

TOWN OF PAYSON, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

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Town of Payson
303 N. Beeline Highway
Payson, AZ 85541
928-474-5242
fax 928-474-4610

December 15, 2008

To the Honorable Mayor, Members of the Town Council, and the Citizens of the
Town of Payson, Arizona:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cronstrom, Osuch & Company, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Payson's financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with this letter.

Profile of the Government

The Town of Payson, Arizona (Town) incorporated in 1973, is located at the intersection of State Routes 87 and 260, 90 miles north of Phoenix, Arizona. The Town's boundaries enclose 19.5 square miles in northern Gila County and serve a population of 16,742. Surrounded by the Tonto National Forest and the world's largest stand of virgin Ponderosa Pines, Payson is nestled just below Arizona's Mogollon Rim at an elevation of 4,982 feet and enjoys a moderate four-season climate.

State statutes empower the Town to levy a primary real property tax on property within its boundaries and to levy secondary taxes for debt retirement and local improvement districts. Payson has the power by State statute to extend its corporate limits by annexation when deemed appropriate by a majority of the property owners and the Town Council.

The Town of Payson operates under the council-manager form of government. The Town Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Town Council is responsible for, among other things, passing ordinances, resolutions and adopting the Town's annual budget. They also appoint committees and hire the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies, ordinances and resolutions of the Town Council, and for overseeing the day-to-day operations of the Town. The Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the town directly elect the Mayor for a two-year term.

The Town of Payson provides a full range of services, including police, fire, and emergency medical services; planning, zoning, and building code enforcement; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; an airport, and a library. In addition, the Town of Payson operates a municipal water utility that presently serves 7,797 customers.

The Council is required to adopt a tentative budget on or before the third Monday in July. Public hearings are held on the proposed budget with adoption of the final budget on or before the seventh day before the tax levy is adopted, which is on or before the third Monday in August. This annual budget serves as the foundation for the Town of Payson's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department with approval from the Town Manager. Transfers between funds, however, need approval from the Town Council.

Local economy

In its early years, Payson's economy was based upon logging, ranching, and tourism. Recently, the economy has been shifting to provide housing and services for a growing retirement population relocating to the area for clean air, good climate, and a rural, small-town quality of life. Tourism and home building industries presently dominate the local economy. The Town's elected leadership desires to encourage economic development that will create good jobs, but not harm the environment.

During the fiscal year 2007-08, Payson enjoyed a favorable economic environment. Over the last ten years, the population has increased an average of 3.4% per year. The Arizona Department of Economic Security estimates Payson's current population at 16,742. The Town supports a market area trade population of some 31,060 persons. The Town's unemployment rate, as of June 2008, was 4.6 percent. This compares favorably with the state's rate of 5.6 percent and the county's rate of 5.8 percent. The region (which includes Payson, another town and the surrounding non-incorporated areas within the County) has an employed labor force of approximately 6,002 that has increased significantly over the last fifteen years.

Long-term financial planning

The Town of Payson is dedicated to enhancing the quality of life for its citizens to provide a superior level of service in the most effective and efficient manner while exercising fiscal responsibility.

Payson has been and will continue to be very proactive in encouraging quality community and organizational development. Each year, the Town Council and the management staff participate in a strategic planning process to update Payson's Goal Plan (PGP) to accommodate changes in constituents' needs. The PGP operationalizes the Town's mission statement and its General Plan by specifying objectives and strategies for achieving them for a five-year planning window. Funding is allocated during the subsequent budgeting process.

Relevant financial policies

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Payson operates.

Cash management policies and practices. The Town's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. The Town maintains a pooled cash account for all Town funds. Cash temporarily idle during the fiscal year was invested in the Local Government Investment Pool (LGIP) established pursuant to Section 35-326 Arizona Revised Statutes and operated by the Arizona State Treasurer. Idle cash balances are transferred, as needed, to and from the LGIP. All cash receipts from the Arizona State Department of Revenue (e.g. sales tax and highway users tax revenue) are wired directly into the Town's LGIP account to speed up the investment of those funds. All cash is deposited daily and all accounts are balanced monthly to the general ledger. Cash is pooled for investment purposes and interest earned on pooled cash is allocated to the Town's funds based on the fund's average cash balance each month.

Risk management. The Town is responsible for protecting its assets. Various risk management techniques are used to protect, reduce, minimize, and/or eliminate the potential of risk. The Town participates in the Arizona Municipal Risk Retention Pool (AMRRP). Coverage provided by the AMRRP program includes property, inland marine, boiler and machinery, errors and omissions, excess liability, crime, general liability, automobile liability, and physical damage. Workers' compensation insurance is carried through the Arizona Municipal Workers' Compensation Pool (AMWCP). Employees' medical needs are met through a Health and Medical Benefits program offered by the Town.

Pension and other postemployment benefits. The Town of Payson contributes to the *Public Safety Personnel Retirement System* (PSPRS) on behalf of its Police and Fire department employees. PSPRS is an agent multiple-employer defined benefit pension plan that was created by the State of Arizona July 1, 1968 "to provide a uniform, consistent, and equitable statewide program for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof."

The Town of Payson also provides pension benefits for its non-public-safety employees through the Arizona State Retirement System (ASRS). In addition, post-retirement health care benefits are available to eligible retired employees. Information on the Town of Payson's pension arrangements and post-employment benefits can be found in Note 4.C. in the notes to the financial statements.

Major initiatives

The Town of Payson is completing several major capital projects funded through 1) excise tax revenue obligation, 2) improvement district improvement bonds, 3) general obligation refunding bonds, and 4) certificates of participation. In fiscal year 2003-04, the Town issued \$1.3 million in excise tax revenue obligations that were used to construct a new public works maintenance facility and airport hangar storage facilities. In October 2005, Improvement District Improvement Bonds were issued for the Westerly Drive Improvement District. The general obligation refunding bonds were issued June 2006 to repay the United States Department of Agriculture (USDA) for the Town of Payson's Green Valley Park Project. The Certificates of Participation were issued November 2005 for the purpose of installing lighting, an 8-foot high fence, and synthetic turf on two new softball fields and the existing Little League fields. The Town also began rebuilding McLane Road from Forest Drive to Airport Road and St. Phillips Road.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Payson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the tenth consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

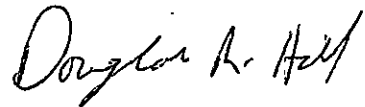
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 24, 2008. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This also was the tenth consecutive year that the government achieved this prestigious award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and members of the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Payson's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debra A. Galbraith".

Debra A. Galbraith, CGFM
Town Manager

A handwritten signature in cursive script, reading "Douglas R. Hill".

Douglas Hill
Chief Fiscal Officer

LIST OF TOWN OFFICIALS

Town of Payson, Arizona

TOWN COUNCIL

Kenny J. Evans
Mayor

Su Connell, Vice Mayor
John R. Wilson
Mike Vogel

Ed Blair
Richard Croy
Michael Hughes

TOWN MANAGER

Debra A. Galbraith

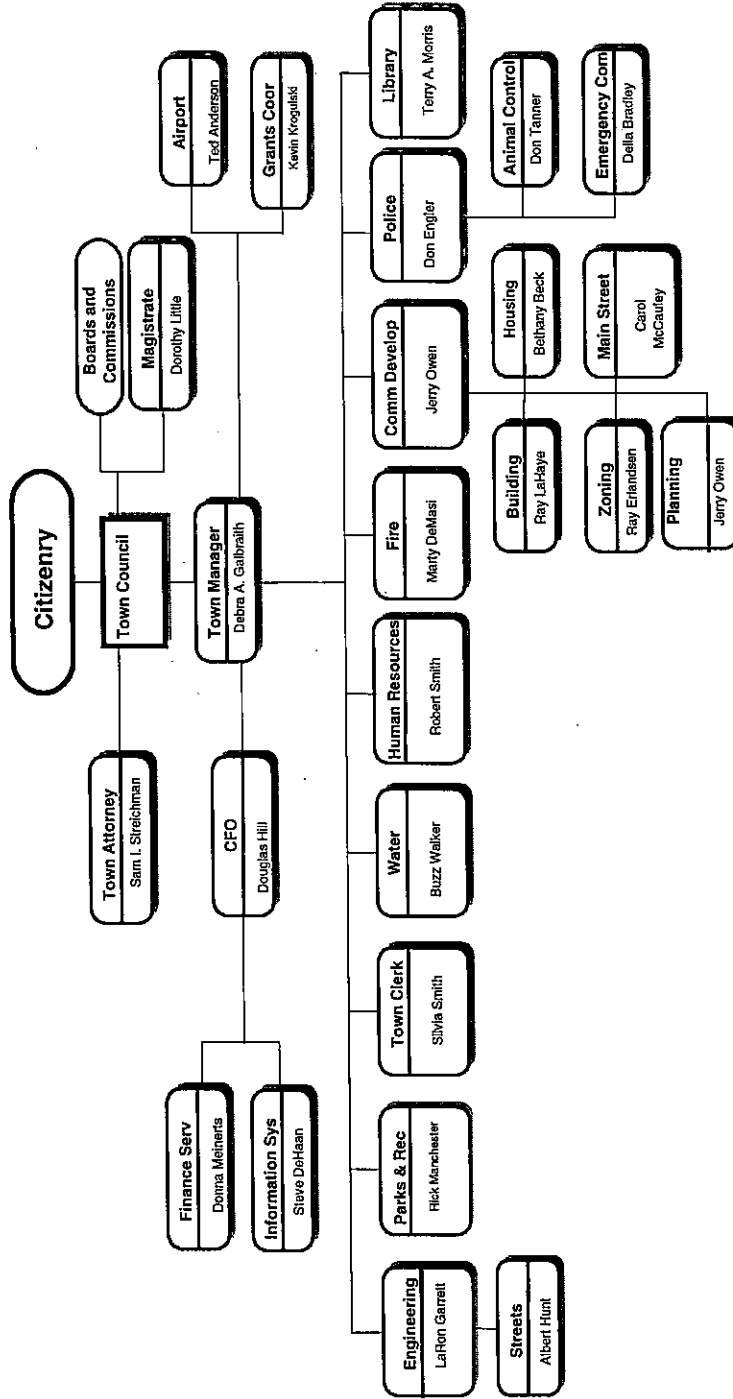
DEPARTMENT DIRECTORS

Town Clerk
Town Attorney
Chief Fiscal Officer
Magistrate
Police Chief
Fire Chief
Librarian
Public Works
Community Development
Town Engineer

Silvia Smith
Samuel I. Streichman
Douglas Hill
Dorothy Little
Don Engler
Marty DeMasi
Terry A. Morris
LaRon Garrett
Jerry Owen
LaRon Garrett

Town of Payson

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Payson
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the Town Council of the
Town of Payson, 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 the Town of Payson, Arizona (Town), as of and for the year ended June 30, 2008 which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town'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. 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 Town of Payson, Arizona, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Highway User Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A prior period adjustment was reported in Note 3.A. to record interest incurred, but not reported in the prior fiscal year.

The management's discussion and analysis on pages 13 - 22 and the Public Safety Personnel Retirement System Schedule of Funding Progress on page 66 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 opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cronstrom, Osuch + Company, P.C.

Cronstrom, Osuch & Company, P.C.

December 15, 2008

Management's Discussion and Analysis

The Town of Payson, Arizona (Town) is pleased to offer readers of the Town's financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2008. The intended purpose of the Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes. This discussion will help determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impact on our debt and operations. When referring to prior years' data in this analysis we will be drawing upon information from last year's audited financial reports.

Financial Highlights

- ◆ The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$133,288,348 (net assets). Of this amount \$7,739,300 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,314,006, a decrease of \$3,198,006 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,052,084 or 7 percent of total General Fund expenditures.
- ◆ General Fund revenues (on a budgetary basis) were less than budgeted revenues by \$1,364,230 for fiscal year 2008. Additionally, budgetary basis expenditures were 96% (\$548,830 (4%) in savings) of the final budget in the General Fund.
- ◆ General Fund revenues were less than expenditures by \$402,616; a negative variance of \$815,400 from the final budget.
- ◆ A prior period adjustment was made to accrue interest payable of \$102,301 due on July 1, 2007 that was not recorded in the governmental activities fund financial statements in the prior year.

Overview of the Financial Statements

The financial section of the Comprehensive Annual Financial Report (CAFR) for the Town of Payson, Arizona consists of this discussion and analysis, the basic financial statements and the required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the General Fund and major special revenue funds, and notes to the basic financial statements.

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

The statement of net assets presents information on all of the Town of Payson, Arizona'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 useful indicators of whether the financial position of the Town of Payson, Arizona is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported when 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Payson, Arizona that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Payson, Arizona include general government, public safety, highways and streets, culture and recreation, public works, community development and health and welfare. The business-type activities include only the operations of the water system.

The government-wide financial statements can be found on pages 24 - 25 of this report.

Fund financial statements. Also presented are the fund financial statements for governmental funds. The fund financial statements focus on major funds of the Town, rather than fund type. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Payson, Arizona, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Payson, Arizona can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenses 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 Fund, Highway Users Revenue Fund (HURF) and Debt Service Fund, 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 the nonmajor governmental funds is provided in the form of combining statements and schedules.

The basic governmental fund financial statements can be found on pages 26 - 32 of this report.

Proprietary funds. The Town of Payson, Arizona maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Payson, Arizona uses enterprise funds to account for its operations of its water services. *Internal service funds* are an accounting device used to accumulate and allocate costs among the Town of Payson, Arizona's various functions. The Town of Payson, Arizona uses an internal service fund to account for its self-funded insurance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, which is considered to be a major fund of the Town. The internal service fund is presented in the proprietary fund financial statements as a separate column.

The basic proprietary fund financial statements can be found on pages 33 - 36 of this report.

Notes to the basic financial statements. The notes to the basic financial statements (pages 37 - 64) provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements and should be read in conjunction with the basic financial statements.

Required supplementary information other than MD&A. Governments have an option of including the budgetary comparison statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information following the notes to the basic financial statements. The Town has chosen to present these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The Town has disclosed this information in Note 4.C. and in the Required Supplementary Information on page 66 of this report.

Government-wide Financial Analysis

Net assets may serve over time as useful indicators of a government's financial position. The following table reflects the condensed Statement of Net Assets of the Town for June 30, 2008 showing that assets exceeded liabilities by \$133,288,348.

