	-	184,773	184,773
Total revenues	<u>1,743,703</u>	<u>1,743,703</u>	<u>618,306</u>	<u>(1,125,397)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Capital outlay	<u>830,735</u>	<u>830,735</u>	<u>34,684</u>	<u>796,051</u>
Total expenditures	<u>830,735</u>	<u>830,735</u>	<u>34,684</u>	<u>796,051</u>
Net change in fund balance	912,968	912,968	583,622	(329,346)
Fund balance, beginning of year	<u>3,305,921</u>	<u>3,305,921</u>	<u>3,305,921</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,218,889</u>	<u>\$ 4,218,889</u>	<u>\$ 3,889,543</u>	<u>\$ (329,346)</u>

CITY OF GOODYEAR, ARIZONA
GENERAL GOVERNMENT IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 821,229	\$ 821,229	\$ 1,035,229	\$ 214,000
Investment income	-	-	163,771	163,771
Total revenues	<u>821,229</u>	<u>821,229</u>	<u>1,199,000</u>	<u>377,771</u>
EXPENDITURES				
Current				
Public works	320,000	120,000	115,440	4,560
Capital outlay	270,000	470,000	12,510	457,490
Total expenditures	<u>590,000</u>	<u>590,000</u>	<u>127,950</u>	<u>462,050</u>
Net change in fund balance	231,229	231,229	1,071,050	839,821
Fund balance, beginning of year	<u>2,790,202</u>	<u>2,790,202</u>	<u>2,790,202</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,021,431</u>	<u>\$ 3,021,431</u>	<u>\$ 3,861,252</u>	<u>\$ 839,821</u>

CITY OF GOODYEAR, ARIZONA
PUBLIC WORKS IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 645,168	\$ 645,168	\$ 849,649	\$ 204,481
Investment income	-	-	176,657	176,657
Total revenues	<u>645,168</u>	<u>645,168</u>	<u>1,026,306</u>	<u>381,138</u>
EXPENDITURES				
Current				
Public works	592,000	592,000	133,902	458,098
Total expenditures	<u>592,000</u>	<u>592,000</u>	<u>133,902</u>	<u>458,098</u>
Net change in fund balance	53,168	53,168	892,404	839,236
Fund balance, beginning of year	<u>3,103,376</u>	<u>3,103,376</u>	<u>3,103,376</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,156,544</u>	<u>\$ 3,156,544</u>	<u>\$ 3,995,780</u>	<u>\$ 839,236</u>

CITY OF GOODYEAR, ARIZONA
 FIRE IMPACT FEES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
 AND ACTUAL
 For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Charges for services	\$ 736,893	\$ 736,893	\$ 688,503	\$ (48,390)
Investment income	-	-	4,121	4,121
Total revenues	<u>736,893</u>	<u>736,893</u>	<u>692,624</u>	<u>(44,269)</u>
EXPENDITURES				
Capital outlay	<u>3,685,013</u>	<u>3,685,013</u>	<u>733,427</u>	<u>2,951,586</u>
Total expenditures	<u>3,685,013</u>	<u>3,685,013</u>	<u>733,427</u>	<u>2,951,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,948,120)</u>	<u>(2,948,120)</u>	<u>(40,803)</u>	<u>2,907,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(202,727)</u>	<u>(202,727)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(202,727)</u>	<u>(202,727)</u>
Net change in fund balance	(2,948,120)	(2,948,120)	(243,530)	2,704,590
Fund balance, beginning of year	<u>(2,970)</u>	<u>(2,970)</u>	<u>(2,970)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (2,951,090)</u>	<u>\$ (2,951,090)</u>	<u>\$ (246,500)</u>	<u>\$ 2,704,590</u>

CITY OF GOODYEAR, ARIZONA
POLICE IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 538,872	\$ 538,872	\$ 1,404,068	\$ 865,196
Investment income	-	-	212,279	212,279
Total revenues	<u>538,872</u>	<u>538,872</u>	<u>1,616,347</u>	<u>1,077,475</u>
EXPENDITURES				
Capital outlay	<u>2,089,545</u>	<u>2,089,545</u>	<u>15,856</u>	<u>2,073,689</u>
Total expenditures	<u>2,089,545</u>	<u>2,089,545</u>	<u>15,856</u>	<u>2,073,689</u>
Net change in fund balance	(1,550,673)	(1,550,673)	1,600,491	3,151,164
Fund balance, beginning of year	<u>3,514,771</u>	<u>3,514,771</u>	<u>3,514,771</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,964,098</u>	<u>\$ 1,964,098</u>	<u>\$ 5,115,262</u>	<u>\$ 3,151,164</u>

