

**CITY OF MARICOPA, ARIZONA  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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# CITY OF MARICOPA, ARIZONA

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## CITY OF MARICOPA, ARIZONA

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maricopa, Arizona (City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maricopa, Arizona, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 45 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Heinfeld, Meech & Co., P.C.*

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

January 16, 2009



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

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**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

As management of the City of Maricopa, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information that we have furnished in the financial statements and the notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2007-08 as follows.

- The City's total net assets of governmental activities increased \$51.9 million to \$235.7 million representing a 28 percent increase over the prior year.
- General revenues from governmental activities accounted for \$34.2 million in revenue, or 43 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$45.0 million or 57 percent of total governmental activities revenues.
- The City had \$33.5 million in expenses related to governmental activities, an increase of 149 percent from the prior fiscal year.
- Among major funds, the General Fund had \$36.9 million in fiscal year 2007-08 revenues, which primarily consisted of sales taxes, and \$30.8 million in expenditures. The General Fund's fund balance increase from \$65.5 million as of June 30, 2007 to \$73.0 million as of June 30, 2008 was primarily due to collections of sales taxes generated from the sales of new homes.
- The Road Maintenance Fund had \$1.1 million in revenues which primarily consisted of system maintenance fees. Fund expenditures totaled \$359,808 resulting in an increase in fund balance of \$706,779 to \$2.9 million.
- The Transportation Impact Fee Fund, had \$5.8 million in revenues which primarily consisted of system development fees. Fund expenditures totaled \$1.8 million resulting in an increase in fund balance of \$4.1 million to \$19.5 million.

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

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

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

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

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

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

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$235.7 million as of June 30, 2008.

The largest portion of the City's net assets (53 percent) reflects its investment in capital assets (e.g., land and improvements, buildings, infrastructure, vehicles, machinery and equipment, computer and software, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. At June 30, 2008, the City had \$1.1 million in capital lease obligations outstanding related to the acquisition of fire fighting equipment.

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

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

	Governmental Activities	
	2008	2007
Current assets	\$113,859,820	\$100,908,205
Capital assets, net	126,004,425	87,820,431
<b>Total assets, net</b>	<u>239,864,245</u>	<u>188,728,636</u>
Current liabilities	3,178,660	4,891,187
Non-current liabilities	954,854	
<b>Total liabilities</b>	<u>4,133,514</u>	<u>4,891,187</u>
Invested in capital assets, net of related debt	124,909,707	87,820,431
Restricted	35,329,613	28,090,363
Unrestricted	75,491,411	67,926,655
<b>Total net assets</b>	<u>\$235,730,731</u>	<u>\$183,837,449</u>

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

- The City accepted residential and collector streets valued at \$26.7 million into its street maintenance program during the fiscal year. These infrastructure-type assets were constructed and donated by developers as part of the residential development process.
- The City completed the transition of its police protection services from contracted services through the county sheriff's office to a full-time City Police Department. As a result, the City incurred significant startup expenses in that department, including \$1.2 million for the acquisition of capital assets.
- As of July 1, 2007 the City fully absorbed the Maricopa Volunteer Fire District and transitioned it into a full-time City Fire Department. As a result, the City acquired \$9.9 million of capital assets through the transition or through direct expenditure.

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net assets.** The City's total revenues for the fiscal year ended June 30, 2008, were \$79.2 million. The total cost of all programs and services was \$33.5 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2008 and June 30, 2007.

	Governmental Activities	
	2008	2007
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 3,836,412	\$ 5,940,108
Operating grants and contributions	2,978,293	2,313,870
Capital grants and contributions	38,175,235	35,344,625
General revenues:		
Property taxes	5,504,915	2,431,339
Sales taxes	18,141,568	22,032,882
Franchise taxes	758,442	660,317
Intergovernmental revenues	5,392,623	3,718,174
Investment income	4,378,266	3,853,077
Miscellaneous	30,441	225
<b>Total revenues</b>	<b>79,196,195</b>	<b>76,294,617</b>
<b>Expenses:</b>		
General government	7,692,170	5,024,639
Judicial	96,906	167,219
Public safety	15,675,619	2,583,068
Highways and streets	2,763,552	3,176,273
Public works	4,597,237	936,215
Culture and recreation	2,027,478	1,082,524
Economic and community development	572,519	453,879
Interest on long-term debt	64,397	
<b>Total expenses</b>	<b>33,489,878</b>	<b>13,423,817</b>
<b>Extraordinary item:</b>		
Acceptance of fire district	6,186,965	
<b>Total extraordinary item</b>	<b>6,186,965</b>	
<b>Change in net assets</b>	<b>\$ 51,893,282</b>	<b>\$ 62,870,800</b>

Total revenues increased \$2.9 million, or 4 percent, primarily as a result of the acceptance of \$26.7 million of capital infrastructure contributions from developers.

Total expenses increased \$20.1 million over the prior fiscal year primarily due to the addition of full-time police and fire departments.

The of \$6.2 million extraordinary item was due to the City's acceptance of the Maricopa Volunteer Fire Department as part of City operations.