Town of Payson, Arizona
Condensed Statement of Net Assets
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Totals	
	2008	2007 (restated)	2008	2007	2008	2007 (restated)
Assets						
Current and other assets	\$ 8,792,096	\$ 11,454,346	\$ 10,946,118	\$ 10,028,254	\$ 19,738,214	\$ 21,482,600
Capital assets						
Non-depreciable	14,255,683	14,201,022	1,958,534	1,844,401	16,214,217	16,045,423
Depreciable (net)	<u>96,211,722</u>	<u>93,574,414</u>	<u>10,719,574</u>	<u>11,228,109</u>	<u>106,931,296</u>	<u>104,802,523</u>
Total assets	<u>119,259,501</u>	<u>119,229,782</u>	<u>23,624,226</u>	<u>23,100,764</u>	<u>142,883,727</u>	<u>142,330,546</u>
Liabilities						
Other liabilities	995,883	474,340	672,282	447,769	1,668,165	922,109
Non-current liabilities						
Due within one year	1,711,755	1,430,848	275,675	239,594	1,987,430	1,670,442
Due in more than one year	<u>5,385,368</u>	<u>6,027,425</u>	<u>554,416</u>	<u>741,358</u>	<u>5,939,784</u>	<u>6,768,783</u>
Total liabilities	<u>8,093,006</u>	<u>7,932,613</u>	<u>1,502,373</u>	<u>1,428,721</u>	<u>9,595,379</u>	<u>9,361,334</u>
Net assets						
Invested in capital assets, net of related debt	104,399,442	101,360,121	11,929,869	12,283,170	116,329,311	113,643,291
Restricted	4,310,080	5,448,557	4,909,657	4,681,554	9,219,737	10,130,111
Unrestricted	<u>2,456,973</u>	<u>4,488,491</u>	<u>5,282,327</u>	<u>4,707,319</u>	<u>7,739,300</u>	<u>9,195,810</u>
Total net assets	<u>\$111,166,495</u>	<u>\$111,297,169</u>	<u>\$ 22,121,853</u>	<u>\$ 21,672,043</u>	<u>\$133,288,348</u>	<u>\$132,969,212</u>

Net assets consist of three components. The largest portion of the Town of Payson, Arizona's net assets (87%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, water system, and vehicles, machinery and equipment), less any outstanding related debt used to acquire those assets. The Town of Payson, Arizona uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Payson, Arizona's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Payson, Arizona's net assets (7%) represents resources that are subject to external restrictions. The remaining balance of unrestricted net assets (\$7,739,300) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Payson, Arizona is able to report positive balances in all three categories of net assets for the government as a whole.

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

Town of Payson, Arizona
Changes in Net Assets
Fiscal Years Ended June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Totals	
	2008	2007 (restated)	2008	2007	2008	2007 (restated)
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 2,260,227	\$ 3,341,430	\$ 4,037,662	\$ 4,099,518	\$ 6,297,889	\$ 7,440,948
Operating grants and contributions	2,137,228	2,862,482	-	39,500	2,137,228	2,901,982
Capital grants and contributions	1,786,891	404,433	270,513	362,446	2,057,404	766,879
General revenues:						
Sales taxes	7,396,678	7,503,852	-	-	7,396,678	7,503,852
Property taxes	907,545	834,521	-	-	907,545	834,521
Franchise taxes	349,043	348,166	-	-	349,043	348,166
State shared revenues	3,589,542	3,218,436	-	-	3,589,542	3,218,436
Auto lieu taxes	1,013,004	976,139	-	-	1,013,004	976,139
Investment earnings	287,474	403,108	253,312	447,258	540,786	850,366
Total revenues	<u>19,727,632</u>	<u>19,892,567</u>	<u>4,561,487</u>	<u>4,948,722</u>	<u>24,289,119</u>	<u>24,841,289</u>
Expenses						
General government	3,707,867	3,595,408	-	-	3,707,867	3,595,408
Public safety	7,939,971	7,818,997	-	-	7,939,971	7,818,997
Highways and streets	3,786,087	4,147,353	-	-	3,786,087	4,147,353
Culture and recreation	2,730,083	2,152,923	-	-	2,730,083	2,152,923
Public works	350,531	407,578	-	-	350,531	407,578
Community development	1,219,270	923,599	-	-	1,219,270	923,599
Health and welfare	259,083	252,136	-	-	259,083	252,136
Interest on long-term debt	303,148	420,101	-	-	303,148	420,101
Water	-	-	3,673,943	3,715,985	3,673,943	3,715,985
Total expenses	<u>20,296,040</u>	<u>19,718,095</u>	<u>3,673,943</u>	<u>3,715,985</u>	<u>23,969,983</u>	<u>23,434,080</u>
Increase in net assets before transfers	(568,408)	174,472	887,544	1,232,737	319,136	1,407,209
Transfers	437,734	312,470	(437,734)	(312,470)	-	-
Increase in net assets	(130,674)	486,942	449,810	920,267	319,136	1,407,209
Net assets, beginning of year	<u>111,297,169</u>	<u>110,810,227</u>	<u>21,672,043</u>	<u>20,751,776</u>	<u>132,969,212</u>	<u>131,562,003</u>
Net assets, end of year	<u>\$111,166,495</u>	<u>\$111,297,169</u>	<u>\$ 22,121,853</u>	<u>\$ 21,672,043</u>	<u>\$133,288,348</u>	<u>\$132,969,212</u>

Governmental activities. Total governmental revenues remained relatively unchanged over the prior year with a net decrease of \$164,935 (1%) over the prior year. The net change is the result of a 32% (\$1,081,203) decrease in fees, fines and charges for services, a 25% (\$725,254) decrease in operating grants and contributions, and a 29% (\$115,634) decrease in investment earnings offset by a 342% (\$1,382,458) increase in capital grants and contributions, discussed below.

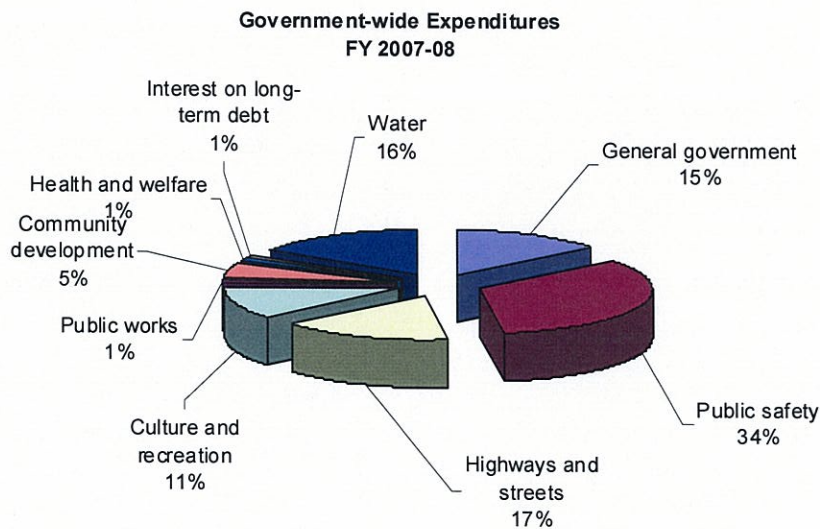
The program revenues (charges for services and grants that are clearly identifiable to an operating function) of governmental activities increased \$423,999 (6%) from the previous year, primarily due to \$1 million in donated infrastructure (asphalt, curbs and gutters, ribbon curbs, sidewalks, and right-of-ways) and \$400,000 in HURF exchange funds. The \$1.4 million increase was offset by a \$1,081,203 decrease in fees, fines and charges for services caused by economic downturns.

General revenues increased \$259,064. Major factors contributing to this increase included a 12% (\$371,106) increase in state shared revenue, offset by a 1% (\$107,174) decrease in sales tax. State shared revenues are collected by the State and "shared" based on population. Sales taxes are generated directly from consumers.

The most significant increase in expenses was recorded in Culture and Recreation while expenses in Highways and Streets decreased due to the completion of several street construction projects. The increase was due to expansions in park operations and the implementation and development of a new trail system.

Business-type Activities. Water revenue decreased 8% over last fiscal year due primarily to a decrease in investment earnings of \$193,946, as well as as a slight decrease in charges for services. The 1% (\$42,042) decrease in expenses was not significant during the year and was due to operations remaining consistent.

The following graph illustrates the Town's government-wide expenses previously discussed in a comparative analysis of government-wide revenues, expenses and changes in net assets.



Financial analysis of the Town's funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

As of the end of the current fiscal year the Town's governmental funds reported combined ending fund balances of \$5,314,006, a decrease of \$3,198,006 in comparison with the prior year. Approximately 20% of this total amount (\$1,052,084) constitutes General Fund balance, which is available for contribution to the designated, undesignated and reserved fund balance. At fiscal year-end 2007-2008 fund balances were as follows:

Fund	Balance	Increase (Decrease) From 2006-07
General Fund	\$ 1,052,084	\$ (1,897,023)
Highway User Revenue Fund (HURF)	541,664	(1,045,580)
Debt Service Fund	1,553,209	388,422
Nonmajor Governmental Funds	2,167,049	(643,825)

The General Fund is the chief operating fund of the Town of Payson, Arizona. As a measure of the General Fund's liquidity, it may be useful to compare both General Fund balance and total fund balance to total fund expenditures. General Fund balance represents 7% of total General Fund expenditures, while total fund balance represents 23% of total fund expenditures.

The changes in fund balance in the General and Debt Service Funds was primarily due to a transfer of funds from the General Fund to the Debt Service Fund and other funds for debt service on outstanding debt and to subsidize other funds.

The Highway User Revenue Fund decreased due to the completion of the Saint Phillips Widening Project for approximately \$992,000.

The Nonmajor Governmental Funds decreased largely due to construction projects. Major construction projects included 1) purchasing a new financial general ledger system; 2) purchasing several police vehicles; 3) completing a tennis courts project and 4) the replacement of a fire truck.

Budgetary highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 30 - 32. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. The Town amended its budget during the fiscal year.

General Fund revenues of \$14,257,080, on a budgetary basis, were less than budgeted revenues of \$15,621,310 by \$1,364,230 while budgetary basis expenditures of \$14,659,696 were 96% of budgeted expenditures (savings of \$548,830). Revenues were less than budgeted revenues primarily due to economic downturns. The expenditure savings were derived largely from unspent contingencies and vacancies savings.

The Town's budget revisions were not significant during the current fiscal year.

Capital assets

The Town's capital assets for its governmental activities as of June 30, 2008 totaled \$110,467,405 (net of accumulated depreciation), a net increase from the prior year of 2.5%. Business-type activities capital assets amounted to \$12,678,108 (net of accumulated depreciation), a decrease from the prior year of 3.0%. Governmental fund financial statements record capital asset purchases as expenditures. See Note 3.B.4. in the Notes to the Basic Financial Statements for further information regarding capital assets.

Major capital asset events during the current fiscal year included the following:

Governmental Funds

- ◆ Completion of the Saint Phillips Street Widening Project (\$991,975).
- ◆ Completion of Mud Springs Road from Frontier to Granite (\$796,112).
- ◆ Purchase of a new financial general ledger system (\$192,685).
- ◆ Purchase of police vehicles (\$168,989).
- ◆ Replacement of a fire truck (\$437,625) under a lease-purchase agreement.
- ◆ Completion of tennis courts project (\$164,419).

Business-type Funds

- ◆ Additions to construction in progress for the Wells (\$93,750) and Water Lines (\$38,113).

The following table provides a breakdown of the capital assets of the Town at June 30, 2008 and 2007.

Town of Payson, Arizona
Capital Assets (net)
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 12,047,106	\$ 12,047,106	\$ 1,504,077	\$ 1,504,077	\$ 13,551,183	\$ 13,551,183
Infrastructure	85,360,067	82,987,339	-	-	85,360,067	82,987,339
Buildings	6,434,015	6,625,534	280,821	260,582	6,714,836	6,886,116
Improvements other than buildings	2,393,433	2,398,062	10,112,336	10,619,035	12,505,769	13,017,097
Vehicles, furniture, machinery and equipment	2,024,207	1,563,479	326,417	348,492	2,350,624	1,911,971
Construction in progress	<u>2,208,577</u>	<u>2,153,916</u>	<u>454,457</u>	<u>340,324</u>	<u>2,663,034</u>	<u>2,494,240</u>
	<u>\$ 110,467,405</u>	<u>\$ 107,775,436</u>	<u>\$ 12,678,108</u>	<u>\$ 13,072,510</u>	<u>\$ 123,145,513</u>	<u>\$ 120,847,946</u>

Long-term debt

At the end of the current fiscal year, the Town had total long-term obligations outstanding of \$7,927,214. Of the outstanding debt, \$2,542,376 (including \$18,874 of deferred amount on the refunding of the bonds and \$46,250 premium on the bonds) is general obligation bonds and \$343,239 is loans payable backed by the full faith and credit of the Town. An additional \$1,615,000 of special assessment bonds are backed by a guaranteed investment contract with the developer of the special assessment district property. All other outstanding debt is secured by pledges of specific revenue sources of the Town.

The State imposes certain debt limitations on the Town of six percent (6%) and twenty percent (20%) of the outstanding secondary net assessed valuation of the Town. The Town's available debt margin at June 30, 2008 is \$11,124,820 in the 6% capacity and \$41,312,733 in the 20% capacity. Additional information on the debt limitations and capacities may be found in the statistical section of this report (pages 112 - 113).

The following schedule shows the outstanding debt of the Town (both current and long-term) as of June 30, 2008 and 2007. Further detail on the Town's outstanding debt may be found in Notes 3.E. and 3.F. on pages 53 - 59.

Town of Payson, Arizona
Outstanding Debt
June 30, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 2,492,376	\$ 2,851,974	\$ 50,000	\$ 75,000	\$ 2,542,376	\$ 2,926,974
Special assessment bonds	1,615,000	1,830,000	-	-	1,615,000	1,830,000
Revenue bonds	1,020,000	1,095,000	225,000	330,000	1,245,000	1,425,000
Certificates of participation	375,000	445,000	-	-	375,000	445,000
Loan payable	-	-	343,239	384,340	343,239	384,340
Notes payable	-	-	-	-	-	-
Capital leases	565,587	193,341	-	-	565,587	193,341
Compensated absences	<u>1,029,160</u>	<u>1,042,958</u>	<u>211,852</u>	<u>191,612</u>	<u>1,241,012</u>	<u>1,234,570</u>
	<u>\$ 7,097,123</u>	<u>\$ 7,458,273</u>	<u>\$ 830,091</u>	<u>\$ 980,952</u>	<u>\$ 7,927,214</u>	<u>\$ 8,439,225</u>

Economic factors and next year's budgets and rates

The Town of Payson, Arizona, as well as all other Arizona cities, remains dependent on state shared revenues (13%) and local sales taxes for resources (30%). These revenue sources are sensitive to economic downturns and legislative appropriations. The Town expects the downturn of the economy to continue. Town sales tax is estimated to decrease by 8 percent and state shared revenues by 4 percent.

These indicators were considered when adopting the budget for fiscal year 2008-09. Amounts available for appropriation in the General Fund budget are \$815,700, a decrease of 70 percent. This change was primarily due to a decrease in local sales tax and state shared revenues.