CITY OF GOODYEAR, ARIZONA
TRANSPORTATION IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,425,502	\$ 1,425,502	\$ 1,739,771	\$ 314,269
Investment income	-	-	199,594	199,594
Miscellaneous	-	-	25,462	25,462
Total revenues	<u>1,425,502</u>	<u>1,425,502</u>	<u>1,964,827</u>	<u>513,863</u>
EXPENDITURES				
Capital outlay	6,242,000	7,742,000	5,662,938	2,079,062
Total expenditures	<u>6,242,000</u>	<u>7,742,000</u>	<u>5,662,938</u>	<u>2,079,062</u>
Net change in fund balance	(4,816,498)	(6,316,498)	(3,698,111)	2,592,925
Fund balance, beginning of year	<u>4,347,679</u>	<u>4,347,679</u>	<u>4,347,679</u>	-
Fund balance, end of year	<u><u>\$ (468,819)</u></u>	<u><u>\$ (1,968,819)</u></u>	<u><u>\$ 649,568</u></u>	<u><u>\$ 2,592,925</u></u>

CITY OF GOODYEAR, ARIZONA
LIBRARY IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 510,856	\$ 510,856	\$ 289,948	\$ (220,908)
Investment income	-	-	106,136	106,136
Total revenues	<u>510,856</u>	<u>510,856</u>	<u>396,084</u>	<u>(114,772)</u>
EXPENDITURES				
Capital outlay	150,000	150,000	-	150,000
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	360,856	360,856	396,084	35,228
Fund balance, beginning of year	<u>1,895,354</u>	<u>1,895,354</u>	<u>1,895,354</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,256,210</u>	<u>\$ 2,256,210</u>	<u>\$ 2,291,438</u>	<u>\$ 35,228</u>

CITY OF GOODYEAR, ARIZONA
DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,954,667	\$ 3,954,667	\$ 3,843,485	\$ (111,182)
Investment income	-	-	51,025	51,025
Total revenues	<u>3,954,667</u>	<u>3,954,667</u>	<u>3,894,510</u>	<u>(60,157)</u>
EXPENDITURES				
Debt service				
Principal retirement	4,230,910	4,230,910	2,400,000	1,830,910
Interest and debt costs	34,818	34,818	1,258,376	(1,223,558)
Total expenditures	<u>4,265,728</u>	<u>4,265,728</u>	<u>3,658,376</u>	<u>607,352</u>
Excess (deficiency) of revenues over (under) expenditures	(311,061)	(311,061)	236,134	547,195
OTHER FINANCING SOURCES				
Transfers in	-	-	1,109,573	1,109,573
Transfers out	-	-	(968,729)	(968,729)
Total other financing sources	<u>-</u>	<u>-</u>	<u>140,844</u>	<u>140,844</u>
Net change in fund balance	(311,061)	(311,061)	376,978	688,039
Fund balance, beginning of year	<u>210,498</u>	<u>210,498</u>	<u>210,498</u>	<u>-</u>
Fund balance, end of year	<u>\$ (100,563)</u>	<u>\$ (100,563)</u>	<u>\$ 587,476</u>	<u>\$ 688,039</u>

CITY OF GOODYEAR, ARIZONA
WATER & SEWER ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues:				
Charges for service	\$ 14,071,727	\$ 14,071,727	\$ 13,725,377	\$ (346,350)
Intergovernmental	-	-	8,402	8,402
Miscellaneous	7,098	7,098	26,683	19,585
Total operating revenue	<u>14,078,825</u>	<u>14,078,825</u>	<u>13,760,462</u>	<u>(318,363)</u>
Operating expenses:				
Administration	2,421,848	2,426,848	1,931,505	495,343
Costs of sales and services	99,860,702	96,188,915	9,076,597	87,112,318
Depreciation	-	-	2,979,468	(2,979,468)
Total operating expenses	<u>102,282,550</u>	<u>98,615,763</u>	<u>13,987,570</u>	<u>84,628,193</u>
Operating income (loss)	<u>(88,203,725)</u>	<u>(84,536,938)</u>	<u>(227,108)</u>	<u>84,309,830</u>
Nonoperating revenues (expenses):				
Impact fees	6,782,245	6,782,245	5,330,221	(1,452,024)
Investment income	285,502	285,502	1,427,070	1,141,568
Interest expense	-	-	(1,751,265)	(1,751,265)
Total nonoperating revenues (expenses)	<u>7,067,747</u>	<u>7,067,747</u>	<u>5,006,026</u>	<u>(2,061,721)</u>
Income (loss) before capital contributions and transfers	<u>(81,135,978)</u>	<u>(77,469,191)</u>	<u>4,778,918</u>	<u>82,248,109</u>
Capital contributions	60,055,870	60,055,870	19,076,000	(40,979,870)
Transfers in	-	-	5,355,227	5,355,227
Transfers out	-	-	(5,502,968)	(5,502,968)
Change in net assets	<u>(21,080,108)</u>	<u>(17,413,321)</u>	<u>23,707,177</u>	<u>41,120,498</u>
Net assets, beginning of year	84,630,156	84,630,156	84,630,156	-
Net assets, end of year	<u>\$ 63,550,048</u>	<u>\$ 67,216,835</u>	<u>\$ 108,337,333</u>	<u>\$ 41,120,498</u>