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$1111.2 million, an increase of \$15.3 million due primarily to the collection of one time revenues generated by construction activities.

The General Fund is the principal operating fund of the City. The increase in fund balance of \$7.4 million in the General Fund for the fiscal year to \$73.0 million, was due primarily to the collection of sales taxes from the sale of new residential properties in the City. The Transportation Impact Fee Fund showed an increase of \$4.1 million due primarily to the collection of development impact fees from the sale of residential properties in the City ahead of planned expenditure of those funds for capital purposes.

**BUDGETARY HIGHLIGHTS**

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

- In December 2007, the City Council adopted an amendment to the City's 2008 operating budget in which \$18.3 million of appropriated expenditures were swept back into the City's contingency line item in the General Fund from various departmental and fund budgets. This action was taken as a precaution against projected revenue shortfalls caused by the significant slowdown in the residential construction industry.
- The \$26.1 million variance between the final budget and actual amounts for the general government function is a result of the unexpended \$25.3 million balance in the contingency line item included within this function.
- The \$4.4 million variance between the final budget and actual amounts for capital outlay is due to the postponement of several significant capital projects to future years.



**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2008, the City had invested \$134.0 million in capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net increase prior to depreciation of \$42.6 million from last year, primarily due to \$26.7 million in donated infrastructure assets and \$5.6 million in buildings acquired through the absorption of the Maricopa Volunteer Fire District. Total depreciation expense for the year was \$4.4 million. At June 30, 2008 the City had entered into a contract to construct a bridge over the Santa Rosa Wash for approximately \$3.0 million which will be funded from currently available resources.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2008 and June 30, 2007.

<u>Governmental Activities</u>	As of <u>June 30, 2008</u>	As of <u>June 30, 2007</u>
Land and land improvements	\$ 48,478,062	\$ 44,974,349
Infrastructure	69,444,977	42,434,077
Buildings and improvements	6,999,718	1,314,462
Vehicles, machinery and equipment	8,375,144	2,659,841
Construction in progress	717,078	
Less: Accumulated depreciation	<u>(8,010,554)</u>	<u>(3,562,298)</u>
<b>Total</b>	<u>\$126,004,425</u>	<u>\$ 87,820,431</u>

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

**Debt Administration.** – As of June 30, 2008, the City had no bonded debt outstanding and lacked the legal capacity to issue most common forms of long-term debt obligations. Arizona state statutes require the City to obtain the approval of the voters prior to issuing most forms of general obligation and revenue type bonds. The City will seek the approval of the voters to issue general obligation debt to fund recreational and cultural facilities at the November 2008 general election.

The City inherited, as part of the absorption of the Maricopa Volunteer Fire District, \$1.2 million in outstanding capital lease obligations that were used to acquire fire fighting equipment in prior fiscal years. The City paid \$197,363 in regularly scheduled lease payments on these three leases during the current fiscal year.

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

**CITY OF MARICOPA, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

City management considered many factors in the process of developing the operating budget for the fiscal year 2008-09. The most significant factors affecting the subsequent year's budget are:

- The City is significantly reliant upon revenues generated from the construction and sales of new homes to fund the operations of the General Fund and to fund capital projects in the capital projects funds. The anticipated effects of the nationwide slowdown in the home building industry were taken into account in creating the fiscal year 2008-09 budget.
- The City's need to expand the cultural and recreational opportunities for its citizens was taken into consideration in drafting the capital and operational budgets for the Parks and Libraries Departments.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Department, City of Maricopa, Arizona, 45145 West Madison Avenue, P. O. Box 610, Maricopa, Arizona 85239.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF MARICOPA, ARIZONA  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 109,706,151
Interest receivable	194,960
Taxes receivable	2,654,463
Accounts receivable	1,471
Intergovernmental receivables	1,284,860
Prepaid items	17,915
Total current assets	113,859,820
Noncurrent assets:	
Land and other non-depreciable assets	47,068,566
Infrastructure, buildings, equipment and other depreciable assets	86,946,413
Accumulated depreciation	(8,010,554)
Total noncurrent assets	126,004,425
<b>Total assets</b>	<b>239,864,245</b>
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	1,965,293
Accrued wages payable	482,857
Compensated absences payable	551,940
Intergovernmental payables	34,128
Unearned revenue	4,578
Capital leases payable	139,864
Total current liabilities	3,178,660
Noncurrent liabilities:	
Capital leases payable	954,854
Total non-current liabilities	954,854
<b>Total liabilities</b>	<b>4,133,514</b>
 <b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	124,909,707
Restricted for:	
Capital projects	32,975,157
Highways and streets	2,354,456
Unrestricted	75,491,411
<b>Total net assets</b>	<b>\$ 235,730,731</b>