Financial contact

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in government's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

Town of Payson
Financial Services Department
303 North Beeline Highway
Payson, AZ 85541

Or visit our website at:

<http://www.ci.payson.az.us>

Basic Financial Statements

TOWN OF PAYSON, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and equivalents	\$ 5,337,613	\$ 9,391,921	\$ 14,729,534
Receivables, net			
Accounts receivable	214,490	349,405	563,895
Intergovernmental receivable	1,134,435	42,094	1,176,529
Special assessments receivable	1,177,378	-	1,177,378
Notes receivable	-	127,913	127,913
Prepaid items	250	-	250
Deferred charges	158,257	-	158,257
Restricted assets	769,673	914,795	1,684,468
Other assets	-	119,990	119,990
Capital assets			
Non-depreciable	14,255,683	1,958,534	16,214,217
Depreciable (net)	<u>96,211,722</u>	<u>10,719,574</u>	<u>106,931,296</u>
Total assets	<u>119,259,501</u>	<u>23,624,226</u>	<u>142,883,727</u>
Liabilities			
Accounts payable	459,229	56,973	516,202
Accrued wages and benefits	245,613	40,475	286,088
Interest payable	92,999	10,125	103,124
Customer deposits payable	9,555	434,709	444,264
Claims payable	188,487	-	188,487
Matured debt principal payable	-	130,000	130,000
Noncurrent liabilities			
Due within one year	1,711,755	275,675	1,987,430
Due in more than one year	<u>5,385,368</u>	<u>554,416</u>	<u>5,939,784</u>
Total liabilities	<u>8,093,006</u>	<u>1,502,373</u>	<u>9,595,379</u>
Net assets			
Invested in capital assets, net of related debt	104,399,442	11,929,869	116,329,311
Restricted for			
Highways and streets	541,664	-	541,664
Debt service	2,723,661	-	2,723,661
Capital outlay	1,044,755	4,909,657	5,954,412
Unrestricted	<u>2,456,973</u>	<u>5,282,327</u>	<u>7,739,300</u>
Total net assets	<u>\$ 111,166,495</u>	<u>\$ 22,121,853</u>	<u>\$ 133,288,348</u>

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Functions/Programs						
Governmental activities						
General government	\$ 3,707,867	\$ 907,951	\$ 188,294	\$ 1,165,376	\$ (1,446,246)	\$ (1,446,246)
Public safety	7,939,971	658,707	167,246	120,274	(6,993,744)	(6,993,744)
Highways and streets	3,786,087	50,876	1,780,478	400,000	(1,554,733)	(1,554,733)
Culture and recreation	2,730,083	148,416	75	200	(2,581,392)	(2,581,392)
Public works	350,531	61,272	-	76,628	(212,631)	(212,631)
Community development	1,219,270	422,856	1,135	24,413	(770,866)	(770,866)
Health and welfare	259,083	10,149	-	-	(248,934)	(248,934)
Interest on long-term debt	303,148	-	-	-	(303,148)	(303,148)
Total governmental activities	<u>20,296,040</u>	<u>2,260,227</u>	<u>2,137,228</u>	<u>1,786,891</u>	<u>(14,111,694)</u>	<u>(14,111,694)</u>
Business-type activities						
Water	3,673,943	4,037,662	-	270,513	\$ 634,232	634,232
Total business-type activities	<u>3,673,943</u>	<u>4,037,662</u>	<u>-</u>	<u>270,513</u>	<u>634,232</u>	<u>634,232</u>
Totals	<u>\$ 23,969,983</u>	<u>\$ 6,297,889</u>	<u>\$ 2,137,228</u>	<u>\$ 2,057,404</u>	<u>(14,111,694)</u>	<u>(13,477,462)</u>
General revenues						
Taxes						
Sales taxes					7,396,678	7,396,678
Property taxes					907,545	907,545
Franchise taxes					349,043	349,043
State sales tax revenue sharing - unrestricted					3,589,542	3,589,542
Auto lieu tax revenue sharing - unrestricted					1,013,004	1,013,004
Investment earnings					287,474	287,474
Transfers					437,734	437,734
Total general revenues and transfers					<u>13,981,020</u>	<u>13,981,020</u>
Change in net assets					(130,674)	319,136
Net assets, beginning of year, (restated)					<u>111,297,169</u>	<u>21,672,043</u>
Net assets, end of year					<u>\$ 111,166,495</u>	<u>\$ 22,121,853</u>
						<u>\$ 133,288,348</u>

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

**TOWN OF PAYSON, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	HURF	Debt Service	Nonmajor Governmental Funds	Totals
Assets					
Cash and equivalents	\$ 469,853	\$ 613,927	\$ 1,640,449	\$ 1,262,524	\$ 3,986,753
Restricted assets	-	-	-	769,673	769,673
Accounts receivable	107,621	-	417	106,452	214,490
Intergovernmental receivable	918,740	141,629	-	74,066	1,134,435
Special assessments receivable	-	-	1,177,378	-	1,177,378
Prepaid items	-	-	-	250	250
Total assets	<u>\$ 1,496,214</u>	<u>\$ 755,556</u>	<u>\$ 2,818,244</u>	<u>\$ 2,212,965</u>	<u>\$ 7,282,979</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 227,749	\$ 190,515	\$ 1,584	\$ 30,506	\$ 450,354
Accrued wages and benefits	216,171	21,377	-	8,065	245,613
Interest payable	-	-	92,999	-	92,999
Deferred revenue	-	-	1,170,452	-	1,170,452
Customer deposits payable	210	2,000	-	7,345	9,555
Total liabilities	<u>444,130</u>	<u>213,892</u>	<u>1,265,035</u>	<u>45,916</u>	<u>1,968,973</u>
Fund balances					
Reserved for prepaid items	-	-	-	250	250
Unreserved	1,052,084	541,664	1,553,209	-	3,146,957
Unreserved, reported in nonmajor					
Special revenue funds	-	-	-	642,245	642,245
Capital projects funds	-	-	-	1,524,554	1,524,554
Total fund balances	<u>1,052,084</u>	<u>541,664</u>	<u>1,553,209</u>	<u>2,167,049</u>	<u>5,314,006</u>
Total liabilities and fund balances	<u>\$ 1,496,214</u>	<u>\$ 755,556</u>	<u>\$ 2,818,244</u>	<u>\$ 2,212,965</u>	<u>\$ 7,282,979</u>

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

TOWN OF PAYSON, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2008

Fund balances - total governmental funds \$ 5,314,006

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	134,396,922
Less accumulated depreciation	<u>(23,929,517)</u>
Capital assets used in governmental activities	<u>110,467,405</u>

Other long-term assets are not available to pay for current-period expenditures and are not susceptible to accrual. 1,170,452

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

General obligation bonds	(2,465,000)
Special assessment bonds	(1,615,000)
Revenue bonds payable	(1,020,000)
Certificates of participation	(375,000)
Deferred amount on premium	(46,250)
Capital leases	(565,587)
Compensated absences	(1,029,160)
Deferred charges for bond issuance	158,257
Deferred amount on refunding	18,874

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 funds are included in governmental activities in the statement of net assets.

1,153,498

Net assets of governmental activities \$ 111,166,495

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General	HURF	Debt Service	Nonmajor Governmental Funds	Totals
Revenues					
Taxes					
Sales taxes	\$ 6,811,025	\$ -	\$ 402,998	\$ 182,655	\$ 7,396,678
Property taxes	492,941	-	202,304	212,300	907,545
Franchise taxes	349,043	-	-	-	349,043
Intergovernmental	4,765,117	2,162,029	-	435,575	7,362,721
Fines and forfeitures	239,119	-	-	16,036	255,155
Licenses and permits	331,783	-	-	-	331,783
Charges for services	935,748	40,672	-	137,047	1,113,467
Contributions and donations	5,074	18,449	60,000	47,630	131,153
Development impact fees	-	88,955	-	109,045	198,000
Special assessments	-	-	160,985	-	160,985
Investment earnings	58,904	42,494	31,419	128,527	261,344
Other	268,326	10,204	78,212	5,080	361,822
Total Revenues	14,257,080	2,362,803	935,918	1,273,895	18,829,696
Expenditures					
Current					
General government	3,762,605	-	-	67,530	3,830,135
Public safety	7,639,537	-	-	92,383	7,731,920
Highways and streets	56,744	4,218,532	-	-	4,275,276
Culture and recreation	1,583,337	-	-	619,366	2,202,703
Public works	167,372	-	-	184,916	352,288
Community development	1,188,737	-	-	-	1,188,737
Health and welfare	261,364	-	-	-	261,364
Debt Service					
Principal retirement	-	-	897,754	-	897,754
Interest on long-term debt	-	-	277,341	289	277,630
Capital outlay	-	-	-	1,997,629	1,997,629
Total Expenditures	14,659,696	4,218,532	1,175,095	2,962,113	23,015,436
Excess (deficiency) of revenues over expenditures	(402,616)	(1,855,729)	(239,177)	(1,688,218)	(4,185,740)
Other financing sources (uses)					
Transfers in	520,954	810,149	635,563	989,138	2,955,804
Transfers out	(2,015,361)	-	(7,964)	(494,745)	(2,518,070)
Proceeds from capital lease	-	-	-	550,000	550,000
Total other financing sources (uses)	(1,494,407)	810,149	627,599	1,044,393	987,734
Net change in fund balances	(1,897,023)	(1,045,580)	388,422	(643,825)	(3,198,006)
Fund balances, beginning of year, (as restated)	2,949,107	1,587,244	1,164,787	2,810,874	8,512,012
Fund balances, end of year	\$ 1,052,084	\$ 541,664	\$ 1,553,209	\$ 2,167,049	\$ 5,314,006

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

TOWN OF PAYSON, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ (3,198,006)

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 and reported as depreciation expense.

Expenditures for capital assets	4,362,102
Less current year depreciation	<u>(1,617,985)</u>
Excess capital expenditures over depreciation	<u>2,744,117</u>

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (52,148)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Special assessments recognized (160,985)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term debt on the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the statement of activities.

Principal payments on long-term debt	720,000
Principal payments on capital leases	177,754
Issuance costs	(25,116)
Proceeds of capital lease	(550,000)
Amortization of deferred amount on bond premium	4,316
Amortization of deferred amount on refunding	(4,718)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Net decrease in compensated absences 13,798

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

The net revenues of the internal service fund is reported with governmental activities. 200,314

Change in net assets of governmental activities \$ (130,674)

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

TOWN OF PAYSON, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 8,453,210	\$ 8,453,210	\$ 7,653,009	\$ (800,201)
Intergovernmental	4,954,090	4,954,090	4,765,117	(188,973)
Fines and forfeitures	273,000	273,000	239,119	(33,881)
Licenses and permits	479,590	479,590	331,783	(147,807)
Charges for services	1,077,600	1,077,600	935,748	(141,852)
Contributions and donations	-	-	5,074	5,074
Investment earnings	81,000	81,000	58,904	(22,096)
Other	302,820	302,820	268,326	(34,494)
Total Revenues	<u>15,621,310</u>	<u>15,621,310</u>	<u>14,257,080</u>	<u>(1,364,230)</u>
Expenditures				
Current				
General government				
General government administration	813,630	916,210	874,292	41,918
Town clerk	341,773	341,773	354,297	(12,524)
Elections	81,050	81,050	36,606	44,444
Town manager	211,947	211,947	264,962	(53,015)
Town council	132,150	132,150	107,440	24,710
Human resources	299,999	299,999	239,031	60,968
Computer information services	279,492	279,492	262,909	16,583
Financial services	802,066	542,066	596,510	(54,444)
Courts	152,640	152,640	137,207	15,433
Attorney	555,463	555,463	528,440	27,023
Contingency	611,644	611,644	360,911	250,733
Total general government	<u>4,281,854</u>	<u>4,124,434</u>	<u>3,762,605</u>	<u>361,829</u>
Public safety				
Police department	5,105,459	5,102,039	4,843,674	258,365
Fire department	2,781,822	2,751,822	2,795,863	(44,041)
Total public safety	<u>7,887,281</u>	<u>7,853,861</u>	<u>7,639,537</u>	<u>214,324</u>
Highways and streets				
Streets	-	-	56,744	(56,744)
Total highways and streets	<u>-</u>	<u>-</u>	<u>56,744</u>	<u>(56,744)</u>
Culture and recreation				
Park operations	777,243	777,243	846,400	(69,157)
Recreation	449,800	449,800	470,408	(20,608)
Aquatics	162,900	162,900	161,485	1,415
Trails	123,650	123,650	105,044	18,606
Total culture and recreation	<u>1,513,593</u>	<u>1,513,593</u>	<u>1,583,337</u>	<u>(69,744)</u>
Public works				
Town engineer	160,964	160,964	167,372	(6,408)
Total public works	<u>160,964</u>	<u>160,964</u>	<u>167,372</u>	<u>(6,408)</u>
Community development				
Planning and zoning	518,975	518,975	503,573	15,402
Building inspections	587,620	587,620	533,622	53,998
Tourism- Economic Vitality	157,420	151,200	140,584	10,616
Community Development	25,000	25,000	10,958	14,042
Total community development	<u>1,289,015</u>	<u>1,282,795</u>	<u>1,188,737</u>	<u>94,058</u>

(Continued)

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

TOWN OF PAYSON, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

(Concluded)	Original Budget	Final Budget	Actual	Variance with Final Budget
Health and welfare				
Health and welfare	-	119,080	112,374	6,706
Animal control	<u>153,799</u>	<u>153,799</u>	<u>148,990</u>	<u>4,809</u>
Total health and welfare	<u>153,799</u>	<u>272,879</u>	<u>261,364</u>	<u>11,515</u>
Total Expenditures	<u>15,286,506</u>	<u>15,208,526</u>	<u>14,659,696</u>	<u>548,830</u>
Excess (deficiency) of revenues over expenditures	<u>334,804</u>	<u>412,784</u>	<u>(402,616)</u>	<u>(815,400)</u>
Other financing sources (uses)				
Transfers in	482,376	482,376	520,954	38,578
Transfers out	<u>(3,241,361)</u>	<u>(3,241,361)</u>	<u>(2,015,361)</u>	<u>1,226,000</u>
Total other financing sources (uses)	<u>(2,758,985)</u>	<u>(2,758,985)</u>	<u>(1,494,407)</u>	<u>1,264,578</u>
Net change in fund balances	(2,424,181)	(2,346,201)	(1,897,023)	449,178
Fund balances, beginning of year	<u>3,261,299</u>	<u>2,367,854</u>	<u>2,949,107</u>	<u>581,253</u>
Fund balances, end of year	<u>\$ 837,118</u>	<u>\$ 21,653</u>	<u>\$ 1,052,084</u>	<u>\$ 1,030,431</u>

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

TOWN OF PAYSON, ARIZONA
HURF FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 2,412,660	\$ 2,412,660	\$ 2,162,029	\$ (250,631)
Charges for services	10,000	10,000	40,672	30,672
Contributions and donations	185,000	185,000	18,449	(166,551)
Development impact fees	270,000	270,000	88,955	(181,045)
Investment earnings	6,000	6,000	42,494	36,494
Other	-	-	10,204	10,204
Total Revenues	<u>2,883,660</u>	<u>2,883,660</u>	<u>2,362,803</u>	<u>(520,857)</u>
Expenditures				
Current				
Highways and streets	5,354,681	5,358,481	4,218,532	1,139,949
Capital outlay	<u>250,000</u>	<u>250,000</u>	-	<u>250,000</u>
Total Expenditures	<u>5,604,681</u>	<u>5,608,481</u>	<u>4,218,532</u>	<u>1,389,949</u>
Excess (deficiency) of revenues over expenditures	<u>(2,721,021)</u>	<u>(2,724,821)</u>	<u>(1,855,729)</u>	<u>869,092</u>
Other financing sources (uses)				
Transfers in	1,480,562	1,480,562	810,149	(670,413)
Transfers out	<u>(160,940)</u>	<u>(160,940)</u>	-	<u>160,940</u>
Total other financing sources (uses)	<u>1,319,622</u>	<u>1,319,622</u>	<u>810,149</u>	<u>(509,473)</u>
Net change in fund balances	(1,401,399)	(1,405,199)	(1,045,580)	359,619
Fund balances, beginning of year	<u>1,155,199</u>	<u>1,087,063</u>	<u>1,587,244</u>	<u>500,181</u>
Fund balances, end of year	<u>\$ (246,200)</u>	<u>\$ (318,136)</u>	<u>\$ 541,664</u>	<u>\$ 859,800</u>