CITY OF GOODYEAR, ARIZONA
SANITATION ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating revenues:				
Charges for service	\$ 4,208,171	\$ 4,208,171	\$ 4,392,794	\$ 184,623
Intergovernmental	180,000	180,000	20,000	(160,000)
Total operating revenue	<u>4,388,171</u>	<u>4,388,171</u>	<u>4,412,794</u>	<u>24,623</u>
Operating expenses:				
Administration	1,020,900	1,020,900	826,607	194,293
Costs of sales and services	4,052,649	4,052,649	3,495,291	557,358
Depreciation	29,260	29,260	79,369	(50,109)
Total operating expenses	<u>5,102,809</u>	<u>5,102,809</u>	<u>4,401,267</u>	<u>701,542</u>
Operating income (loss)	<u>(714,638)</u>	<u>(714,638)</u>	<u>11,527</u>	<u>726,165</u>
Nonoperating revenues (expenses):				
Investment income	4,493	4,493	-	(4,493)
Total nonoperating revenues (expenses)	<u>4,493</u>	<u>4,493</u>	<u>-</u>	<u>(4,493)</u>
Income (loss) before transfers	<u>(710,145)</u>	<u>(710,145)</u>	<u>11,527</u>	<u>721,672</u>
Transfers in	-	-	507,571	507,571
Transfers out	<u>-</u>	<u>-</u>	<u>(303,208)</u>	<u>(303,208)</u>
Change in net assets	<u>(710,145)</u>	<u>(710,145)</u>	<u>215,890</u>	<u>926,035</u>
Net assets, beginning of year	<u>958,691</u>	<u>958,691</u>	<u>958,691</u>	<u>-</u>
Net assets, end of year	<u>\$ 248,546</u>	<u>\$ 248,546</u>	<u>\$ 1,174,581</u>	<u>\$ 926,035</u>

CITY OF GOODYEAR, ARIZONA
STADIUM ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues:				
Total operating revenue	-	-	-	-
Operating expenses:				
Costs of sales and services	-	75,000,000	-	75,000,000
Total operating expenses	-	75,000,000	-	75,000,000
Operating income (loss)	-	(75,000,000)	-	75,000,000
Nonoperating revenues (expenses):				
Investment income	-	-	20,376	20,376
Total nonoperating revenues (expenses)	-	-	20,376	20,376
Change in net assets	-	(75,000,000)	20,376	75,020,376
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	\$ (75,000,000)	\$ 20,376	\$ 75,020,376

CITY OF GOODYEAR
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 June 30, 2007

Governmental funds capital assets	<u>2007</u>
Land	\$ 17,855,748
Right of way	74,213,181
Streetscape	7,091,027
Buildings and improvements	21,403,210
Improvements other than buildings	10,521,792
Vehicles, machinery and equipment	28,642,521
Infrastructure	193,017,907
Construction in progress	34,640,523
Total governmental funds capital assets	<u><u>\$387,385,909</u></u>
Investment in governmental funds capital assets by source:	
Government funds	\$387,385,909
Total governmental funds capital assets	<u><u>\$387,385,909</u></u>

CITY OF GOODYEAR
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 June 30, 2007

Function and Activity	Land, Right of Way Streetscape	Buildings and Improvements
General Government	\$ 4,613,762	\$ -
Public Safety	-	13,377,974
Highways and Streets	81,304,208	-
Culture and Recreation	12,493,223	813,910
Public Works	748,763	7,211,326
 Total governmental funds capital assets	 \$ 99,159,956	 \$ 21,403,210

Improvements other than Buildings	Vehicles, Machinery and Equipment	Infrastructure	Construction in Progress	Total
\$ -	\$ 6,269,446	\$ -	\$ 16,513,176	\$ 27,396,384
46,932	14,938,475	-	139,586	28,502,967
-	-	193,017,907	-	274,322,115
888,530	1,648,263	-	573,550	16,417,476
9,586,330	5,786,337	-	17,414,211	40,746,967
<u>\$ 10,521,792</u>	<u>\$ 28,642,521</u>	<u>\$ 193,017,907</u>	<u>\$ 34,640,523</u>	<u>\$ 387,385,909</u>

CITY OF GOODYEAR
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 For the fiscal year ended June 30, 2007

Function and Activity	Governmental Funds Capital Assets	
	July 1, 2006	Additions
General Government	\$ 11,265,538	\$ 16,130,846
Public Safety	26,974,809	1,528,158
Highways and Streets	235,678,730	38,643,385
Culture and Recreation	16,878,066	-
Public Works	15,940,916	24,806,051
Total governmental funds capital assets	<u>\$ 306,738,059</u>	<u>\$ 81,108,440</u>