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

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**CITY OF MARICOPA, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
General government	\$ 7,692,170	\$ 3,113,666	\$ 20,001	\$ 988,265	\$ (3,570,238)
Judicial	96,906	436,598			339,692
Public safety	15,675,619	53,814	13,973	195,702	(15,412,130)
Highways and streets	2,763,552		2,827,664	35,813,735	35,877,847
Public works	4,597,237		1,999	263,828	(4,331,410)
Culture and recreation	2,027,478	232,334	114,656	913,705	(766,783)
Economic and community development	572,519				(572,519)
Interest on long-term debt	64,397				(64,397)
<b>Total governmental activities</b>	<b>\$ 33,489,878</b>	<b>\$ 3,836,412</b>	<b>\$ 2,978,293</b>	<b>\$38,175,235</b>	<b>\$ 11,500,062</b>
<b>General revenues:</b>					
Taxes:					
					5,504,915
					18,141,568
					758,442
					5,392,623
					4,378,266
					30,441
					<b>34,206,255</b>
<b>Extraordinary item:</b>					
					6,186,965
					<b>6,186,965</b>
<b>Changes in net assets</b>					51,893,282
<b>Net assets, beginning of year</b>					183,837,449
<b>Net assets, end of year</b>					<b>\$ 235,730,731</b>

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

**CITY OF MARICOPA, ARIZONA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	General	Road Maintenance	Transportation Impact Fee
<b><u>ASSETS</u></b>			
Cash and investments	\$ 71,037,576	\$ 3,269,797	\$ 19,774,723
Interest receivable	125,853	5,844	35,340
Taxes receivable	2,654,463		
Accounts receivable	1,471		
Intergovernmental receivables	774,714		
Due from other funds	80,930		
Prepaid items	17,915		
<b>Total assets</b>	<b>\$ 74,692,922</b>	<b>\$ 3,275,641</b>	<b>\$ 19,810,063</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,038,520	\$ 334,407	\$ 346,598
Accrued wages payable	473,475		
Intergovernmental payables	34,128		
Due to other funds			
Deferred revenue	196,698		
<b>Total liabilities</b>	<b>1,742,821</b>	<b>334,407</b>	<b>346,598</b>
 Fund balances (deficits):			
Reserved for capital projects			19,463,465
Reserved for highways and streets			
Unreserved:			
Undesignated	72,950,101	2,941,234	
Unreserved reported in:			
Special revenue funds			
<b>Total fund balances</b>	<b>72,950,101</b>	<b>2,941,234</b>	<b>19,463,465</b>
<b>Total liabilities and fund balances</b>	<b>\$ 74,692,922</b>	<b>\$ 3,275,641</b>	<b>\$ 19,810,063</b>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 15,624,055	\$ 109,706,151
27,923	194,960
	2,654,463
	1,471
510,146	1,284,860
	80,930
	17,915
<u>\$ 16,162,124</u>	<u>\$ 113,940,750</u>

\$ 245,768	\$ 1,965,293
9,382	482,857
	34,128
80,930	80,930
500	197,198
<u>336,580</u>	<u>2,760,406</u>

13,511,692	32,975,157
2,354,456	2,354,456
	75,891,335
<u>(40,604)</u>	<u>(40,604)</u>
<u>15,825,544</u>	<u>111,180,344</u>
<u>\$ 16,162,124</u>	<u>\$ 113,940,750</u>

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CITY OF MARICOPA, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2008

<b>Total governmental fund balances</b>		<b>\$ 111,180,344</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:</p>		
<p>Property taxes that will not be available to pay for current period expenditures and therefore are deferred in the funds.</p>		192,620
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
<p style="padding-left: 40px;">Governmental capital assets</p>	\$ 134,014,979	
<p style="padding-left: 40px;">Less accumulated depreciation</p>	(8,010,554)	126,004,425
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
<p style="padding-left: 40px;">Compensated absences payable</p>	(551,940)	
<p style="padding-left: 40px;">Obligations under capital leases</p>	(1,094,718)	(1,646,658)
<b>Net assets of governmental activities</b>		<b><u><u>\$ 235,730,731</u></u></b>

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

**CITY OF MARICOPA, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Road Maintenance</u>	<u>Transportation Impact Fee</u>
<b>Revenues:</b>			
Property taxes	\$ 5,547,387	\$	\$
Sales taxes	18,141,568		
Franchise taxes	758,442		
Licenses and permits	2,494,759		
Intergovernmental revenues	5,392,623		
Charges for services	905,055		
Fines and forfeitures	436,598		
Investment income	2,793,396	115,270	743,716
Miscellaneous	430,884	951,317	5,086,854
<b>Total revenues</b>	<u>36,900,712</u>	<u>1,066,587</u>	<u>5,830,570</u>
<b>Expenditures:</b>			
Current -			
General government	7,060,112		
Judicial	96,906		
Public safety	12,986,457		
Highways and streets	456,402	25,401	
Public works	912,954		
Culture and recreation	1,571,760		
Economic and community development	569,528		
Capital outlay	6,934,518	334,407	1,769,437
Debt service -			
Principal	132,966		
Interest and fiscal charges	64,397		
<b>Total expenditures</b>	<u>30,786,000</u>	<u>359,808</u>	<u>1,769,437</u>
<b>Extraordinary item:</b>			
Acceptance of fire district	1,317,356		
<b>Total extraordinary item</b>	<u>1,317,356</u>		
<b>Changes in fund balances</b>	<u>7,432,068</u>	<u>706,779</u>	<u>4,061,133</u>
<b>Fund balances, beginning of year</b>	65,518,033	2,234,455	15,402,332
<b>Fund balances, end of year</b>	<u>\$ 72,950,101</u>	<u>\$ 2,941,234</u>	<u>\$ 19,463,465</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 5,547,387
	18,141,568
	758,442
	2,494,759
3,722,077	9,114,700
	905,055
	436,598
725,884	4,378,266
2,136,757	8,605,812
<u>6,584,718</u>	<u>50,382,587</u>
	7,060,112
	96,906
127,979	13,114,436
1,278,272	1,760,075
	912,954
15,006	1,586,766
	569,528
2,107,536	11,145,898
	132,966
	64,397
<u>3,528,793</u>	<u>36,444,038</u>
	1,317,356
	<u>1,317,356</u>
<u>3,055,925</u>	<u>15,255,905</u>
12,769,619	95,924,439
<u>\$ 15,825,544</u>	<u>\$ 111,180,344</u>