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Water	
Assets		
Current assets		
Cash and equivalents	\$ 9,391,921	\$ 1,350,860
Receivables, net		
Accounts receivable	349,405	-
Intergovernmental receivable	42,094	-
Notes receivable	127,913	-
Restricted assets	914,795	-
Total current assets	<u>10,826,128</u>	<u>1,350,860</u>
Noncurrent assets		
Other assets	119,990	-
Capital assets		
Non-depreciable	1,958,534	-
Depreciable (net)	10,719,574	-
Total noncurrent assets	<u>12,798,098</u>	<u>-</u>
Total Assets	<u>23,624,226</u>	<u>1,350,860</u>
Liabilities		
Current liabilities		
Accounts payable	56,973	8,875
Accrued wages and benefits	40,475	-
Interest payable	10,125	-
Matured debt principal payable	130,000	-
Customer deposits payable	434,709	-
Claims payable	-	188,487
Compensated absences	97,900	-
Bonds and notes payable	177,775	-
Total current liabilities	<u>947,957</u>	<u>197,362</u>
Noncurrent liabilities		
Compensated absences	113,952	-
Bonds and notes payable	440,464	-
Total noncurrent liabilities	<u>554,416</u>	<u>-</u>
Total liabilities	<u>1,502,373</u>	<u>197,362</u>
Net assets		
Invested in capital assets, net of related debt	11,929,869	-
Restricted for		
Capital outlay	4,909,657	-
Unrestricted	5,282,327	1,153,498
Total net assets	<u>\$ 22,121,853</u>	<u>\$ 1,153,498</u>

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - <u>Enterprise Funds</u>	Governmental Activities - Internal Service Funds
	<u>Water</u>	
Operating revenues		
Charges for services	\$ 3,710,872	\$ -
Contributions	<u>-</u>	<u>1,865,653</u>
Total operating revenues	<u>3,710,872</u>	<u>1,865,653</u>
Operating expenses		
Costs of sales and services	2,681,646	295,011
Claims	-	1,396,458
Depreciation	<u>957,374</u>	<u>-</u>
Total operating expenses	<u>3,639,020</u>	<u>1,691,469</u>
Operating income (loss)	<u>71,852</u>	<u>174,184</u>
Nonoperating revenues (expenses)		
Development impact fees	191,886	-
Investment earnings	253,312	26,130
Interest expense	(34,923)	-
Miscellaneous nonoperating revenues	<u>134,904</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>545,179</u>	<u>26,130</u>
Income (loss) before contributions and transfers	<u>617,031</u>	<u>200,314</u>
Capital contributions	270,513	-
Transfers out	<u>(437,734)</u>	<u>-</u>
Change in net assets	449,810	200,314
Total net assets, beginning of year	<u>21,672,043</u>	<u>953,184</u>
Total net assets, end of year	<u>\$ 22,121,853</u>	<u>\$ 1,153,498</u>

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - <u>Enterprise Funds</u>	Governmental Activities - Internal Service Funds
	<u>Water</u>	
Cash flows from operating activities		
Receipts from customers	\$ 3,743,721	\$ 1,868,756
Payments to suppliers	(1,543,954)	(288,416)
Payments to employees	(1,059,164)	-
Payments for claims	-	(1,284,845)
Other receipts	222,202	-
Customer deposits payable	<u>39,225</u>	<u>-</u>
Net cash flows from operating activities	<u>1,402,030</u>	<u>295,495</u>
Cash flows from noncapital financing activities		
Transfers out	(437,734)	-
Development impact fees	<u>191,886</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>(245,848)</u>	<u>-</u>
Cash flows from capital and financing activities		
Purchases of capital assets	(292,459)	-
Principal paid on capital debt	(41,101)	-
Interest paid on capital debt	<u>(37,923)</u>	<u>-</u>
Net cash flows from capital and financing activities	<u>(371,483)</u>	<u>-</u>
Cash flows from investing activities		
Investment earnings	<u>253,312</u>	<u>26,130</u>
Net cash flows from investing activities	<u>253,312</u>	<u>26,130</u>
Net change in cash and cash equivalents	1,038,011	321,625
Cash and cash equivalents, beginning of year	<u>9,268,705</u>	<u>1,029,235</u>
Cash and cash equivalents, end of year	<u>\$ 10,306,716</u>	<u>\$ 1,350,860</u>
Reconciliation of cash and cash equivalents to the statement of net assets		
Cash and cash equivalents	\$ 9,391,921	\$ 1,350,860
Restricted assets	<u>914,795</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 10,306,716</u>	<u>\$ 1,350,860</u>

(Continued)

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

TOWN OF PAYSON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-type Activities - <u>Enterprise Funds</u>		Governmental Activities - Internal Service Funds	
	<u>Water</u>			
(Concluded)				
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$	71,852	\$	174,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense		957,374		-
Nonoperating receipts		134,904		-
Change in assets/liabilities:				
Receivables		32,849		3,103
Intergovernmental receivable		87,298		-
Accounts payable		32,274		6,595
Accrued wages and benefits		26,014		-
Compensated absences		20,240		-
Claims payable		-		111,613
Customer deposits payable		<u>39,225</u>		<u>-</u>
Net cash provided by operating activities	\$	<u>1,402,030</u>	\$	<u>295,495</u>

Noncash Investing, Capital and Financing Activities:

The Town received \$270,513 of capital contributions from the governmental funds during the fiscal year.

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

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Payson, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the Town for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the Town's financial statements present only the funds of those entities for which its elected governing board is financially accountable.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements and the proprietary fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Highway Users Revenue Fund (HURF)* accounts for the operations of the street maintenance department. Financing is provided by the Town's share of motor fuel tax revenues. State law requires these motor fuel taxes be used to maintain streets.

The *Debt Service Fund* accounts for the interest, principal and fees incurred due to general obligation and special assessment debt of the Town except those accounted for in the proprietary funds.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

The Town reports the following major proprietary fund:

The *Water Fund* accounts for the operations of the Town's drinking water treatment and distribution system. The intent of the Town is that all or most of the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the Town reports the following fund type:

The *Internal Service Fund* consists of the Self-funded Insurance Fund. It accounts for the Town's self-insurance program for employee health and medical benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) fees, fines and charges for services (including development impact fees), 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 Town's enterprise fund are charges to customers for water services. The principal operating revenues of the Town's internal service fund are Town departmental contributions and charges to employees for health benefits. Operating expenses for the Internal Service Fund include the cost of sales and services, administrative expenses, depreciation, health claims and premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

When both restricted and unrestricted resources are available for use, for governmental activities and business-type activities, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

2. Receivables

All trade and property taxes receivables are shown net of an allowance for uncollectibles.

Gila County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Short-term interfund receivables/payables

During the course of operations, individual funds within the Town's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

4. Inventories and prepaid items

Inventories are recorded as expenditures at the time of purchase in the governmental funds, and because the amounts on hand at June 30, 2008 were immaterial, they are not included in the government-wide and fund financial statements.

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

5. Restricted assets

Certain proceeds of the Town's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Customer deposits in the Enterprise Fund are recorded as restricted assets because their use is limited.

6. Capital assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, furniture, machinery, equipment, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets, purchased or acquired, are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings	30 years
Improvements other than buildings	10-35 years
Infrastructure	35-50 years
Vehicles, furniture, machinery and equipment	5-15 years

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

7. Compensated absences

The liability for compensated absences reported in the government-wide financial statements and proprietary fund financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

8. 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 applicable governmental activities, business-type activities or proprietary fund statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

9. Net assets

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Town. Unrestricted net assets are the remaining net assets not included in the previous two categories.

The \$4,909,657 restricted net assets recorded in the Water Fund is for developer impact fees restricted by enabling legislation.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

10. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Town did not report any designated fund balances during the fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through a passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the basic financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds (except a budget was not prepared for the Westerly Road Improvements Fund). The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between departments. The adopted budget cannot be amended in any way without Town Council approval.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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5. Legal budgets are adopted for the General, Special Revenue, Debt Service and Capital Projects Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
General Fund:	
Town clerk	\$ 12,524
Town manager	53,015
Financial services	54,444
Fire department	44,041
Streets	56,744
Park operations	69,157
Recreation	20,608
Town engineer	6,408
Debt Service Fund	80,465
Library District Tax Fund	17,453
Event Center Fund	3,442
Construction Excise Tax Revenue	
Obligations Fund	1,555
Public Safety Bond Project Fund	33,330

C. Deficit fund equity

A deficit fund balance in the amount of \$1,645 was reported in the Library District Tax Nonmajor Governmental Fund. The deficit was due to the Town spending anticipated revenues that were not received during the fiscal year. The Town plans to recover the deficit in the Library District Tax Fund from revenues provided by future revenues or a transfer if the revenue is not sufficient to cover the deficit.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Prior period adjustment

In the prior year, interest payable due July 1, 2007 was not recorded in the Town's financial statements of the governmental activities. Therefore, the beginning net assets of the governmental activities and beginning fund balance of the Debt Service Fund in governmental fund financial statements were restated to reflect the interest payable at July 1, 2007. The following summary is necessary to reconcile beginning net assets of the governmental activities and Debt Service Fund fund financial statements.

	<u>Governmental Activities</u>
Net assets, June 30, 2007 (as previously stated)	\$ 111,399,470
Prior period adjustment	<u>(102,301)</u>
Net assets, July 1, 2007 (as restated)	<u>\$ 111,297,169</u>
	<u>Debt Service Fund</u>
Fund balances, June 30, 2007 (as previously stated)	1,267,088
Prior period adjustment	<u>(102,301)</u>
Fund balances, July 1, 2007 (as restated)	<u>1,164,787</u>

TOWN OF PAYSON, ARIZONA
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B. Assets

1. Deposits and investments

Deposits and investments at June 30, 2008 consist of the following:

Deposits	
Cash on hand	\$ 925
Cash in bank	1,202,246
Investments	
State Treasurer's Investment Pool	13,321,880
Cash on deposit with Trustee	<u>1,888,951</u>
Total cash and investments	16,414,002
Restricted assets	<u>(1,684,468)</u>
Total cash and equivalents	<u>\$ 14,729,534</u>

Deposits - The Town's deposits at June 30, 2008, were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name. The Town's deposits are not subject to custodial credit risk.

Investments - The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. Cash on deposit with trustee are held in trust for the Town under a Trust Agreement with J.P. Morgan. The funds held in trust are invested in money market funds, are valued at cost, and are invested in cash and cash equivalents and U.S. Treasury Bills. The funds are not subject to credit risk or interest rate risk.

Interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the average maturity of investments to less than one year. The average maturity of the State Treasurer's Investment Pool is less than one year.

TOWN OF PAYSON, ARIZONA
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Custodial credit risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investment policy requires the Town to invest in obligations secured by the federal government; and, therefore is not subject to custodial credit risk. The Town's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

2. Restricted assets

Restricted assets at June 30, 2008 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Central Arizona Project Trust	\$ 769,673	\$ -	\$ 769,673
Current debt service	-	124,250	124,250
Replacement and extension	-	355,836	355,836
Customer deposits	-	434,709	434,709
	<u>\$ 769,673</u>	<u>\$ 914,795</u>	<u>\$ 1,684,468</u>

3. 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, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Special assessments receivable (Debt Service Fund)	<u>\$ 1,170,452</u>

TOWN OF PAYSON, ARIZONA
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FISCAL YEAR ENDED JUNE 30, 2008

4. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 12,047,106	\$ -	\$ -	\$ 12,047,106
Construction in progress	<u>2,153,916</u>	<u>321,471</u>	<u>(266,810)</u>	<u>2,208,577</u>
Total capital assets, not being depreciated	<u>14,201,022</u>	<u>321,471</u>	<u>(266,810)</u>	<u>14,255,683</u>
Capital assets being depreciated:				
Infrastructure	94,950,386	3,076,230	-	98,026,616
Buildings	8,650,239	69,521	-	8,719,760
Improvements other than buildings	5,906,867	309,635	-	6,216,502
Vehicles, machinery and equipment	<u>6,469,910</u>	<u>852,055</u>	<u>(143,604)</u>	<u>7,178,361</u>
Total capital assets being depreciated	<u>115,977,402</u>	<u>4,307,441</u>	<u>(143,604)</u>	<u>120,141,239</u>
Less accumulated depreciation for:				
Infrastructure	(11,963,047)	(703,502)	-	(12,666,549)
Buildings	(2,024,705)	(261,040)	-	(2,285,745)
Improvements other than buildings	(3,508,805)	(314,264)	-	(3,823,069)
Vehicles, machinery and equipment	<u>(4,906,431)</u>	<u>(339,179)</u>	<u>91,456</u>	<u>(5,154,154)</u>
Total accumulated depreciation	<u>(22,402,988)</u>	<u>(1,617,985)</u>	<u>91,456</u>	<u>(23,929,517)</u>
Total capital assets, being depreciated, net	<u>93,574,414</u>	<u>2,689,456</u>	<u>(52,148)</u>	<u>96,211,722</u>
Governmental activities capital assets, net	<u>\$107,775,436</u>	<u>\$ 3,010,927</u>	<u>\$ (318,958)</u>	<u>\$110,467,405</u>

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,504,077	\$ -	\$ -	\$ 1,504,077
Construction in progress	<u>340,324</u>	<u>135,657</u>	<u>(21,524)</u>	<u>454,457</u>
Total capital assets, not being depreciated	<u>1,844,401</u>	<u>135,657</u>	<u>(21,524)</u>	<u>1,958,534</u>
Capital assets being depreciated:				
Buildings	561,055	39,851	-	600,906
Improvements other than buildings	20,536,716	327,703	(156,054)	20,708,365
Vehicles, furniture and equipment	<u>1,408,934</u>	<u>109,328</u>	<u>(60,136)</u>	<u>1,458,126</u>
Total capital assets being depreciated	<u>22,506,705</u>	<u>476,882</u>	<u>(216,190)</u>	<u>22,767,397</u>
Less accumulated depreciation for:				
Buildings	(300,473)	(19,612)	-	(320,085)
Improvements other than buildings	(9,917,681)	(806,359)	128,011	(10,596,029)
Vehicles, furniture and equipment	<u>(1,060,442)</u>	<u>(131,403)</u>	<u>60,136</u>	<u>(1,131,709)</u>
Total accumulated depreciation	<u>(11,278,596)</u>	<u>(957,374)</u>	<u>188,147</u>	<u>(12,047,823)</u>
Total capital assets, being depreciated, net	<u>11,228,109</u>	<u>(480,492)</u>	<u>(28,043)</u>	<u>10,719,574</u>
Business-type activities capital assets, net	<u>\$ 13,072,510</u>	<u>\$ (344,835)</u>	<u>\$ (49,567)</u>	<u>\$ 12,678,108</u>

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2008

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 39,860
Public safety	285,228
Highways and streets	696,828
Culture and recreation	552,116
Public works	1,293
Community development	<u>42,660</u>
Total depreciation expense-governmental activities	\$ <u>1,617,985</u>
Business-type Activities:	
Water	\$ <u>957,374</u>

5. Construction commitments

The Town has active construction projects at June 30, 2008. At fiscal year end the Town's commitments with contractors were as follows:

<u>Governmental Activities</u>		
<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Westerly Road	\$ 78,494	\$ 60,223
Financial System	192,685	80,000
CAD Police/Fire Equipment	<u>1,167,274</u>	<u>70,000</u>
	\$ <u>1,438,453</u>	\$ <u>210,223</u>
<u>Business-type Activities</u>		
<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Wells	\$ 281,250	\$ 468,750
CC Cragin Pipeline (Blue Ridge)	<u>3,793</u>	<u>1,685,000</u>
	\$ <u>285,043</u>	\$ <u>2,153,750</u>

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

C. Interfund transfers

Interfund transfers for the year ended June 30, 2008 consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	HURF Fund	Debt Service Fund	Nonmajor Governmental Funds	
General Fund	\$ 147,589	\$ 810,149	\$ 100,485	\$ 957,138	\$ 2,015,361
Debt Service Fund	7,964	-	-	-	7,964
Nonmajor Governmental Funds	53,000	-	409,745	32,000	494,745
Water Fund	<u>312,401</u>	<u>-</u>	<u>125,333</u>	<u>-</u>	<u>437,734</u>
	<u>\$ 520,954</u>	<u>\$ 810,149</u>	<u>\$ 635,563</u>	<u>\$ 989,138</u>	<u>\$ 2,955,804</u>