<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2007</u>
\$ -	\$ 27,396,384
-	28,502,967
-	274,322,115
(460,590)	16,417,476
-	40,746,967
<u>\$ (460,590)</u>	<u>\$ 387,385,909</u>



STATISTICAL SECTION

Table 1

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

	Fiscal Year	
	2007	2006
Governmental Activities		
Invested in Capital Assets, Net of Related Debt	\$ 206,294,183	\$ 144,405,463
Restricted	60,388,579	67,199,030
Unrestricted	<u>57,993,362</u>	<u>49,858,294</u>
Total Governmental Activities Net Assets	<u>324,676,124</u>	<u>261,462,787</u>
Business-type Activities		
Invested in Capital Assets, Net of Related Debt	101,366,083	61,259,814
Restricted	-	-
Unrestricted	<u>8,166,207</u>	<u>24,329,033</u>
Total Business-type Activities Net Assets	<u>109,532,290</u>	<u>85,588,847</u>
Primary Government		
Invested in Capital Assets, Net of Related Debt	307,660,266	205,665,277
Restricted	60,388,579	67,199,030
Unrestricted	<u>66,159,569</u>	<u>74,187,327</u>
Total Primary Government Net Assets	<u>\$ 434,208,414</u>	<u>\$ 347,051,634</u>

Table 2b

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

	Fiscal Year	
	2007	2006
Program Revenue		
Governmental Activities:		
Charges for Services:		
General Government	\$ 396,770	\$ 286,419
Fire	54,887	61,456
Police	128,040	67,264
Municipal Services	638,390	529,007
Public Works	3,527,777	126,800
Community Development	13,241,940	14,584,804
Operating Grants and Contributions	895,854	648,756
Capital Grants and Contributions	<u>62,732,783</u>	<u>26,761,281</u>
Total Governmental Activities Program Revenues	<u>\$ 81,616,441</u>	<u>\$ 43,065,787</u>
Business-type Activities		
Charges for Services:		
Water Utility	\$ 7,588,225	\$ 5,952,571
Wastewater Utility	6,137,152	4,846,569
Sanitation	4,392,794	3,185,387
Operating Grants and Contributions	20,000	240,000
Capital Grants and Contributions	<u>24,414,623</u>	<u>26,016,946</u>
Total Business-type Activities Revenues	<u>42,552,794</u>	<u>40,241,473</u>
Total Primary Government Revenues	<u>\$ 124,169,235</u>	<u>\$ 83,307,260</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (16,672,751)	\$ (11,315,672)
Business-type Activities	<u>22,412,692</u>	<u>22,769,529</u>
Total Primary Government Net Revenue	<u>\$ 5,739,941</u>	<u>\$ 11,453,857</u>

Table 2a

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

	Fiscal Year	
	2007	2006
Expenses		
Governmental Activities:		
General Government	\$ 5,020,742	\$ 3,007,708
Police	11,091,150	9,305,303
Financial Services	2,233,303	1,768,327
Community Services	1,277,245	1,108,528
Information Services	1,769,833	1,551,418
Fire	10,129,091	5,839,807
Municipal Services	1,163,005	853,289
Human Resources	1,976,324	1,361,992
Community Development	19,683,385	6,668,282
Culture and Recreation	3,181,071	2,016,304
Highways and Streets	9,581,333	13,536,118
Public Works	25,397,680	1,791,319
Interest on Long-term Debt	5,785,031	5,573,064
Total Governmental Activities Expenses	<u>\$ 98,289,192</u>	<u>\$ 54,381,459</u>
Business-type Activities		
Water Utility	\$ 10,866,043	\$ 9,722,925
Wastewater Utility	4,872,792	4,313,533
Sanitation	4,401,267	3,435,486
Total Business-type Activities Expenses	<u>\$ 20,140,102</u>	<u>\$ 17,471,944</u>
 Total Primary Government Net Assets	 <u>\$ 118,429,294</u>	 <u>\$ 71,853,403</u>

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

	Fiscal Year	
	2007	2006
Governmental Revenues and Other Changes in Net Assets		
Governmental Activities:		
Taxes	\$ 59,428,806	\$ 48,726,571
Intergovernmental	15,053,501	6,997,920
Interest and Investment Income	4,723,886	4,436,598
Miscellaneous	1,029,445	1,486,027
Transfers	<u>(56,622)</u>	<u>(117,062)</u>
Total Governmental Activities	<u>\$ 80,179,016</u>	<u>\$ 61,530,054</u>
Business-type Activities		
Interest and Investment Income	\$ 1,447,446	\$ 715,181
Mitigation proceeds	-	1,950,000
Miscellaneous	26,683	17,431
Transfers	<u>56,622</u>	<u>117,062</u>
Total Business-type Activities	<u>\$ 1,530,751</u>	<u>\$ 2,799,674</u>
Total Primary Government	<u>\$ 81,709,767</u>	<u>\$ 64,329,728</u>
Changes in Net Assets		
Governmental Activities	\$ 63,506,265	\$ 50,214,382
Business-type Activities	<u>23,943,443</u>	<u>25,569,203</u>
Total Primary Government	<u>\$ 87,449,708</u>	<u>\$ 75,783,585</u>