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**CITY OF MARICOPA, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2008**

**Net changes in fund balances - total governmental funds** **\$ 15,255,905**

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

Property taxes in the Statement of Activates that do not provide current financial resources are not reported as revenues in the funds. (42,472)

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

Capital contributions	\$	28,856,080	
Capital outlay - capitalized assets		7,678,877	
Less current year depreciation		<u>(4,448,256)</u>	32,086,701

Capital assets and long-term liabilities related to the acceptance of the Maricopa fire district are not reported in the fund financial statements. 4,869,609

Compensated absences 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. (409,427)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 132,966

**Change in net assets in governmental activities** **\$ 51,893,282**

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

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**CITY OF MARICOPA, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

As of June 30, 2008, the City had formed an Industrial Development Authority (IDA) to provide conduit financing to spur economic development opportunities within the greater Maricopa area. The Mayor and Council appoint all seven members of the IDA Board and provide general oversight over the IDA's activities. At June 30, 2008 the IDA had not incurred any financial transactions and therefore has no financial data to report.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by sales taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As of June 30, 2008, the City had no business-type activities.

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

**CITY OF MARICOPA, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

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

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

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

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

The City reports the following major governmental funds.

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

**Road Maintenance Fund** – This fund is used to account for the collection and expenditure of system maintenance fees paid by the development community as infrastructure assets are accepted into the City's maintenance program. The revenues in this fund are restricted for use in the repair and maintenance of the City's road system.

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

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

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

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

**D. Budgeting and Budgetary Control**

The City Council formally adopts an annual budget for all operating funds. The statutory level of control at which expenditures may not exceed budget is at the total expenditure level. However, the City's internal policy is that expenditures may not exceed the budgets by departments within each fund, except for bond and grants-in-aid funds, which are exempted by statute. Upon written request from the City Manager, the Council has the authority to transfer part or all of any unencumbered appropriation balance from one department or fund to another. The City Manager, upon request from Department Heads, may approve transfers of appropriations between divisions and expenditure categories within departments. Appropriations totaling \$35,311,494 were transferred between departments and/or funds during the current fiscal year.

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

**E. Property Taxes**

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

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

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

**CITY OF MARICOPA, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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

**F. Capital Assets**

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

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

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

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

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

**G. Compensated Absences**

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

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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

**H. Long-term Obligations**

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

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

**I. Fund Equity**

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

**J. Interfund Activity**

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

**K. Estimates**

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balances** – At June 30, 2008, the Grants Fund, a non-major governmental fund, reported a deficit of \$40,604 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2008-09 are expected to eliminate the deficit.

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 3 – CASH AND INVESTMENTS**

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

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the State Treasurer investment pool approximates the value of the participant’s shares in the pool.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the City’s deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At June 30, 2008, the carrying amount of the City’s deposits was \$1,476,902, and the bank balance was \$2,639,190. Of the bank balance, \$100,000 was covered by Federal depository insurance, and \$2,539,190 was subject to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution’s trust department.

At June 30, 2008, the City’s investments consisted of the following.

Investment Type	Maturities	Fair Value
State Treasurer’s investment pool 5	45 days average	\$ 108,229,249
Total		\$ 108,229,249

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

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

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



**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 4 – RECEIVABLES**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenue of \$192,620 was reported in the governmental funds for delinquent property taxes receivable in the General Fund.