Transfers were made to fund various projects, primarily from the General Fund and for the annual debt service requirements on outstanding excise tax revenue bonds.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2008

D. Obligations under leases

Capital Leases

The Town has entered into lease agreements as a lessee for financing the acquisition of maintenance and public safety vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the net present value of the future minimum lease payments as of the inception date. Revenues from the General and Highway Users Revenue Funds are used to pay the capital lease obligations. Accordingly, the principal amount of the asset is capitalized in the government-wide statement of net assets.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Vehicles, machinery and equipment	\$ 1,021,202
Less: accumulated depreciation	<u>(476,502)</u>
Total	<u>\$ 544,700</u>

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

Year Ending June 30,	<u>Governmental Activities</u>
2009	\$ 217,033
2010	138,500
2011	114,350
2012	102,276
2013	<u>51,138</u>
Total minimum lease payments	623,297
Less: amount representing interest	<u>(57,710)</u>
Present value of minimum lease payments	<u>\$ 565,587</u>

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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E. Note payable

The Town has entered into a note payable for the purchase of real property. Revenues from the Water Fund are used for repayment of the note.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2008	Amount Due Within One Year
Business-type activities:				
Little Note Payable	3.357%	7/1/08 - 15	\$ <u>343,239</u>	\$ <u>42,775</u>

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

		Business-type Activities	
		Principal	Interest
Year Ending June 30,			
	2009	\$ 42,775	\$ 12,951
	2010	44,518	11,208
	2011	46,332	9,395
	2012	48,219	7,507
	2013	50,184	5,542
	Thereafter	<u>111,211</u>	<u>4,884</u>
		\$ <u>343,239</u>	\$ <u>51,487</u>

F. Long-term obligations

The Town has long-term bonds and special assessments payable issued to provide funds for the acquisition and construction of major capital facilities. The bonds are both callable and noncallable with the interest payable semiannually. General obligation bonds are backed by the full faith and credit of the Town. The refunding bonds are funded by property taxes in the Debt Service Fund and the Series 2004 is funded by the .12% sales tax. Special assessments imposed on certain parcels of land within the assessment district are used to pay the East Loop Road Improvement District and Westerly Drive Improvement District bonds. In addition, the Town must establish, maintain, and collect rates, fees and charges for all services supplied by its water utility sufficient to pay for the water revenue bond principal and interest. The excise tax revenue obligation bonds will be repaid from excise tax revenues of the Town and lease revenues from new airport hangars. The certificates of participation will be repaid from park development fees and is guaranteed by a land ground lease. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

TOWN OF PAYSON, ARIZONA
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The Town has pledged secondary property taxes to be levied on all of the taxable property located within the boundaries of the Town to repay \$1.1 million in governmental general obligation refunding bonds issued in 2006. Proceeds of the bonds were used to refund and refinance the outstanding General Obligation Permanent Bond, Series 1996 previously issued by the Town to construct a retention basin for treated sewage known as Green Valley Park. The bonds are payable solely from secondary property taxes and are payable through 2012. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,017,534. Principal and interest paid for the current year and total secondary property taxes were \$207,519 and \$202,304, respectively.

The Town has pledged special sales taxes to repay \$2.0 million in governmental general obligation refunding bonds issued in 2004. Proceeds of the bonds provided financing for various public safety improvements. The bonds are payable solely from special sales taxes and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,730,189. Principal and interest paid for the current year and total special sales taxes were \$290,043 and \$402,998, respectively.

The Town has pledged assessed taxes for each of the homeowners within the District to repay \$2.1 million in governmental special assessments obligations issued in 1996. Proceeds of the bonds provided financing for improvements in the East Loop Road Improvement District. The bonds are payable solely from special assessments levied against all privately owned lots, pieces and parcels of land lying within the boundaries of the District, all of which have been determined to be benefited by the Project. If there is no purchaser for any assessed parcel offered for sale, it will be struck off to the Town as the purchaser and the bonds will be payable by the General Fund or Debt Service Fund. If there is a deficiency in the funds collected from assessments to pay the principal and interest on the bonds, the Town may make good such deficiency by making a temporary loan from other available funds of the Town. The bonds are payable through 2012. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$909,120. Principal and interest paid for the current year and total assessed taxes were \$227,953 and \$160,985, respectively.

TOWN OF PAYSON, ARIZONA
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The Town has pledged assessed taxes for each of the homeowners within the District to repay \$0.9 million in governmental special assessments obligations issued in 1996. Proceeds of the bonds provided financing for improvements in the Westerly Drive Improvement District. The bonds are payable solely from special assessments levied against all privately owned lots, pieces and parcels of land lying within the boundaries of the District, all of which have been determined to be benefited by the Project. If there is no purchaser for any assessed parcel offered for sale, it will be struck off to the Town as the purchaser and the bonds will be payable by the General Fund or Debt Service Fund. If there is a deficiency in the funds collected from assessments to pay the principal and interest on the bonds, the Town may make good such deficiency by making a temporary loan from other available funds of the Town. The bonds are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,153,838. Principal and interest paid for the current year and total excise taxes were \$85,375 and \$160,985, respectively.

The Town has pledged future excise taxes to repay \$0.9 million in governmental excise tax revenue obligations issued in 2003. Proceeds of the bonds provided financing for a new public works building. The bonds are payable from excise taxes and are payable through 2017. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,093,675. Principal and interest paid for the current year and total excise taxes were \$36,625 and \$9,438,204, respectively.

The Town has pledged future excise taxes to repay \$0.4 million in governmental excise tax revenue obligations issued in 2003. Proceeds of the bonds provided financing for the acquisition and construction of hangar storage facilities. The bonds are payable from excise taxes and proceeds from hangar lease agreements. The bonds are payable through 2009. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$167,760. Principal and interest paid for the current year and total excise taxes were \$87,169 and \$9,438,204, respectively.

The Town has pledged park development fee to repay \$0.5 million in certificates of participation issued in 2005. Proceeds of the bonds provided financing for the installation and construction of fencing, lighting and synthetic turf for use as baseball and softball fields. The bonds are payable from park development fees and is guaranteed by a land ground lease. The bonds are payable through 2012. Annual principal and interest payments on the bonds are expected to require less than 8.8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$416,833. Principal and interest paid for the current year and total park development fees were \$87,881 and \$71,607, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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The Town has pledged net revenues from the operation of the Water System to repay \$0.4 million in business-type general obligation bonds issued in 1980. Proceeds of the bonds provided financing for the purchase of the water system now serving the Town and to pay the costs of making improvements, extensions, renewals, replacements and repairs to the water system. The bonds are payable solely from net revenues from the operation of the Water System and are payable through 2010. Annual principal and interest payments on the bonds are expected to require less than 16.3 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$53,750. Principal and interest paid for the current year and total net revenues from the operation of the Water System were \$28,750 and \$449,810, respectively.

The Town has pledged net revenues from the operation of the Water System to repay \$1.9 million in business-type revenue water bond issued in 1980. Proceeds of the bonds provided for the Town to acquire and make improvements to the Water System of the Town. The bonds are payable solely from net revenues from the operation of the Water System and are payable through 2010. Annual principal and interest payments on the bonds are expected to require less than 16.3 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$242,000. Principal and interest paid for the current year and total net revenues from the operation of the Water System were \$121,500 and \$449,810, respectively.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Description	Interest Rate (%)	Maturity	Amount
Governmental activities:			
General Obligation Bonds			
General obligation refunding bonds, Green Valley Park, Series 2006; original issue \$1,085,000	4.0-4.125	7/1/08-12	\$ 920,000
General obligation bonds, Series 2004; original issue \$2,030,000	3.0-3.65	7/1/08-14	<u>1,545,000</u>
Total general obligation bonds			<u>2,465,000</u>
Special assessment bonds			
East Loop Road Improvement District, Series 1996; original issue \$2,142,000	5.9	1/1/09-12	810,000
Westerly Drive Improvement District, Series 2005; original issue \$875,000	5.5	1/1/09-22	<u>805,000</u>
Total special assessment bonds			<u>1,615,000</u>
Revenue bonds			
Excise tax revenue obligations, Public Works, Series 2003A; original issue \$860,000	3.75-4.625	10/1/10-17	860,000
Excise tax revenue obligations, Airport, Series 2003B; original issue \$440,000	3.1-4.94	10/1/08-09	<u>160,000</u>
			<u>1,020,000</u>
Certificates of Participation			
Certificates of Participation, Series 2005; original issue \$545,000	3.2-4.5	11/1/08-12	<u>375,000</u>
Total governmental activities			<u>\$ 5,475,000</u>
Business-type activities:			
Bonds payable			
General obligation bonds, Series 1980; original issue \$400,000	5.0	7/1/09-10	\$ 50,000
Revenue water bond, Series 1980A; original issue \$1,850,000	5.0	7/1/09-10	<u>225,000</u>
Total business-type activities			<u>\$ 275,000</u>

TOWN OF PAYSON, ARIZONA
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Changes in long-term obligations for the year ended June 30, 2008 are as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and special assessments					
General obligation bonds	\$ 2,825,000	\$ -	\$ (360,000)	\$ 2,465,000	\$ 410,000
Special assessment bonds	1,830,000	-	(215,000)	1,615,000	225,000
Revenue bonds payable	1,095,000	-	(75,000)	1,020,000	80,000
Certificates of participation	<u>445,000</u>	<u>-</u>	<u>(70,000)</u>	<u>375,000</u>	<u>80,000</u>
	6,195,000	-	(720,000)	5,475,000	795,000
Deferred amounts:					
Premium	50,566	-	(4,316)	46,250	-
Deferred amount on refunding	<u>(23,592)</u>	<u>-</u>	<u>4,718</u>	<u>(18,874)</u>	<u>-</u>
Total bonds and special assessment debt	6,221,974	-	(719,598)	5,502,376	795,000
Other liabilities					
Loan payable	-	-	-	-	-
Capital leases	193,341	550,000	(177,754)	565,587	193,117
Compensated absences	<u>1,042,958</u>	<u>731,116</u>	<u>(744,914)</u>	<u>1,029,160</u>	<u>723,638</u>
	<u>\$ 7,458,273</u>	<u>\$ 1,281,116</u>	<u>\$ (1,642,266)</u>	<u>\$ 7,097,123</u>	<u>\$ 1,711,755</u>
Business-type Activities:					
Bonds payable	\$ 405,000	\$ -	\$ (130,000)	\$ 275,000	\$ 135,000
Notes payable	384,340	-	(41,101)	343,239	42,775
Compensated absences	<u>191,612</u>	<u>115,288</u>	<u>(95,048)</u>	<u>211,852</u>	<u>97,900</u>
	<u>\$ 980,952</u>	<u>\$ 115,288</u>	<u>\$ (266,149)</u>	<u>\$ 830,091</u>	<u>\$ 275,675</u>

Debt service requirements on long-term debt at June 30, 2008 are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 795,000	\$ 230,195	\$ 135,000	\$ 13,750
2010	770,000	196,592	140,000	7,000
2011	810,000	162,568	-	-
2012	855,000	126,395	-	-
2013	615,000	87,903	-	-
2014-18	1,335,000	214,803	-	-
2019-23	<u>295,000</u>	<u>41,525</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,475,000</u>	<u>\$ 1,059,981</u>	<u>\$ 275,000</u>	<u>\$ 20,750</u>

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

In prior years, the Town defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2008, the amount of defeased debt outstanding but removed from the Town's financial statements was \$846,000.

NOTE 4 - OTHER INFORMATION

A. Risk management

The Town of Payson, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The Arizona Municipal Risk Retention Pool is a public entity risk pool currently operating as a common risk management and insurance program for 70 member cities and towns. The Town pays an annual premium to Arizona Municipal Risk Retention Pool for its general insurance coverage. The agreement provides that Arizona Risk Retention Pool will be self-sustaining through member premiums. The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

The Town is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents. Employees' medical needs are met through a Health and Medical Benefits program offered by the Town. There have been no claim settlements in excess of insurance coverage for the past three years.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2008

In a prior fiscal year, the Town established a Self-funded Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss related to health claims. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$50,000. Settlements did not exceed coverage for the past fiscal year. The claims outstanding at June 30, 2008 are expected to be paid in the next year.

Changes in the balances of claims liability during the past two years are as follows:

	Claims Liability at beginning of year	Current Year Claims and Changes in Estimates	Claims Payments	Claims Liability at end of year
2006-07	\$ 82,825	\$ 1,208,899	\$ 1,214,850	\$ 76,874
2007-08	76,874	1,396,458	1,284,845	188,487

B. Contingent liabilities

Accumulated sick leave - Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and therefore, are not accrued. Unvested accumulated sick leave of Town employees at June 30, 2008, totaled \$638,645.

Lawsuits - The Town is a defendant in various lawsuits. In the opinion of the Town's attorney, the outcome of these lawsuits is not presently determinable.

Ground Lease - In November 2005, the Town executed a ground lease. Under the lease agreement, the Town leased a portion of Rumsey Park related to the two new ballfields to the Trustee. The Trustee, in turn, leased the property back to the Town for seven years or until the certificates of participation are fully paid or defeased. Upon maturity of the certificates, the ground lease will terminate and the Town will become the sole and only owner of the property.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2008

C. Retirement plans

Arizona State Retirement System

Plan Descriptions - The Town contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates. For the year ended June 30, 2008, active plan 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 Town 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.

		Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years ended June 30,				
	2008	\$ 440,201	\$ 57,433	\$ 27,352
	2007	368,244	48,045	22,881
	2006	300,630	39,224	18,680

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

Public Safety Personnel Retirement System (PSPRS)

Plan description - The Town contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Road, Suite 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

Funding policy - Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The Town is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 11.40% and 12.44% of annual covered payroll for Police and Fire, respectively.

Annual pension cost - During the year ended June 30, 2007 (the date of the most recent actuarial valuation), the Town of Payson, Arizona's annual pension cost of \$304,018 for police and \$151,112 for fire was equal to the Town of Payson, Arizona's required and actual contributions.

The required contribution was determined as part of the June 30, 2007 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 5.5% (including inflation at 5.0%) per year compounded annually, and (c) additional projected salary increases of 0.0% to 3.0% per year attributable to seniority/merit.

Funded Status and Funding Progress - As of June 30, 2007, the most recent actuarial valuation date, the plan was 52.1 percent funded for police and 69.1 percent funded for fire. The actuarial accrued liability for benefits was \$5.5 million for police and \$3.5 million for fire, and the actuarial value of assets was \$10.6 million for police and \$5.1 million for fire, resulting in an unfunded actuarial accrued liability (UAAL) of \$5.1 million for police and \$1.6 million for fire. The covered payroll (annual payroll of active employees covered by the plan) was \$1.6 million for police and \$1.5 million for fire, and the ratio of the UAAL to the covered payroll was 320.0 percent for police and 102.0 percent for fire.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial value of the Town of Payson, Arizona's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Town of Payson, Arizona's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007, was 20 years.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

Three-Year Trend Information

Police

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 234,532	100.0 %	\$ -
2006	331,987	100.0	-
2007	304,018	100.0	-

Three-Year Trend Information

Fire

<u>Fiscal Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 91,975	100.0 %	\$ -
2006	84,793	100.0	-
2007	151,112	100.0	-

Additional historical trend information for the Town's PSPRS is disclosed on page 66.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

TOWN OF PAYSON, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

Postemployment Benefits Other Than Pension Benefits

The Town provides postretirement health care benefits in accordance with the Town of Payson Personnel Rules and Procedures manual. An employee eligible for the Retirement Medical Benefits Insurance Package from the Town of Payson, Arizona shall meet the requirements of "Rule 70" with a minimum of ten years of service to be eligible for retirement. An employee must obtain 70 points by computing his/her age and the number of years of continued service to the Town. A Council Member who was elected prior to 1998 and has served eight (8) consecutive years will be eligible for retirement Medical, Dental, Vision and Life Insurance benefits upon reaching sixty (60) years of age. No Council Member who was elected or appointed to the office in the year 1998 or later shall be eligible under any circumstances, for retirement Medical, Dental, Vision and Life Insurance benefits.