Table 3

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

Fiscal Year	Property	Sales and Use Taxes			Intergovernmental		
		Privilege & Use - General	Transient Occupancy	Franchise Taxes	State Shared Sales	State Revenue Sharing	Highway User Revenue
2007	\$ 12,370,983	\$ 44,284,577	\$ 955,859	\$ 1,817,387	\$ 6,307,272	\$ 5,252,405	\$ 3,493,824
2006	9,826,690	36,526,485	893,528	1,479,868	3,225,710	1,979,970	1,792,240

Table 4

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

	Fiscal Year	
	2007	2006
General Fund Unreserved	<u>\$ 61,037,128</u>	<u>\$ 53,853,901</u>
All Other Governmental Funds		
Reserved, Reported in:		
Debt Service Funds	8,726,046	7,833,170
Capital Projects Funds	7,810,178	21,303,978
Unreserved, Reported in:		
Special Revenue Funds	20,649,813	19,835,781
Capital Projects Funds	<u>10,220,953</u>	<u>3,354,296</u>
Total All Other Governmental Funds	<u>\$ 47,406,990</u>	<u>\$ 52,327,225</u>

Table 5a

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

	Fiscal Year	
	2007	2006
Revenues		
Taxes	\$ 59,346,833	\$ 48,669,770
Licenses and permits	8,905,743	10,593,032
Intergovernmental	16,456,618	7,691,531
Charges for services	14,921,767	12,590,311
Fines and forfeits	584,316	482,604
Investment income	4,723,886	4,436,598
Special assessments	2,228,646	2,197,445
Contributions	14,245,039	1,717,842
Miscellaneous	1,046,124	1,433,513
Total Revenues	<u>122,458,972</u>	<u>89,812,646</u>
Expenditures		
General Government	8,637,828	3,825,496
Police	10,262,437	8,674,983
Financial Services	2,209,677	1,657,610
Community Services	1,255,467	1,190,116
Information Services	1,622,556	1,593,403
Fire	8,842,402	7,332,103
Municipal Services	1,102,875	848,612
Human Resources	1,973,845	1,360,762
Community Development	6,028,162	6,539,567
Culture and Recreation	3,431,934	2,381,569
Highways and Streets	4,756,383	3,647,507
Public Works	4,294,102	2,154,782
Debt Service:		
Principal retirement	4,836,000	3,777,600
Interest and debt cost	5,740,194	5,313,243
Capital outlay	71,999,738	14,819,302
Total Expenditures	<u>136,993,600</u>	<u>65,116,655</u>
Excess of Revenues over (under) Expenditures	<u>(14,534,628)</u>	<u>24,695,991</u>

Table 5a continued

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

	Fiscal Year	
	2007	2006
Expenditures		
Transfer in	\$ 17,288,179	\$ 18,210,420
Transfer out	(17,387,710)	(47,966,568)
Debt issuance	<u>16,897,151</u>	<u>5,005,000</u>
 Total Other Financing Sources and (Uses)	 <u>16,797,620</u>	 <u>(24,751,148)</u>
 Net Change in Fund Balances	 <u>\$ 2,262,992</u>	 <u>\$ (55,157)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 16.3%	 18.1%



Table 6

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

Fiscal Year	Property	Sales and Use Taxes			Intergovernmental		
		Privilege General	Transient Occupancy	Franchise Taxes	State Shared Sales	State Revenue Sharing	Highway User Revenue
2007	\$ 12,289,010	\$ 44,284,577	\$ 955,859	\$ 1,817,387	\$ 6,307,272	\$ 5,252,405	\$ 3,493,824
2006	9,769,889	36,526,485	893,528	1,479,868	3,225,710	1,979,970	1,792,240

Table 7

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

City Direct Rate				Overlapping Rates				
				County-Wide Jurisdictions				
Fiscal Year	Operating Rate	Debt Service Rate	Total City Rate	County Operating Rate	County Library District Rate	Fire District Assistance Rate	County Flood District Rate	County Education Equalization Rate
2007	\$ 0.7945	\$ 0.7991	\$ 1.5936	\$ 1.1794	\$ 0.0507	\$ 0.0068	\$ 0.2047	\$ -
2006	0.8222	0.7778	1.6000	1.1971	0.0521	0.0069	0.2119	0.4358

* Assessed / Acreage Basis

¹ Source: Maricopa County Assessor's Office

City of Goodyear
Property Tax Rates
Direct and Overlapping Governments 1
Last Two Fiscal Years
(Unaudited) Continued