**NOTE 5 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2008 follows.

<b>Governmental Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 42,847,775	\$ 3,503,713	\$	\$ 46,351,488
Construction in progress		717,078		717,078
Total capital assets, not being depreciated	<u>42,847,775</u>	<u>4,220,791</u>		<u>47,068,566</u>
Capital assets, being depreciated:				
Land improvements	2,126,574			2,126,574
Buildings	1,314,462	5,602,441		6,916,903
Building improvements		82,815		82,815
Infrastructure	42,434,077	27,180,925	(170,025)	69,444,977
Vehicles	892,369	4,168,472		5,060,841
Machinery and equipment	863,565	731,805		1,595,370
Computers/Software	903,907	815,026		1,718,933
Total capital, assets being depreciated	<u>48,534,954</u>	<u>38,581,484</u>	<u>(170,025)</u>	<u>86,946,413</u>
Less accumulated depreciation for:				
Land improvements	(82,441)	(106,329)		(188,770)
Buildings	(38,461)	(300,185)		(338,646)
Building improvements		(634)		(634)
Infrastructure	(3,190,390)	(2,891,234)	(597)	(6,081,027)
Vehicles	(78,123)	(760,566)		(838,689)
Machinery and equipment	(61,904)	(124,708)		(186,612)
Computes/Software	(110,979)	(265,197)		(376,176)
Total accumulated depreciation	<u>(3,562,298)</u>	<u>(4,448,853)</u>	<u>(597)</u>	<u>(8,010,554)</u>
Total capital assets, being depreciated, net	<u>44,972,656</u>	<u>34,132,631</u>	<u>(169,428)</u>	<u>78,935,859</u>
Governmental activities capital assets, net	<u>\$ 87,820,431</u>	<u>\$ 38,353,422</u>	<u>\$ (169,428)</u>	<u>\$ 126,004,425</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 259,315
Public safety	1,003,260
Public works	3,031,872
Culture and recreation	154,406
Total depreciation expense – governmental activities	<u>\$4,448,853</u>

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES**

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

The assets capitalized and acquired through capital leases are as follows.

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 1,813,886
Less: Accumulated depreciation	223,348
Total	\$ 1,590,538

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows.

	Governmental Activities
Year Ending June 30:	
2009	\$ 197,281
2010	197,281
2011	197,281
2012	197,282
2013	197,282
2014-18	353,876
Total minimum lease payments	1,340,283
Less: amount representing interest	245,565
Present value of minimum lease payments	\$ 1,094,718
Due within one year	\$ 139,864

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 7 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2008 was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Obligations under leases	\$	\$1,227,684	\$ 132,966	\$ 1,094,718	\$ 139,864
Compensated absences payable	142,513	841,417	431,990	551,940	551,940
Governmental activity long-term liabilities	<u>\$ 142,513</u>	<u>\$2,069,101</u>	<u>\$ 564,956</u>	<u>\$ 1,646,658</u>	<u>\$ 691,804</u>

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

**Due to/from other funds** - At June 30, 2008, the Grants Fund had a negative cash balance of \$80,930. Negative cash was reduced by interfund borrowing with the General Fund. The interfund balance is expected to be paid within one year.

**NOTE 9 – CONTINGENT LIABILITIES**

**Lawsuits** – The City is a defendant in a number of lawsuits as of June 30, 2008. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2008, would not be material to the financial position of the City.

**NOTE 10 – RISK MANAGEMENT**

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

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

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

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 11 – RETIREMENT PLAN**

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

The City contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan administered by the *Arizona State Retirement System (ASRS)* that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. Benefits are established by state statute and generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retiree's average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a flat dollar amount per month towards the retiree's health care insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her spouse. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2

The *Public Safety Personnel Retirement System (PSPRS)* administers agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

**ASRS**

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

**PSPRS**

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

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

*Cost-sharing plan* - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2008, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 11 – RETIREMENT PLAN (Cont'd)**

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

Year ending June 30:	Retirement Fund	Health Benefit Supplement Fund	Long- Term Disability Fund
2008	\$ 334,144	\$ 43,584	\$ 20,754
2007	169,591	23,586	11,231
2006	142,684	25,610	12,195

*Agent plan* - For the year ended June 30, 2008, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 5.30 percent for police and 7.16 percent for fire fighters.

**Annual Pension Cost** – The City's pension cost for the agent plan for the year ended June 30, 2008 and related information follows.

	<b>PSPRS</b>
Contribution rates:	
Police:	
City	5.30%
Plan members	7.65%
Fire:	
City	7.16%
Plan members	7.65%
Annual pension cost	585,264
Contributions made	696,153
Actuarial valuation date	June 30, 2006
Actuarial cost method	Projected unit credit
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5%-8.5%
Inflation rate	5.0%
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization	30 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 11 – RETIREMENT PLAN (Concl'd)**

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

**Maricopa Police Plan:**

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2008	\$308,238	100%	\$-0-
2007	27,816	100%	\$-0-

**Maricopa Fire Plan:**

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

**Funding Progress** – An analysis of funding progress for each of the agent plans as of June 30, 2008 follows.

**Maricopa Police Plan:**

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

**Maricopa Fire Plan:**

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

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 12 – FUND EQUITY**

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

At June 30, 2008, reserved fund balance amounts in the governmental funds consisted of:

- 1) Reserve for capital projects of \$33.0 million, consisting of amounts collected for specific capital projects;
- 2) Reserve for highways and streets of \$2.4 million, consisting of amounts funded by legally restricted revenue sources.

At June 30, 2008, restricted net assets in the government-wide statements consisted of:

- 1) Capital projects of \$33.0 million, consisting of amounts collected for specific capital projects;
- 2) Highways and streets of \$2.4 million consisting of net assets funded by legally restricted revenue sources.