Currently, 17 pre-Medicare retirees with their 10 dependents and 18 Medicare retirees and 6 of their dependents meet those eligibility requirements. The Town makes average monthly contributions of \$919 for all pre-Medicare retirees and \$354 for all Medicare eligible retirees. During the year ended June 30, 2008, the Town contributed \$205,338 for all eligible retirees. The Town operates the plan on a pay-as-you go basis; however, the Town will conduct an actuarial study on the plan for the upcoming fiscal year.

Required Supplementary Information

TOWN OF PAYSON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Payson Police

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Over(Under) funded AAL</u>	<u>Annual Covered Payroll</u>	<u>Over(Under) funded AAL as a Percentage of Covered Payroll</u>
2005	\$ 4,907,064	\$ 8,163,150	60.1 %	\$ (3,256,086)	\$1,331,229	(244.6)%
2006	5,299,302	9,793,106	54.1	(4,493,804)	1,548,694	(290.2)
2007	5,537,075	10,625,595	52.1	(5,088,520)	1,589,974	(320.0)

Payson Fire

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Over(Under) funded AAL</u>	<u>Annual Covered Payroll</u>	<u>Over(Under) funded AAL as a Percentage of Covered Payroll</u>
2005	\$ 3,033,272	\$ 3,445,662	88.0 %	\$ (412,390)	\$1,184,599	(34.8)%
2006	3,280,592	4,294,563	76.4	(1,013,971)	1,436,520	(70.6)
2007	3,499,099	5,060,508	69.1	(1,561,409)	1,531,000	(102.0)

**Combining and Individual Fund
Statements and Schedules**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gifts and Grants - accounts for revenues that must be accounted for until completely expended. It includes such funding as the Green Valley Park Memorial Account, the DARE Program accounts, and similar accounts.

Wildlands Urban Program - accounts for costs associated with fighting fires as part of the Wildlands/Urban Fire Program.

Bed Tax - accounts for transient rental tax in the amount of 3% per transaction that is charged by the operator to any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of less than thirty consecutive days. The purpose of the transient rental tax is for promotion, development, and enhancement of tourism industry, with all functions incidental and related thereto.

Library District Tax - accounts for the costs associated with the Town's library and is primarily funded by a special property tax assessed by the Gila County Library District specifically for libraries within the county. The tax is distributed by a population-based formula and must be used for library related expenditures.

Judicial Collection Enhancement (JCEF)/Municipal Court Fill the Gap (FTG) - accounts for a \$12 penalty fee established by the State of Arizona to be imposed by the local courts in addition to other fines. The distribution of the fee was split two ways: \$9.00 was remitted to the State Superior Court and \$3.00 was retained by the local court. The use of the \$3.00 fee is for the enhancement of the collection process. The State of Arizona established a 7% increase in surcharges on September 1, 1999 with Senate Bill 1013. A portion of the increase is distributed to Municipal Courts on a quarterly basis. The program is titled "Municipal Court Fill the Gap" or FTG. The monies collected by this program may be used for the same purposes for which local JCEF monies may be used.

Municipal Airport - accounts for all revenues and expenditures related to the operation of the Town's Municipal Airport.

Event Center - accounts for expenditures related to the Town's 36 acre Multi-event recreation center located on the south edge of town. User fees related to the various activities held during the year help fund the operation of the complex.

Police Reserve Academy - accounts for all revenues and expenditures related to the operation of the Town's Police Reserve Academy. The Town established its own Police Reserve Academy to develop a source of reserve candidates to fill future vacancies due to impending retirements in the Police Department. The Town will experience an increase in retirements over the next several years, and is already experiencing problems locating and hiring trained and AZ-POST certified police officers.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects - accounts for the major projects funded by operating transfers from the General Fund and general bond financing. It includes all major projects except for the Water Fund, grant related projects, and other special revenue funds.

Equipment Replacement - accounts for funds set aside for equipment replacement as an alternative to other financing sources.

Grant Capital Projects - accounts for all major grant financed projects.

Development Fees - accounts for park and other development fees, not recorded in other funds (i.e. streets, water, etc.). The use of these fees are restricted by ordinance.

Green Valley Redevelopment - accounts for the various revenues and expenditures generated to accomplish long-range goals associated with the Green Valley Redevelopment Area Plan (Plan), which was approved and adopted by the Town Council by Resolution 1394. The purpose of the Plan is to identify and direct specific actions which will assist in the return of the Main Street area as a functional contributor to the Payson economy and the social well being of the residents.

Construction Excise Tax Revenue Obligations - accounts for bond proceeds of the Excise Tax Revenue Obligations, Series 2003A and Taxable Excise Tax Revenue Obligations, Series 2003B and their related expenditures.

Construction Westerly Road Improvements - accounts for bond proceeds of the Westerly Drive Improvement Project. A Special Assessment Improvement District was established to authorize the selling of the bonds and payment of debt service. The Town will be a participant in the project along with the abutting property owners.

Central Arizona Project Trust Fund - accounts for monies associated with an agreement the Town entered into in order to assign the Town's Central Arizona Project Water (CAP) allocation in exchange for monies placed in a trust fund. The Water Trust Fund monies are to be used for the purpose of defraying the expenditures associated with investigating, planning, constructing, acquiring and/or developing an alternative water supply to replace the CAP water assigned.

Public Safety Bond Project Fund - accounts for bond proceeds of Public Safety Bonds issued in September 2004. The bonds were authorized by the qualified electors of the Town voting at a special bond election held on September 9, 2003. The proceeds will be used for making various public safety improvements and to pay costs related to the issuance of the bonds.

TOWN OF PAYSON, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue								
	Gifts and Grants	Wildlands Urban Program	Bed Tax	Library District Tax	JCEF/FTG	Municipal Airport	Event Center	Police Reserve Academy	Total
Assets									
Cash and equivalents	\$ 131,276	\$ 175,710	\$ 100,798	\$ 6,869	\$ 2,082	\$ 203,502	\$ 1,313	\$ 2,290	\$ 623,840
Restricted assets	-	-	-	-	-	-	-	-	-
Receivables, net									
Accounts receivable	-	-	-	-	-	612	-	-	612
Intergovernmental receivable	-	-	-	-	-	37,923	-	1,421	39,344
Prepaid items	-	-	-	-	-	250	-	-	250
Total assets	<u>\$ 131,276</u>	<u>\$ 175,710</u>	<u>\$ 100,798</u>	<u>\$ 6,869</u>	<u>\$ 2,082</u>	<u>\$ 242,287</u>	<u>\$ 1,313</u>	<u>\$ 3,711</u>	<u>\$ 664,046</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 378	\$ -	\$ -	\$ 536	\$ -	\$ 4,601	\$ 626	\$ -	\$ 6,141
Accrued wages and benefits	-	56	-	7,978	-	-	1	30	8,065
Customer deposits payable	-	-	-	-	-	7,345	-	-	7,345
Total liabilities	<u>378</u>	<u>56</u>	<u>-</u>	<u>8,514</u>	<u>-</u>	<u>11,946</u>	<u>627</u>	<u>30</u>	<u>21,551</u>
Fund balances									
Reserved for prepaid items	-	-	-	-	-	250	-	-	250
Unreserved	<u>130,898</u>	<u>175,654</u>	<u>100,798</u>	<u>(1,645)</u>	<u>2,082</u>	<u>230,091</u>	<u>686</u>	<u>3,681</u>	<u>642,245</u>
Total fund balances	<u>130,898</u>	<u>175,654</u>	<u>100,798</u>	<u>(1,645)</u>	<u>2,082</u>	<u>230,341</u>	<u>686</u>	<u>3,681</u>	<u>642,495</u>
Total liabilities and fund balances	<u>\$ 131,276</u>	<u>\$ 175,710</u>	<u>\$ 100,798</u>	<u>\$ 6,869</u>	<u>\$ 2,082</u>	<u>\$ 242,287</u>	<u>\$ 1,313</u>	<u>\$ 3,711</u>	<u>\$ 664,046</u>

Capital Projects

Capital Projects	Equipment Replacement	Grant Capital Projects	Development Fees	Green Valley Redevelopment	Construction Excise Tax Revenue Obligations	Construction Westerly Road Improvements	Central Arizona Project Trust	Public Safety Bond Project	Totals	Total Nonmajor Governmental Funds
\$ 51,626	\$ 1,886	\$ 1,064	\$ 221,492	\$ 31,651	\$ 1,451	\$ -	\$ 23,762	\$ 305,752	\$ 638,684	\$ 1,262,524
-	-	-	-	-	-	-	769,673	-	769,673	769,673
105,840	-	-	-	-	-	-	-	-	105,840	106,452
-	-	34,722	-	-	-	-	-	-	34,722	74,066
-	-	-	-	-	-	-	-	-	-	250
<u>\$ 157,466</u>	<u>\$ 1,886</u>	<u>\$ 35,786</u>	<u>\$ 221,492</u>	<u>\$ 31,651</u>	<u>\$ 1,451</u>	<u>\$ -</u>	<u>\$ 793,435</u>	<u>\$ 305,752</u>	<u>\$ 1,548,919</u>	<u>\$ 2,212,965</u>
\$ 18,407	\$ -	\$ -	\$ 5,273	\$ -	\$ -	\$ -	\$ 685	\$ -	\$ 24,365	\$ 30,506
-	-	-	-	-	-	-	-	-	-	8,065
-	-	-	-	-	-	-	-	-	-	7,345
<u>18,407</u>	<u>-</u>	<u>-</u>	<u>5,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>685</u>	<u>-</u>	<u>24,365</u>	<u>45,916</u>
-	-	-	-	-	-	-	-	-	-	250
<u>139,059</u>	<u>1,886</u>	<u>35,786</u>	<u>216,219</u>	<u>31,651</u>	<u>1,451</u>	<u>-</u>	<u>792,750</u>	<u>305,752</u>	<u>1,524,554</u>	<u>2,166,799</u>
<u>139,059</u>	<u>1,886</u>	<u>35,786</u>	<u>216,219</u>	<u>31,651</u>	<u>1,451</u>	<u>-</u>	<u>792,750</u>	<u>305,752</u>	<u>1,524,554</u>	<u>2,167,049</u>
<u>\$ 157,466</u>	<u>\$ 1,886</u>	<u>\$ 35,786</u>	<u>\$ 221,492</u>	<u>\$ 31,651</u>	<u>\$ 1,451</u>	<u>\$ -</u>	<u>\$ 793,435</u>	<u>\$ 305,752</u>	<u>\$ 1,548,919</u>	<u>\$ 2,212,965</u>

TOWN OF PAYSON, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue								
	Gifts and Grants	Wildlands Urban Program	Bed Tax	Library District Tax	JCEF/FTG	Municipal Airport	Event Center	Police Reserve Academy	Totals
Revenues									
Taxes									
Sales taxes	\$ -	\$ -	\$ 182,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,655
Property taxes	-	-	-	212,300	-	-	-	-	212,300
Intergovernmental	4,234	-	-	-	-	76,629	-	-	80,863
Fines and forfeitures	-	-	-	16,036	-	-	-	-	16,036
Charges for services	-	67,570	-	-	-	51,167	18,310	-	137,047
Contributions and donations	40,391	-	-	-	7,164	-	-	-	47,555
Development impact fees	-	-	-	-	-	-	-	-	-
Investment earnings	2,462	3,543	1,259	2,198	2,100	5,437	-	1,421	18,420
Other	-	-	-	-	-	4,960	-	-	4,960
Total revenues	<u>47,087</u>	<u>71,113</u>	<u>183,914</u>	<u>230,534</u>	<u>9,264</u>	<u>138,193</u>	<u>18,310</u>	<u>1,421</u>	<u>699,836</u>
Expenditures									
Current									
General government	-	-	-	-	67,530	-	-	-	67,530
Public safety	9,991	43,307	-	-	-	-	-	5,740	59,038
Culture and recreation	1,068	-	48,077	517,919	-	-	52,302	-	619,366
Public works	-	-	-	-	-	184,916	-	-	184,916
Debt Service									
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>11,059</u>	<u>43,307</u>	<u>48,077</u>	<u>517,919</u>	<u>67,530</u>	<u>184,916</u>	<u>52,302</u>	<u>5,740</u>	<u>930,850</u>
Excess (deficiency) of revenues over expenditures	<u>36,028</u>	<u>27,806</u>	<u>135,837</u>	<u>(287,385)</u>	<u>(58,266)</u>	<u>(46,723)</u>	<u>(33,992)</u>	<u>(4,319)</u>	<u>(231,014)</u>
Other financing sources (uses)									
Transfers in	-	-	-	275,039	-	33,156	32,000	14,000	354,195
Transfers out	-	-	(85,000)	-	-	-	-	-	(85,000)
Proceeds from capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>275,039</u>	<u>-</u>	<u>33,156</u>	<u>32,000</u>	<u>14,000</u>	<u>269,195</u>
Net change in fund balances	36,028	27,806	50,837	(12,346)	(58,266)	(13,567)	(1,992)	9,681	38,181
Fund balances, beginning of year (deficit)	<u>94,870</u>	<u>147,848</u>	<u>49,961</u>	<u>10,701</u>	<u>60,348</u>	<u>243,908</u>	<u>2,678</u>	<u>(6,000)</u>	<u>604,314</u>
Fund balances, end of year (deficit)	<u>\$ 130,898</u>	<u>\$ 175,654</u>	<u>\$ 100,798</u>	<u>\$ (1,645)</u>	<u>\$ 2,082</u>	<u>\$ 230,341</u>	<u>\$ 686</u>	<u>\$ 3,681</u>	<u>\$ 642,495</u>