Overlapping Rates							
County-Wide Jurisdictions				School Districts			
Community College Rate	Central Arizona Project Rate	Special Health Care District Rate	Total County Rate	Agua Fria/ Avondale Rate	Agua Fria/ Litchfield Rate	Buckeye/ Liberty Rate	Tolleson/ Littleton Rate
\$ 1.0646	\$ 0.1200	\$ 0.1184	\$ 2.7446	\$ 7.8564	\$ 6.8558	\$ 7.3005	\$ 7.3586
1.0315	0.1200	0.1206	3.1759	7.8631	6.9430	7.4944	8.3794

City of Goodyear
Property Tax Rates
Direct and Overlapping Governments¹
Last Two Fiscal Years
(Unaudited) Continued

Overlapping Rates

Other Special Taxing Districts

West Maricopa Education Center District Rate	Central Arizona GRD Rate	Roosevelt Irrigation District Rate*	Centerra Community Facilities District Rate	Cortina Community Facilities District Rate	Cottonflower Community Facilities District Rate	Estrella Mtn. Ranch Community Facilities District Rate
\$ 0.0500	\$ 1.0000	\$ 15.0000	\$ 3.0000	\$ 2.8500	\$ 3.0000	\$ 1.3000
0.0500	1.0000	15.0000	3.0000	2.8500	3.0000	1.3000

Table 7 concluded

City of Goodyear
 Property Tax Rates
 Direct and Overlapping Governments¹
 Last Two Fiscal Years
 (Unaudited) Continued

Overlapping Rates					
Other Special Taxing Districts					
Goodyear Community Facilities General District #1 Rate	Goodyear Community Facilities Utilities District #1 Rate	Palm Valley Community Facilities District #3 Rate	King Ranch Community Facilities District Rate	Wildflower Community Facilities General District #1 Rate	Wildflower Community Facilities General District #2 Rate
\$ 1.0000	\$ 1.0000	\$ 2.0000	\$ 0.3000	\$ 2.1340	\$ 2.3935
1.0000	1.0000	0.3000	\$ -	2.1893	2.3547



Table 8

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

Taxpayer	Fiscal Year					
	2007			2006		
	Taxable Assesed Value	Rank	Percentage of Total Taxable Assesed Value	Taxable Assesed Value	Rank	Percentage of Total Taxable Assesed Value
Sun MP LLC	\$ 16,048,088	1	3.24%	\$ 17,519,218	1	4.48%
Arizona Public Service Company	11,178,451	2	2.26%	9,142,805	3	2.34%
Suncor Development Company	10,991,797	3	2.22%	5,260,780	5	1.34%
First American Title Insurance Company	10,790,514	4	2.18%	3,616,550	7	0.92%
BT Goodyear LLC	6,635,498	5	1.34%	9,583,848	2	2.45%
Byrd Enterprises of Arizona Inc.	4,307,193	6	0.87%	-	-	-
PVPW Corporation	4,218,587	7	0.85%	3,944,260	6	1.01%
Wal-Mart Stores Inc.	4,164,098	8	0.84%	-	-	-
NNP Estrella Mountain Ranch LLC	4,104,822	9	0.83%	-	-	-
Snyders of Hanover	2,971,563	10	0.60%	3,077,579	9	0.79%
VHS of South Phoenix Inc.	-	-	-	7,647,436	4	1.95%
Qwest Corporation	-	-	-	3,191,327	8	0.82%
McLane/Sunwest Inc.	-	-	-	2,829,601	10	0.72%
Total	\$ 75,410,611		15.24%	\$ 65,813,404		16.09%

Table 9

City of Goodyear
Assessed Value and Estimated Actural Value of Taxable Property¹
Last Two Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Agricultural/ Vacant Land	Other	Less: Tax-Exempt Property
2007	\$ 259,062,526	\$ 131,664,157	\$ 164,267,777	\$ 47,639	\$ 60,129,086
2006	219,161,231	109,929,249	97,388,312	226,783	35,549,177

¹ Source: AZ Department of Revenue - Property Tax Division

Table 9

City of Goodyear
 Assessed Value and Estimated Actural Value of Taxable Property1
 Last Two Fiscal Years
 (Unaudited) Continued

	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value a a Percentage of Actual Value
\$	494,913,013	\$ 1.59	\$ 4,159,221,424	12.0%
	391,156,398	1.60	3,254,133,854	12.0%



Table 10

City of Goodyear
 Property Tax Levies and Collections¹
 Fiscal Year 2006
 (Unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 7,424,246	\$ 7,257,013	97.75%	\$ 49,075	\$ 7,306,088	98.41%
2006	6,070,318	5,972,384	98.39%	-	5,972,384	98.39%

Schedule includes General and Debt Service Funds

¹ Source: City records

Table 11

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

Fiscal Year Ended June 30	Governmental Activities			
	General Obligation Bonds	Greater Arizona Development Authority Loan	Public Improvement Corporation Municipal Facilities Revenue Bond	Community Facilities District Bonds
2007	\$ 36,050,000	\$ 3,185,000	\$ 3,320,000	\$ 76,844,000
2006	27,280,000	3,645,000	3,485,000	73,000,000