**NOTE 13 – EXTRAORDINARY ITEM**

In accordance with ARS §48-812 effective July 1, 2007, the City of Maricopa fully accepted the assets, liabilities and personnel of the Maricopa Volunteer Fire District into the newly formed Maricopa municipal fire department. As a result of the acceptance, the City recorded the following values of assets and liabilities from the District in the government-wide statements at July 1, 2007.

<u>Assets</u>	
Cash and investments	\$ 1,569,272
Property taxes receivable	64,796
Capital assets	<u>6,097,293</u>
<b>Total assets</b>	<u>7,731,361</u>
 <u>Liabilities</u>	
Accounts payable	265,946
Deferred revenue – property taxes	50,766
Capital lease obligations	<u>1,227,684</u>
<b>Total liabilities</b>	<u>1,544,396</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	4,869,609
Unrestricted	<u>1,317,356</u>
<b>Total net assets</b>	<u>\$ 6,186,965</u>

**CITY OF MARICOPA, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

In June 2008, the City awarded a contract for the construction of a bridge on an arterial roadway across the Santa Rosa Wash. The cost of construction is approximately \$3.0 million and will be funded from development impact fees and other restricted revenue sources. Construction is expected to be completed in the spring of 2009.

In April 2007, the City entered into a development agreement with a private entity for the development of approximately one hundred and twenty acres of retail and mixed use property within the City's boundaries. The development agreement requires the private entity to design, construct and dedicate certain regional public infrastructure that will serve the development. The City is only obligated to repay the developer for that public infrastructure from one half of the sales tax revenues generated by the development over a period of fifteen (15) years plus interest at a maximum rate of nine and one half percent (9.5%) per annum. As of June 30, 2008 the developer had designed and constructed, but not dedicated approximately \$17.0 million of the public infrastructure. The public infrastructure is expected to be dedicated in the spring of 2009, coincidental with the opening of the first retail store in the development.

**NOTE 15 – SUBSEQUENT EVENTS**

In November of 2008, the voters of the City of Maricopa approved a question on the general election ballot giving the City authority to issue up to \$65.0 million in general obligation bonds for parks and recreation purposes. Those bonds, if issued, would be paid through a voter approved secondary property tax.

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



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

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**CITY OF MARICOPA, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL**  
**YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/Negative
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 6,181,572	\$ 6,181,572	\$ 5,547,387	\$ (634,185)
Sales taxes	25,751,500	25,751,500	18,141,568	(7,609,932)
Franchise taxes	621,000	621,000	758,442	137,442
Licenses and permits	4,038,400	4,038,400	2,494,759	(1,543,641)
Intergovernmental revenues	4,792,100	4,792,100	5,392,623	600,523
Charges for services	1,267,700	1,267,700	905,055	(362,645)
Fines and forfeitures	183,800	183,800	436,598	252,798
Investment income	1,606,000	1,606,000	2,793,396	1,187,396
Miscellaneous	437,600	437,600	430,884	(6,716)
<b>Total revenues</b>	<b>44,879,672</b>	<b>44,879,672</b>	<b>36,900,712</b>	<b>(7,978,960)</b>
<b>Expenditures:</b>				
Current -				
General government	20,908,355	33,176,387	7,060,112	26,116,275
Judicial	68,524	85,724	96,906	(11,182)
Public safety	12,297,763	14,173,805	12,986,457	1,187,348
Highways and streets	922,756	928,481	456,402	472,079
Public works	992,320	928,720	912,954	15,766
Culture and recreation	1,838,038	1,698,255	1,571,760	126,495
Economic and community development	599,600	585,000	569,528	15,472
Capital outlay	19,709,343	11,357,368	6,934,518	4,422,850
Debt service -				
Principal		132,966	132,966	
Interest and fiscal charges		64,397	64,397	
<b>Total expenditures</b>	<b>57,336,699</b>	<b>63,131,103</b>	<b>30,786,000</b>	<b>32,345,103</b>
<b>Extraordinary item:</b>				
Acceptance of fire district			1,317,356	1,317,356
<b>Total extraordinary items</b>			<b>1,317,356</b>	<b>1,317,356</b>
<b>Change in fund balances</b>	<b>(12,457,027)</b>	<b>(18,251,431)</b>	<b>7,432,068</b>	<b>25,683,499</b>
<b>Fund balances, July 1, 2007</b>	<b>65,518,033</b>	<b>65,518,033</b>	<b>65,518,033</b>	
<b>Fund balances, June 30, 2008</b>	<b>\$ 53,061,006</b>	<b>\$ 47,266,602</b>	<b>\$ 72,950,101</b>	<b>\$ 25,683,499</b>

**CITY OF MARICOPA, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - ROAD MAINTENANCE  
YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 40,000	\$ 40,000	\$ 115,270	\$ 75,270
Miscellaneous	250,000	250,000	951,317	701,317
<b>Total revenues</b>	290,000	290,000	1,066,587	776,587
<b>Expenditures:</b>				
Current -				
Highways and streets			25,401	(25,401)
Capital outlay	300,000	559,137	334,407	224,730
<b>Total expenditures</b>	300,000	559,137	359,808	199,329
<b>Change in fund balances</b>	(10,000)	(269,137)	706,779	975,916
<b>Fund balances, July 1, 2007</b>	2,234,455	2,234,455	2,234,455	
<b>Fund balances, June 30, 2008</b>	\$ 2,224,455	\$ 1,965,318	\$ 2,941,234	\$ 975,916