Capital Projects

Capital Projects	Equipment Replacement	Grant Capital Projects	Development Fees	Green Valley Redevelopment	Construction Excise Tax Revenue Obligations	Construction Westerly Road Improvements	Central Arizona Project Trust	Public Safety Bond Project	Totals	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,655
-	-	-	-	-	-	-	-	-	-	212,300
-	-	354,609	103	-	-	-	-	-	354,712	435,575
-	-	-	-	-	-	-	-	-	-	16,036
-	-	-	75	-	-	-	-	-	75	137,047
-	-	-	109,045	-	-	-	-	-	109,045	47,630
5,611	47	6	7,971	1,170	14,581	-	72,726	7,995	110,107	109,045
-	-	-	-	120	-	-	-	-	120	128,527
<u>5,611</u>	<u>47</u>	<u>354,615</u>	<u>117,194</u>	<u>1,290</u>	<u>14,581</u>	<u>-</u>	<u>72,726</u>	<u>7,995</u>	<u>574,059</u>	<u>1,273,895</u>
-	-	-	-	-	-	-	-	-	-	67,530
-	-	-	15	-	-	-	-	33,330	33,345	92,383
-	-	-	-	-	-	-	-	-	-	619,366
-	-	-	-	-	-	-	-	-	-	184,916
-	-	-	289	-	-	-	-	-	289	289
<u>1,264,873</u>	<u>-</u>	<u>328,184</u>	<u>103,684</u>	<u>57,610</u>	<u>1,555</u>	<u>-</u>	<u>241,723</u>	<u>-</u>	<u>1,997,629</u>	<u>1,997,629</u>
<u>1,264,873</u>	<u>-</u>	<u>328,184</u>	<u>103,988</u>	<u>57,610</u>	<u>1,555</u>	<u>-</u>	<u>241,723</u>	<u>33,330</u>	<u>2,031,263</u>	<u>2,962,113</u>
<u>(1,259,262)</u>	<u>47</u>	<u>26,431</u>	<u>13,206</u>	<u>(56,320)</u>	<u>13,026</u>	<u>-</u>	<u>(168,997)</u>	<u>(25,335)</u>	<u>(1,457,204)</u>	<u>(1,688,218)</u>
634,943	-	-	-	-	-	-	-	-	634,943	989,138
-	-	-	(88,673)	-	(291,385)	(29,687)	-	-	(409,745)	(494,745)
<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>550,000</u>
<u>1,184,943</u>	<u>-</u>	<u>-</u>	<u>(88,673)</u>	<u>-</u>	<u>(291,385)</u>	<u>(29,687)</u>	<u>-</u>	<u>-</u>	<u>775,198</u>	<u>1,044,393</u>
(74,319)	47	26,431	(75,467)	(56,320)	(278,359)	(29,687)	(168,997)	(25,335)	(682,006)	(643,825)
<u>213,378</u>	<u>1,839</u>	<u>9,355</u>	<u>291,686</u>	<u>87,971</u>	<u>279,810</u>	<u>29,687</u>	<u>961,747</u>	<u>331,087</u>	<u>2,206,560</u>	<u>2,810,874</u>
<u>\$ 139,059</u>	<u>\$ 1,886</u>	<u>\$ 35,786</u>	<u>\$ 216,219</u>	<u>\$ 31,651</u>	<u>\$ 1,451</u>	<u>\$ -</u>	<u>\$ 792,750</u>	<u>\$ 305,752</u>	<u>\$ 1,524,554</u>	<u>\$ 2,167,049</u>

TOWN OF PAYSON, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes				
Sales taxes	\$ 400,000	\$ 400,000	\$ 402,998	\$ 2,998
Property taxes	200,000	200,000	202,304	2,304
Contributions and donations	60,000	60,000	60,000	-
Special assessments	116,480	116,480	160,985	44,505
Investment earnings	10,180	10,180	31,419	21,239
Other	<u>77,280</u>	<u>77,280</u>	<u>78,212</u>	<u>932</u>
Total Revenues	<u>863,940</u>	<u>863,940</u>	<u>935,918</u>	<u>71,978</u>
Expenditures				
Debt Service				
Principal retirement	822,090	822,090	897,754	(75,664)
Interest on long-term debt	<u>274,540</u>	<u>272,540</u>	<u>277,341</u>	<u>(4,801)</u>
Total Expenditures	<u>1,096,630</u>	<u>1,094,630</u>	<u>1,175,095</u>	<u>(80,465)</u>
Excess (deficiency) of revenues over expenditures	<u>(232,690)</u>	<u>(230,690)</u>	<u>(239,177)</u>	<u>(8,487)</u>
Other financing sources (uses)				
Transfers in	226,360	852,279	635,563	(216,716)
Transfers out	<u>-</u>	<u>-</u>	<u>(7,964)</u>	<u>(7,964)</u>
Total other financing sources (uses)	<u>226,360</u>	<u>852,279</u>	<u>627,599</u>	<u>(224,680)</u>
Net change in fund balance	(6,330)	621,589	388,422	(233,167)
Fund balances, beginning of year (as restated)	<u>1,082,989</u>	<u>1,259,122</u>	<u>1,164,787</u>	<u>(94,335)</u>
Fund balances, end of year	<u>\$ 1,076,659</u>	<u>\$ 1,880,711</u>	<u>\$ 1,553,209</u>	<u>\$ (327,502)</u>

TOWN OF PAYSON, ARIZONA
GIFTS AND GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 143,320	\$ 143,320	\$ 4,234	\$ (139,086)
Contributions and donations	356,250	356,250	40,391	(315,859)
Investment earnings	-	-	2,462	2,462
Total Revenues	<u>499,570</u>	<u>499,570</u>	<u>47,087</u>	<u>(452,483)</u>
Expenditures				
Current				
Public safety	132,720	167,470	9,991	157,479
Culture and recreation	6,220	6,220	1,068	5,152
Community development	<u>300,000</u>	<u>300,000</u>	-	300,000
Total Expenditures	<u>438,940</u>	<u>473,690</u>	<u>11,059</u>	<u>462,631</u>
Excess (deficiency) of revenues over expenditures	60,630	25,880	36,028	10,148
Fund balances, beginning of year	<u>52,497</u>	<u>94,870</u>	<u>94,870</u>	-
Fund balances, end of year	<u>\$ 113,127</u>	<u>\$ 120,750</u>	<u>\$ 130,898</u>	<u>\$ 10,148</u>

TOWN OF PAYSON, ARIZONA
WILDLANDS URBAN PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for services	\$ 200,870	\$ 200,870	\$ 67,570	\$ (133,300)
Investment earnings	-	-	3,543	3,543
Total Revenues	<u>200,870</u>	<u>200,870</u>	<u>71,113</u>	<u>(129,757)</u>
Expenditures				
Current				
Public safety	<u>177,050</u>	<u>177,050</u>	<u>43,307</u>	<u>133,743</u>
Total Expenditures	<u>177,050</u>	<u>177,050</u>	<u>43,307</u>	<u>133,743</u>
Excess (deficiency) of revenues over expenditures	23,820	23,820	27,806	3,986
Fund balances, beginning of year (deficit)	<u>108,756</u>	<u>147,848</u>	<u>147,848</u>	<u>-</u>
Fund balances, end of year	<u>\$ 132,576</u>	<u>\$ 171,668</u>	<u>\$ 175,654</u>	<u>\$ 3,986</u>

TOWN OF PAYSON, ARIZONA
BED TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes				
Sales taxes	\$ 247,800	\$ 247,800	\$ 182,655	\$ (65,145)
Contributions and donations	35,000	35,000	-	(35,000)
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>1,259</u>	<u>(741)</u>
Total Revenues	<u>284,800</u>	<u>284,800</u>	<u>183,914</u>	<u>(100,886)</u>
Expenditures				
Current				
General government	76,800	76,800	-	76,800
Culture and recreation	-	41,200	48,077	(6,877)
Community development	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Total Expenditures	<u>146,800</u>	<u>188,000</u>	<u>48,077</u>	<u>139,923</u>
Excess (deficiency) of revenues over expenditures	<u>138,000</u>	<u>96,800</u>	<u>135,837</u>	<u>39,037</u>
Other financing sources (uses)				
Transfers out	<u>(101,000)</u>	<u>(101,000)</u>	<u>(85,000)</u>	<u>16,000</u>
Total other financing sources (uses)	<u>(101,000)</u>	<u>(101,000)</u>	<u>(85,000)</u>	<u>16,000</u>
Net change in fund balances	37,000	(4,200)	50,837	55,037
Fund balances, beginning of year	<u>65,660</u>	<u>49,960</u>	<u>49,961</u>	<u>1</u>
Fund balances, end of year	<u>\$ 102,660</u>	<u>\$ 45,760</u>	<u>\$ 100,798</u>	<u>\$ 55,038</u>

TOWN OF PAYSON, ARIZONA
LIBRARY DISTRICT TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes				
Property taxes	\$ 210,420	\$ 210,420	\$ 212,300	\$ 1,880
Fines and forfeitures	16,000	16,000	16,036	36
Investment earnings	-	-	2,198	2,198
Total Revenues	<u>226,420</u>	<u>226,420</u>	<u>230,534</u>	<u>4,114</u>
Expenditures				
Current				
Culture and recreation	<u>500,466</u>	<u>500,466</u>	<u>517,919</u>	<u>(17,453)</u>
Total Expenditures	<u>500,466</u>	<u>500,466</u>	<u>517,919</u>	<u>(17,453)</u>
Other financing sources (uses)				
Transfers in	<u>265,289</u>	<u>265,289</u>	<u>275,039</u>	<u>9,750</u>
Total other financing sources (uses)	<u>265,289</u>	<u>265,289</u>	<u>275,039</u>	<u>9,750</u>
Excess (deficiency) of revenues over expenditures	(8,757)	(8,757)	(12,346)	(3,589)
Fund balances, beginning of year	<u>8,757</u>	<u>10,701</u>	<u>10,701</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,944</u>	<u>\$ (1,645)</u>	<u>\$ (3,589)</u>

TOWN OF PAYSON, ARIZONA
JCEF/FTG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Contributions and donations	\$ 8,000	\$ 8,000	\$ 7,164	\$ (836)
Investment earnings	<u>200</u>	<u>200</u>	<u>2,100</u>	<u>1,900</u>
Total Revenues	<u>8,200</u>	<u>8,200</u>	<u>9,264</u>	<u>1,064</u>
Expenditures				
Current				
General government	<u>67,530</u>	<u>67,530</u>	<u>67,530</u>	<u>-</u>
Total Expenditures	<u>67,530</u>	<u>67,530</u>	<u>67,530</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(59,330)	(59,330)	(58,266)	1,064
Fund balances, beginning of year	<u>59,341</u>	<u>60,347</u>	<u>60,348</u>	<u>1</u>
Fund balances, end of year	<u>\$ 11</u>	<u>\$ 1,017</u>	<u>\$ 2,082</u>	<u>\$ 1,065</u>

TOWN OF PAYSON, ARIZONA
MUNICIPAL AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 276,600	\$ 276,600	\$ 76,629	\$ (199,971)
Charges for services	82,760	82,760	51,167	(31,593)
Investment earnings	100	100	5,437	5,337
Other	10,000	10,000	4,960	(5,040)
Total Revenues	<u>369,460</u>	<u>369,460</u>	<u>138,193</u>	<u>(231,267)</u>
Expenditures				
Current				
Public works	456,735	456,735	184,916	271,819
Total Expenditures	<u>456,735</u>	<u>456,735</u>	<u>184,916</u>	<u>271,819</u>
Excess (deficiency) of revenues over expenditures	<u>(87,275)</u>	<u>(87,275)</u>	<u>(46,723)</u>	<u>40,552</u>
Other financing sources (uses)				
Transfers in	49,734	123,764	33,156	(90,608)
Transfers out	<u>(84,170)</u>	<u>(84,170)</u>	-	84,170
Total other financing sources (uses)	<u>(34,436)</u>	<u>39,594</u>	<u>33,156</u>	<u>(6,438)</u>
Net change in fund balances	(121,711)	(47,681)	(13,567)	34,114
Fund balances, beginning of year	<u>47,681</u>	<u>243,907</u>	<u>243,908</u>	<u>1</u>
Fund balances, end of year	<u>\$ (74,030)</u>	<u>\$ 196,226</u>	<u>\$ 230,341</u>	<u>\$ 34,115</u>

TOWN OF PAYSON, ARIZONA
EVENT CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for services	\$ <u>16,000</u>	\$ <u>16,000</u>	\$ <u>18,310</u>	\$ <u>2,310</u>
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>18,310</u>	<u>2,310</u>
Expenditures				
Current				
Culture and recreation	<u>48,860</u>	<u>48,860</u>	<u>52,302</u>	<u>(3,442)</u>
Total Expenditures	<u>48,860</u>	<u>48,860</u>	<u>52,302</u>	<u>(3,442)</u>
Excess (deficiency) of revenues over expenditures	<u>(32,860)</u>	<u>(32,860)</u>	<u>(33,992)</u>	<u>(1,132)</u>
Other financing sources (uses)				
Transfers in	48,000	48,000	32,000	(16,000)
Transfers out	<u>(19,000)</u>	<u>(19,000)</u>	<u>-</u>	<u>19,000</u>
Total other financing sources (uses)	<u>29,000</u>	<u>29,000</u>	<u>32,000</u>	<u>3,000</u>
Net change in fund balances	(3,860)	(3,860)	(1,992)	1,868
Fund balances, beginning of year (deficit)	<u>4,861</u>	<u>2,678</u>	<u>2,678</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,001</u>	<u>\$ (1,182)</u>	<u>\$ 686</u>	<u>\$ 1,868</u>

TOWN OF PAYSON, ARIZONA
POLICE RESERVE ACADEMY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for services	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Investment earnings	-	-	1,421	1,421
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>1,421</u>	<u>(6,079)</u>
Expenditures				
Current				
Public safety	<u>166,572</u>	<u>166,572</u>	<u>5,740</u>	<u>160,832</u>
Total Expenditures	<u>166,572</u>	<u>166,572</u>	<u>5,740</u>	<u>160,832</u>
Excess (deficiency) of revenues over expenditures	<u>(159,072)</u>	<u>(159,072)</u>	<u>(4,319)</u>	<u>154,753</u>
Other financing sources (uses)				
Transfers in	<u>169,880</u>	<u>169,880</u>	<u>14,000</u>	<u>(155,880)</u>
Total other financing sources (uses)	<u>169,880</u>	<u>169,880</u>	<u>14,000</u>	<u>(155,880)</u>
Net change in fund balances	10,808	10,808	9,681	(1,127)
Fund balances, beginning of year	<u>(10,357)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Fund balances, end of year	<u>\$ 451</u>	<u>\$ 4,808</u>	<u>\$ 3,681</u>	<u>\$ (1,127)</u>

TOWN OF PAYSON, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,611</u>	\$ <u>5,611</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>5,611</u>	<u>5,611</u>
Expenditures				
Capital outlay	<u>1,363,040</u>	<u>1,653,040</u>	<u>1,264,873</u>	<u>388,167</u>
Total Expenditures	<u>1,363,040</u>	<u>1,653,040</u>	<u>1,264,873</u>	<u>388,167</u>
Excess (deficiency) of revenues over expenditures	<u>(1,363,040)</u>	<u>(1,653,040)</u>	<u>(1,259,262)</u>	<u>393,778</u>
Other financing sources (uses)				
Transfers in	905,000	905,000	634,943	(270,057)
Proceeds from capital lease	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,455,000</u>	<u>1,455,000</u>	<u>1,184,943</u>	<u>(270,057)</u>
Net change in fund balances	91,960	(198,040)	(74,319)	123,721
Fund balances, beginning of year	<u>198,063</u>	<u>213,378</u>	<u>213,378</u>	<u>-</u>
Fund balances, end of year	<u>\$ 290,023</u>	<u>\$ 15,338</u>	<u>\$ 139,059</u>	<u>\$ 123,721</u>

TOWN OF PAYSON, ARIZONA
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	\$ -	\$ -	\$ 47	\$ 47
Total Revenues	<u>-</u>	<u>-</u>	<u>47</u>	<u>47</u>
Excess (deficiency) of revenues over expenditures	-	-	47	47
Fund balances, beginning of year	<u>1,228</u>	<u>1,840</u>	<u>1,839</u>	<u>(1)</u>
Fund balances, end of year	<u>\$ 1,228</u>	<u>\$ 1,840</u>	<u>\$ 1,886</u>	<u>\$ 46</u>