Table 11

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

Business-Type Activities					
General Obligation Bonds	Revenue Bonds	Water Infrastructure Finance Authority Loan	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 54,145,000	\$ 2,460,000	\$ 9,985,012	\$ 185,989,012	12.34%	\$ 3,335
28,990,000	2,580,000	10,505,512	149,485,512	11.74%	3,007

Table 12

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

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage Estimated Actual Taxable Value of Property	Per Capita
2007	\$ 90,195,000	\$ 587,476	89,607,524	12.0%	\$ 1,607
2006	\$ 56,270,000	210,498	56,059,502	12.0%	1,128

Table 13

City of Goodyear
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes and special assessment liens			
Maricopa County	\$ -	1.3636%	\$ -
Maricopa County Community College District	609,320,000	1.3636%	8,308,688
Avondale Elementary School District #44	24,335,000	60.0264%	14,607,424
Liberty Elementary School District #25	6,625,000	53.6554%	3,554,670
Litchfield Elementary School District #79	24,350,000	34.9761%	8,516,680
Agua Fria Union High School District #216	64,790,000	47.9864%	31,090,389
Buckeye Union High School District #201	28,340,000	15.7202%	4,455,105
Centerra Community Facilities District	2,980,000	100.0000%	2,980,000
Cortina Community Facilities District	2,630,000	100.0000%	2,630,000
Cottonflower Community Facilities District	2,975,000	100.0000%	2,975,000
Estrella Mountain Ranch Community Facilities District	17,001,000	100.0000%	17,001,000
Goodyear Community Facilities Utilities District #1	29,570,000	100.0000%	29,570,000
Goodyear Community Facilities General District #1	19,590,000	100.0000%	19,590,000
Palm Valley Community Facilities District #3	4,540,000	100.0000%	4,540,000
Wildflower Ranch Community Facilities General District #1	1,165,000	100.0000%	1,165,000
Wildflower Ranch Community Facilities General District #2	1,340,000	100.0000%	1,340,000
King Ranch Community Facilities District	-	100.0000%	-

(a) Proportion applicable to the City of Goodyear, Arizona is computed on the ratio of secondary assessed valuation for 2006-2007.

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

Table 14

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

	Fiscal Year	
	2007	2006
Secondary Assessed Value	\$ 494,913,013	\$ 391,377,371
20% Limitation		
Debt Limit Equal to 20% of Assessed Valuation	\$ 98,982,603	\$ 78,275,474
Total Debt Applicable to 20% Limit	<u>90,195,000</u>	<u>47,795,000</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 8,787,603</u>	<u>\$ 30,480,474</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	91.12%	61.06%
6% Limitation		
Debt Limit Equal to 6% of Assessed Valuation	\$ 29,694,781	\$ 23,482,642
Total Debt Applicable to 6% Limit	<u>-</u>	<u>8,475,000</u>
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 29,694,781</u>	<u>\$ 15,007,642</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 6% Debt Limit	0.00%	36.09%

Table 15

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

Greater Arizona Development Authority Infrastructure Revenue Bonds								
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Debt Service		Coverage		
				Principal	Interest			
2007	\$ 1,160,598	\$ 968,729	\$ 191,869	\$ 460,000	158,703	0.31		
2006	1,509,657	995,538	514,119	440,000	176,743	0.83		
Public Improvement Corporation Municipal Facilities Revenue Bonds								
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Debt Service		Coverage		
				Principal	Interest			
2007	\$91,224,427	\$80,369,701	\$10,854,726	\$ 165,000	\$ 160,685	33.33		
2006	66,095,479	38,702,022	27,393,457	155,000	169,985	84.29		
Water Infrastructure Finance Authority Loan								
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Debt Service		Coverage
						Principal	Interest	
2007	\$13,760,462	\$13,987,570	\$ (227,108)	\$ 5,330,221	\$5,103,113	\$520,500	\$426,104	5.39
2006	10,816,571	12,401,149	(1,584,578)	7,284,046	5,699,468	502,118	446,469	6.01
Water and Sewer Revenue Bonds								
Fiscal Year Ended June 30	Operating Revenue	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Debt Service		Coverage
						Principal	Interest	
2007	\$13,760,462	\$13,987,570	\$ (227,108)	\$ 5,330,221	\$5,103,113	\$120,000	\$ 80,000	25.52
2006	10,816,571	12,401,149	(1,584,578)	7,284,046	5,699,468	130,000	70,000	28.50



Table 16

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

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

Table 17

City of Goodyear
Principal Employers¹
Last Two Fiscal Years
(Unaudited)