**See accompanying notes to this schedule.**

**CITY OF MARICOPA, ARIZONA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2008**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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**SUPPLEMENTARY INFORMATION**

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

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**CITY OF MARICOPA, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - TRANSPORTATION IMPACT FEE  
YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Investment income	\$ 491,872	\$ 491,872	\$ 743,716	\$ 251,844
Miscellaneous	8,980,800	8,980,800	5,086,854	(3,893,946)
<b>Total revenues</b>	<u>9,472,672</u>	<u>9,472,672</u>	<u>5,830,570</u>	<u>(3,642,102)</u>
<b>Expenditures:</b>				
Capital outlay	24,686,205	22,861,205	1,769,437	21,091,768
<b>Total expenditures</b>	<u>24,686,205</u>	<u>22,861,205</u>	<u>1,769,437</u>	<u>21,091,768</u>
<b>Change in fund balances</b>	<u>(15,213,533)</u>	<u>(13,388,533)</u>	<u>4,061,133</u>	<u>17,449,666</u>
<b>Fund balances, July 1, 2007</b>	15,402,332	15,402,332	15,402,332	
<b>Fund balances, June 30, 2008</b>	<u>\$ 188,799</u>	<u>\$ 2,013,799</u>	<u>\$ 19,463,465</u>	<u>\$ 17,449,666</u>

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**NON-MAJOR GOVERNMENTAL FUNDS**

**CITY OF MARICOPA, ARIZONA**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2008**

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 5,297,452	\$ 10,326,603	\$ 15,624,055
Interest receivable	9,467	18,456	27,923
Intergovernmental receivables	510,146		510,146
<b>Total assets</b>	<b>\$ 5,817,065</b>	<b>\$ 10,345,059</b>	<b>\$ 16,162,124</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 244,164	\$ 1,604	\$ 245,768
Accrued wages payable	9,382		9,382
Due to other funds	80,930		80,930
Deferred revenue	500		500
<b>Total liabilities</b>	<b>334,976</b>	<b>1,604</b>	<b>336,580</b>
Fund balances:			
Reserved for capital projects	3,460,114	10,051,578	13,511,692
Reserved for highways and streets	2,062,579	291,877	2,354,456
Unreserved:			
Undesignated	(40,604)		(40,604)
<b>Total fund balances</b>	<b>5,482,089</b>	<b>10,343,455</b>	<b>15,825,544</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,817,065</b>	<b>\$ 10,345,059</b>	<b>\$ 16,162,124</b>

CITY OF MARICOPA, ARIZONA  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
 YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 3,722,077	\$	\$ 3,722,077
Investment income	312,301	413,583	725,884
Miscellaneous	<u>                    </u>	<u>2,136,757</u>	<u>2,136,757</u>
<b>Total revenues</b>	<u>4,034,378</u>	<u>2,550,340</u>	<u>6,584,718</u>
<b>Expenditures:</b>			
Current -			
Public safety	127,979		127,979
Highways and streets	1,275,847	2,425	1,278,272
Culture and recreation	15,006		15,006
Capital outlay	<u>917,621</u>	<u>1,189,915</u>	<u>2,107,536</u>
<b>Total expenditures</b>	<u>2,336,453</u>	<u>1,192,340</u>	<u>3,528,793</u>
<b>Change in fund balances</b>	<u>1,697,925</u>	<u>1,358,000</u>	<u>3,055,925</u>
<b>Fund balances, beginning of year</b>	3,784,164	8,985,455	12,769,619
<b>Fund balances, end of year</b>	<u>\$ 5,482,089</u>	<u>\$ 10,343,455</u>	<u>\$ 15,825,544</u>

**CITY OF MARICOPA, ARIZONA  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2008**

	<u>Highway Users Revenue Fund</u>	<u>Local Transportation Assistance Fund</u>	<u>Grants</u>	<u>County Road Tax</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,664,007	\$ 280,392	\$	\$ 3,353,053
Interest receivable	2,974	501		5,992
Intergovernmental receivables	236,713	23,789	117,583	132,061
<b>Total assets</b>	<u>\$ 1,903,694</u>	<u>\$ 304,682</u>	<u>\$ 117,583</u>	<u>\$ 3,491,106</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 115,212	\$ 21,203	\$ 76,757	\$ 30,992
Accrued wages payable	9,382			
Due to other funds			80,930	
Deferred revenue			500	
<b>Total liabilities</b>	<u>124,594</u>	<u>21,203</u>	<u>158,187</u>	<u>30,992</u>
Fund balances (deficits):				
Reserved for capital projects				3,460,114
Reserved for highways and streets	1,779,100	283,479		
Unreserved:				
Undesignated			(40,604)	
<b>Total fund balances</b>	<u>1,779,100</u>	<u>283,479</u>	<u>(40,604)</u>	<u>3,460,114</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,903,694</u>	<u>\$ 304,682</u>	<u>\$ 117,583</u>	<u>\$ 3,491,106</u>



Totals

\$ 5,297,452  
9,467  
510,146  
\$ 5,817,065

\$ 244,164  
9,382  
80,930  
500  
334,976

3,460,114  
2,062,579

(40,604)  
5,482,089

\$ 5,817,065

**CITY OF MARICOPA, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2008**

	Highway Users Revenue Fund	Local Transportation Assistance Fund	Grants
<b>Revenues:</b>			
Intergovernmental revenues	\$ 1,692,611	\$ 183,736	\$ 390,227
Investment income	57,276	10,482	
<b>Total revenues</b>	1,749,887	194,218	390,227
<b>Expenditures:</b>			
Current -			
Public safety			127,979
Highways and streets	871,776	55,494	348,577
Culture and recreation			15,006
Capital outlay	580,483		4,634
<b>Total expenditures</b>	1,452,259	55,494	496,196
 <b>Change in fund balances</b>	 297,628	 138,724	 (105,969)
 <b>Fund balances, beginning of year</b>	 1,481,472	 144,755	 65,365
 <b>Fund balances (deficits), end of year</b>	 \$ 1,779,100	 \$ 283,479	 \$ (40,604)

<u>County Road Tax</u>	<u>Totals</u>
\$ 1,455,503	\$ 3,722,077
244,543	312,301
<u>1,700,046</u>	<u>4,034,378</u>
	127,979
	1,275,847
	15,006
<u>332,504</u>	<u>917,621</u>
<u>332,504</u>	<u>2,336,453</u>
<u>1,367,542</u>	<u>1,697,925</u>
2,092,572	3,784,164
<u>\$ 3,460,114</u>	<u>\$ 5,482,089</u>

CITY OF MARICOPA, ARIZONA  
 COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2008

	Voluntary Regional Transportation	Parks Impact Fee	Library Impact Fee	Public Safety Impact Fee
<b><u>ASSETS</u></b>				
Cash and investments	\$ 291,356	\$ 379,295	\$ 3,496,501	\$ 827,124
Interest receivable	521	678	6,249	1,478
<b>Total assets</b>	<b>\$ 291,877</b>	<b>\$ 379,973</b>	<b>\$ 3,502,750</b>	<b>\$ 828,602</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 313	\$ 450	\$ 145
<b>Total liabilities</b>		313	450	145
Fund balances:				
Reserved for capital projects		379,660	3,502,300	828,457
Reserved for highways and streets	291,877			
<b>Total fund balances</b>	291,877	379,660	3,502,300	828,457
 <b>Total liabilities and fund balances</b>	<b>\$ 291,877</b>	<b>\$ 379,973</b>	<b>\$ 3,502,750</b>	<b>\$ 828,602</b>

General Government Impact Fee	Totals
\$ 5,332,327	\$ 10,326,603
9,530	18,456
<u>\$ 5,341,857</u>	<u>\$ 10,345,059</u>

<u>\$ 696</u>	<u>\$ 1,604</u>
696	1,604

5,341,161	10,051,578
	291,877
<u>5,341,161</u>	<u>10,343,455</u>
<u>\$ 5,341,857</u>	<u>\$ 10,345,059</u>

CITY OF MARICOPA, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2008

	Voluntary Regional Transportation	Parks Impact Fee	Library Impact Fee
<b>Revenues:</b>			
Investment income	\$ 8,417	\$ 32,434	\$ 131,537
Miscellaneous	114,240	374,835	538,870
<b>Total revenues</b>	<b>122,657</b>	<b>407,269</b>	<b>670,407</b>
 <b>Expenditures:</b>			
Current -			
Highways and streets	2,425		
Capital outlay	31,500	703,415	
<b>Total expenditures</b>	<b>33,925</b>	<b>703,415</b>	
 <b>Change in fund balances</b>	<b>88,732</b>	<b>(296,146)</b>	<b>670,407</b>
 <b>Fund balances, beginning of year</b>	<b>203,145</b>	<b>675,806</b>	<b>2,831,893</b>
 <b>Fund balances, end of year</b>	<b>\$ 291,877</b>	<b>\$ 379,660</b>	<b>\$ 3,502,300</b>

Public Safety Impact Fee	General Government Impact Fee	Totals
\$ 42,046	\$ 199,149	\$ 413,583
195,702	913,110	2,136,757
<u>237,748</u>	<u>1,112,259</u>	<u>2,550,340</u>
		2,425
455,000		1,189,915
<u>455,000</u>		<u>1,192,340</u>
(217,252)	1,112,259	1,358,000
1,045,709	4,228,902	8,985,455
<u>\$ 828,457</u>	<u>\$ 5,341,161</u>	<u>\$ 10,343,455</u>

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**COMPLIANCE SECTION**

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

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

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Maricopa, Arizona as of and for the year ended June 30, 2008, which collectively comprise City of Maricopa, Arizona's basic financial statements and have issued our report thereon dated January 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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



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

January 16, 2009