Major Corporation	Fiscal Year		
	2007		
	Employees	Rank	Percentage of Total City Employment*
Lockheed Martin	800	1	4.16%
Arizona State Prison/Perryville	750	2	3.90%
City of Goodyear	560	3	2.91%
McLane Sunwest	510	4	2.65%
Wal-Mart Supercenter	488	5	2.54%
Cavco Industries, Inc.	475	6	2.47%
West Valley Hospital	350	7	1.82%
Safeway (2 Locations)	285	8	1.48%
Rudolpho Brothers	260	9	1.35%
Target	<u>191</u>	10	0.99%
Total	<u>4,669</u>		

¹Source: City Records

*2007 labor force = 19,240; 2006 labor force = 16,791

Table 17

Fiscal Year		
2006		
Employees	Rank	Percentage of Total City Employment*
800	1	4.76%
750	2	4.47%
471	6	2.81%
500	4	2.98%
400	7	2.38%
475	5	2.83%
350	8	2.08%
210	9	1.25%
562	3	3.35%
<u>160</u>	10	0.95%
<u>3,878</u>		23.10%

Table 18

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

Function	<u>2007</u>	<u>2006</u>
General Government	52	41
Financial Services	27	21
Information Services	11	9
Police		
Officers	72	72
Civilians	24	18
Planning and Development	32	21
Fire		
Firefighters and Officers	70	65
Civilians	12	12
Human Resources	9	9
Community Services	12	8
Economic Development	3	3
Municipal Services	11	9
Public Works	52	49
Water	30	30
Wastewater	14	14
Sanitation	<u>13</u>	<u>10</u>
Total	<u>444</u>	<u>391</u>

Table 19

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

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

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

Function	Fiscal Year	
	2007	2006
Human Resources		
# of new hires (FT & PT)	164	174
HR operating cost as a % of City payroll	5.50%	5.26%
Parks and Recreation		
# attending Park & Recreation facilities and Libraries annually (Acquatics)	50,093	46,330
# of square feet of medians and rights of way maintained	108,342,476	106,600,032
Economic Vitality		
Sales Tax growth (% annual change)	21%	70%
Bed Tax growth (% annual change)	7%	23%
Municipal Services		
# of homes serviced by Residential Refuse Collection	18,664	17,228
# of citizens serviced by Household Hazardous Waste collection program	510	531
Water Service		
Water Service Connections	13,051	11,597
Drinking Water Supplied (million gallons per day)	6.86	6.95
Reclaimed Water Supplied (million gallons per day)	0.09	0.09
Wastewater		
Sewer Service Connections	11,398	5,037
Sewage Treated (millions gallons per day)	2.48	2.29
Other Public Works		
Street resurfacing (miles)	34	32.7
Potholes repaired	1,096	977
Citizen & Neighborhood Resources		
# of new Code Enforcement cases processed per year	2,755	2,092

Table 20

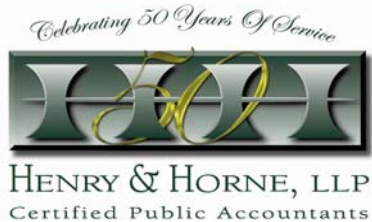
City of Goodyear
Capital Asset Statistics by Function
Last Two Fiscal Years
(Unaudited)

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



SINGLE AUDIT SECTION





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

The Honorable Mayor and Council
City of Goodyear, Arizona

Compliance

We have audited the compliance of the City of Goodyear (the City), Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Goodyear, Arizona, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

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

The Honorable Mayor and Council
City of Goodyear, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goodyear, Arizona (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

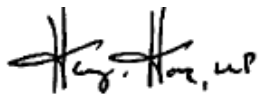
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Goodyear, Arizona in a separate letter dated December 4, 2007.

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



December 4, 2007

CITY OF GOODYEAR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:			
Passed through Maricopa County Department of Housing:			
HOME - 2005	UC0614	14.239	42,145
Total Department of Housing and Urban Development			<u>42,145</u>
U.S. Department of Justice:			
Passed through Maricopa County:			
McNett Grant	C50075062	16.579	62,000
McNett Grant	C50076262	16.579	10,822
Total U.S. Department of Justice			<u>72,822</u>
U.S. Environmental Protection Agency:			
Congressionally Mandated Projects	XP-96926901-0	66.202	131,041
Total U.S. Environmental Protection Agency			<u>131,041</u>
U.S. Department of Homeland Security			
Passed through Arizona Division of Emergency Management:			
Arizona Dept of Homeland Security	2005-GE-T5-0030	97.067	571,914 *
Arizona Dept of Homeland Security	2006-GE-T6-0007	97.067	51,434 *
Total Department of Homeland Security			<u>623,348</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u>\$ 869,356</u>

*Denotes major program

CITY OF GOODYEAR, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

NOTE 1 BASIS OF ACCOUNTING

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

CITY OF GOODYEAR, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2007

Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Goodyear.
2. No significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Goodyear were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for U.S. Department of Homeland Security expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include U.S. Department of Homeland Security (CFDA 97.067).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. City of Goodyear did not qualify as a low-risk auditee.
10. There were no prior year findings.