TOWN OF PAYSON, ARIZONA
GRANT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 813,430	\$ 813,430	\$ 354,609	\$ (458,821)
Investment earnings	-	-	6	6
Total Revenues	<u>813,430</u>	<u>813,430</u>	<u>354,615</u>	<u>(458,815)</u>
Expenditures				
Capital outlay	<u>818,170</u>	<u>818,170</u>	<u>328,184</u>	<u>489,986</u>
Total Expenditures	<u>818,170</u>	<u>818,170</u>	<u>328,184</u>	<u>489,986</u>
Excess (deficiency) of revenues over expenditures	<u>(4,740)</u>	<u>(4,740)</u>	<u>26,431</u>	<u>31,171</u>
Other financing sources (uses)				
Transfers in	<u>8,000</u>	<u>8,000</u>	-	<u>(8,000)</u>
Total other financing sources (uses)	<u>8,000</u>	<u>8,000</u>	-	<u>(8,000)</u>
Net change in fund balances	3,260	3,260	26,431	23,171
Fund balances, beginning of year	<u>(3,207)</u>	<u>9,356</u>	<u>9,355</u>	<u>(1)</u>
Fund balances, end of year	<u>\$ 53</u>	<u>\$ 12,616</u>	<u>\$ 35,786</u>	<u>\$ 23,170</u>

TOWN OF PAYSON, ARIZONA
DEVELOPMENT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 103	\$ (19,897)
Contributions and donations	-	-	75	75
Development impact fees	391,000	391,000	109,045	(281,955)
Investment earnings	<u>20,000</u>	<u>20,000</u>	<u>7,971</u>	<u>(12,029)</u>
Total Revenues	<u>431,000</u>	<u>431,000</u>	<u>117,194</u>	<u>(313,806)</u>
Expenditures				
Current				
Public safety	176,000	176,000	15	175,985
Debt Service				
Interest on long-term debt	-	-	289	(289)
Capital outlay	<u>241,000</u>	<u>241,000</u>	<u>103,684</u>	<u>137,316</u>
Total Expenditures	<u>417,000</u>	<u>417,000</u>	<u>103,988</u>	<u>313,012</u>
Excess (deficiency) of revenues over expenditures	<u>14,000</u>	<u>14,000</u>	<u>13,206</u>	<u>(794)</u>
Other financing sources (uses)				
Transfers out	-	(88,200)	(88,673)	(473)
Total other financing sources (uses)	<u>-</u>	<u>(88,200)</u>	<u>(88,673)</u>	<u>(473)</u>
Net change in fund balances	14,000	(74,200)	(75,467)	(1,267)
Fund balances, beginning of year	<u>311,980</u>	<u>291,686</u>	<u>291,686</u>	<u>-</u>
Fund balances, end of year	<u>\$ 325,980</u>	<u>\$ 217,486</u>	<u>\$ 216,219</u>	<u>\$ (1,267)</u>

TOWN OF PAYSON, ARIZONA
GREEN VALLEY REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 494,770	\$ 494,770	\$ -	\$ (494,770)
Investment earnings	-	-	1,170	1,170
Other	<u>7,000</u>	<u>7,000</u>	<u>120</u>	<u>(6,880)</u>
Total Revenues	<u>501,770</u>	<u>501,770</u>	<u>1,290</u>	<u>(500,480)</u>
Expenditures				
Capital outlay	<u>585,000</u>	<u>585,000</u>	<u>57,610</u>	<u>527,390</u>
Total Expenditures	<u>585,000</u>	<u>585,000</u>	<u>57,610</u>	<u>527,390</u>
Excess (deficiency) of revenues over expenditures	<u>(83,230)</u>	<u>(83,230)</u>	<u>(56,320)</u>	<u>26,910</u>
Other financing sources (uses)				
Transfers in	<u>180,990</u>	<u>180,990</u>	-	<u>(180,990)</u>
Total other financing sources (uses)	<u>180,990</u>	<u>180,990</u>	-	<u>(180,990)</u>
Net change in fund balances	97,760	97,760	(56,320)	(154,080)
Fund balances, beginning of year	<u>53,440</u>	<u>87,972</u>	<u>87,971</u>	<u>(1)</u>
Fund balances, end of year	<u>\$ 151,200</u>	<u>\$ 185,732</u>	<u>\$ 31,651</u>	<u>\$ (154,081)</u>

TOWN OF PAYSON, ARIZONA
CONSTRUCTION EXCISE TAX REVENUE OBLIGATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,581</u>	\$ <u>14,581</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>14,581</u>	<u>14,581</u>
Expenditures				
Capital outlay	<u>-</u>	<u>-</u>	<u>1,555</u>	<u>(1,555)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,555</u>	<u>(1,555)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>13,026</u>	<u>13,026</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>(269,820)</u>	<u>(291,385)</u>	<u>(21,565)</u>
Total other financing sources (uses)	<u>-</u>	<u>(269,820)</u>	<u>(291,385)</u>	<u>(21,565)</u>
Net change in fund balances	<u>-</u>	<u>(269,820)</u>	<u>(278,359)</u>	<u>(8,539)</u>
Fund balances, beginning of year	<u>269,820</u>	<u>279,809</u>	<u>279,810</u>	<u>1</u>
Fund balances, end of year	<u>\$ 269,820</u>	<u>\$ 9,989</u>	<u>\$ 1,451</u>	<u>\$ (8,538)</u>

TOWN OF PAYSON, ARIZONA
CONSTRUCTION WESTERLY ROAD IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other financing sources (uses)				
Transfers out	\$ <u>(26,720)</u>	\$ <u>(51,179)</u>	\$ <u>(29,687)</u>	\$ <u>21,492</u>
Total other financing sources (uses)	<u>(26,720)</u>	<u>(51,179)</u>	<u>(29,687)</u>	<u>21,492</u>
Net change in fund balances	(26,720)	(51,179)	(29,687)	21,492
Fund balances, beginning of year	<u>51,179</u>	<u>29,688</u>	<u>29,687</u>	<u>(1)</u>
Fund balances, end of year	<u>\$ 24,459</u>	<u>\$ (21,491)</u>	<u>\$ -</u>	<u>\$ 21,491</u>

TOWN OF PAYSON, ARIZONA
CENTRAL ARIZONA PROJECT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	\$ <u>85,000</u>	\$ <u>85,000</u>	\$ <u>72,726</u>	\$ <u>(12,274)</u>
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>72,726</u>	<u>(12,274)</u>
Expenditures				
Capital outlay	<u>976,599</u>	<u>976,599</u>	<u>241,723</u>	<u>734,876</u>
Total Expenditures	<u>976,599</u>	<u>976,599</u>	<u>241,723</u>	<u>734,876</u>
Excess (deficiency) of revenues over expenditures	(891,599)	(891,599)	(168,997)	722,602
Fund balances, beginning of year	<u>891,599</u>	<u>961,747</u>	<u>961,747</u>	<u>-</u>
Fund balances, end of year	\$ <u>-</u>	\$ <u>70,148</u>	\$ <u>792,750</u>	\$ <u>722,602</u>

TOWN OF PAYSON, ARIZONA
PUBLIC SAFETY BOND PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Investment earnings	<u>-</u>	<u>-</u>	<u>7,995</u>	<u>7,995</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>7,995</u>	<u>7,995</u>
Expenditures				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>33,330</u>	<u>(33,330)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>33,330</u>	<u>(33,330)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(25,335)</u>	<u>(25,335)</u>
Fund balances, beginning of year	<u>-</u>	<u>331,087</u>	<u>331,087</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 331,087</u>	<u>\$ 305,752</u>	<u>\$ (25,335)</u>

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STATISTICAL SECTION

This section of the Town of Payson, Arizona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

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TOWN OF PAYSON, ARIZONA
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 23,036,377	\$ 23,208,623	\$ 21,506,684	\$ 22,328,708	\$ 101,360,121	\$ 104,399,442
Restricted	3,092,732	2,581,423	4,207,316	4,734,371	5,448,557	4,310,080
Unrestricted	2,280,224	3,353,871	5,479,255	5,103,790	4,488,491	2,456,973
Total governmental activities net assets	<u>\$ 28,409,333</u>	<u>\$ 29,143,917</u>	<u>\$ 31,193,255</u>	<u>\$ 32,166,869</u>	<u>\$ 111,297,169</u>	<u>\$ 111,166,495</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 11,860,887	\$ 11,741,865	\$ 11,933,965	\$ 13,142,519	\$ 12,283,170	\$ 11,929,869
Restricted	3,121,234	3,499,111	3,626,754	4,211,504	4,681,554	4,909,657
Unrestricted	1,523,468	2,172,170	3,174,456	3,821,585	4,707,319	5,282,327
Total business-type activities net assets	<u>\$ 16,505,589</u>	<u>\$ 17,413,146</u>	<u>\$ 18,735,175</u>	<u>\$ 21,175,608</u>	<u>\$ 21,672,043</u>	<u>\$ 22,121,853</u>
Primary government						
Invested in capital assets, net of related debt	\$ 34,897,264	\$ 34,950,488	\$ 33,440,649	\$ 35,471,227	\$ 113,643,291	\$ 116,329,311
Restricted	6,213,966	6,080,534	7,834,070	8,945,875	10,130,111	9,219,737
Unrestricted	3,803,692	5,526,041	8,653,711	8,925,375	9,195,810	7,739,300
Total primary government net assets	<u>\$ 44,914,922</u>	<u>\$ 46,557,063</u>	<u>\$ 49,928,430</u>	<u>\$ 53,342,477</u>	<u>\$ 132,969,212</u>	<u>\$ 133,288,348</u>

Source: The Town's Finance Department.

Note: 2002-03 was the Town's first year to prepare government-wide financial statements.

TOWN OF PAYSON, ARIZONA
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 2,785,934	\$ 2,754,686	\$ 2,727,457	\$ 3,191,559	\$ 3,595,408	\$ 3,707,867
Public safety	5,178,837	5,338,874	6,239,687	7,375,276	7,818,997	7,939,971
Highways and streets	1,490,366	2,022,194	2,285,810	4,827,042	4,147,353	3,786,087
Culture and recreation	1,672,123	1,751,941	1,772,917	1,738,625	2,152,923	2,730,083
Public works	472,664	687,511	551,668	529,950	407,578	350,531
Community development	737,479	883,030	871,706	839,792	923,599	1,219,270
Health and welfare	193,539	220,005	242,892	256,498	252,136	259,083
Interest on long-term debt	253,284	272,222	239,528	315,645	420,101	303,148
Total governmental activities	<u>12,784,226</u>	<u>13,930,463</u>	<u>14,931,665</u>	<u>19,074,387</u>	<u>19,718,095</u>	<u>20,296,040</u>
Business-type activities						
Water	2,831,506	3,156,618	2,632,184	2,046,035	3,715,985	3,673,943
Total business-type activities	<u>2,831,506</u>	<u>3,156,618</u>	<u>2,632,184</u>	<u>2,046,035</u>	<u>3,715,985</u>	<u>3,673,943</u>
Total primary government expenses	<u>\$ 15,615,732</u>	<u>\$ 17,087,081</u>	<u>\$ 17,563,849</u>	<u>\$ 21,120,422</u>	<u>\$ 23,434,080</u>	<u>\$ 23,969,983</u>
Program Revenues						
Governmental activities:						
Fees, Fines, and Charges for Services	\$ 1,730,057	\$ 2,154,657	\$ 1,126,063	\$ 1,341,311	\$ 947,152	\$ 907,951
General government	-	-	404,194	386,291	581,150	658,707
Public safety	-	-	54,843	91,574	90,507	50,876
Highways and streets	-	-	116,635	103,873	117,706	148,416
Culture and recreation	-	-	86,489	82,158	98,367	61,272
Public works	-	-	761,468	841,640	614,968	422,856
Community development	-	-	10,920	11,104	11,277	10,149
Health and welfare	-	-	-	-	880,303	-
Interest on long-term debt	-	-	-	-	2,862,482	2,137,228
Operating grants and contributions	165,353	2,063,070	2,689,186	3,941,550	404,433	1,786,891
Capital grants and contributions	<u>1,894,936</u>	<u>517,499</u>	<u>453,218</u>	<u>338,142</u>	<u>6,608,345</u>	<u>6,184,346</u>
Total governmental activities program revenues	<u>\$ 3,790,346</u>	<u>\$ 4,735,226</u>	<u>\$ 5,703,016</u>	<u>\$ 7,137,643</u>	<u>\$ 6,608,345</u>	<u>\$ 6,184,346</u>

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TOWN OF PAYSON, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ -	\$ 14,662	\$ -
Unreserved	2,276,600	1,889,617	1,341,188	1,495,468	1,854,581	2,141,833	2,649,209	3,428,794	2,934,445	1,052,084
Total General Fund	<u>2,276,600</u>	<u>\$ 1,889,617</u>	<u>\$ 1,341,188</u>	<u>\$ 1,495,468</u>	<u>\$ 1,854,581</u>	<u>\$ 2,141,833</u>	<u>\$ 2,651,209</u>	<u>\$ 3,428,794</u>	<u>\$ 2,949,107</u>	<u>\$ 1,052,084</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,226	\$ 250	\$ 250
Unreserved, reported in:										
Special revenue funds	627,995	816,880	54,395	1,446,076	442,312	740,890	1,862,531	2,080,199	2,191,308	1,183,909
Debt service funds	458,071	371,965	458,608	598,259	633,999	697,199	1,123,656	877,863	1,164,787	1,553,209
Capital projects funds	3,459,681	3,098,232	3,853,520	2,506,894	3,328,898	2,262,426	3,811,793	2,968,412	2,206,560	1,557,772
Total all other governmental funds	<u>4,545,747</u>	<u>\$ 4,287,077</u>	<u>\$ 4,366,523</u>	<u>\$ 4,551,229</u>	<u>\$ 4,405,209</u>	<u>\$ 3,700,515</u>	<u>\$ 6,797,980</u>	<u>\$ 5,932,700</u>	<u>\$ 5,562,905</u>	<u>\$ 4,295,140</u>

Source: The Town's Finance Department.

TOWN OF PAYSON, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 5,086,312	\$ 5,437,557	\$ 5,659,008	\$ 5,783,380	\$ 6,104,222	\$ 6,080,829	\$ 7,001,478	\$ 8,434,903	\$ 8,686,539	\$ 8,653,266
Intergovernmental	5,667,270	5,583,319	5,507,066	5,402,043	6,254,690	5,666,760	6,500,510	8,000,326	7,332,472	7,362,721
Fines and forfeitures	222,451	209,620	193,495	204,346	206,062	250,868	285,048	288,141	265,598	255,155
Licenses and permits	697,511	717,920	697,483	733,158	422,956	697,611	575,256	634,614	464,571	331,783
Charges for services	808,152	986,477	717,790	904,408	1,040,039	959,342	931,057	960,699	1,103,001	1,113,467
Other	1,175,078	1,105,495	1,163,444	850,959	978,253	1,188,084	1,849,683	1,647,363	1,264,172	1,113,304
Total revenues	<u>13,656,774</u>	<u>14,040,388</u>	<u>13,938,286</u>	<u>13,878,294</u>	<u>15,006,222</u>	<u>14,843,494</u>	<u>17,143,032</u>	<u>19,966,046</u>	<u>19,116,353</u>	<u>18,829,696</u>
Expenditures										
General government and community development	2,602,906	3,008,156	3,302,640	3,059,005	3,268,647	3,359,597	3,428,453	3,967,139	4,133,694	5,018,872
Public safety	3,292,042	3,769,066	4,343,914	4,594,348	4,802,740	4,980,492	5,702,869	7,417,846	7,612,207	7,731,920
Public works & highways and streets	1,212,033	1,173,619	1,436,046	1,444,312	1,495,834	1,621,275	2,423,241	4,526,180	3,705,640	4,627,564
Health and welfare & culture and recreation	1,074,488	883,502	1,074,314	1,362,640	1,520,282	1,602,171	1,695,512	1,837,732	2,093,694	2,464,067
Capital outlay	4,222,642	5,361,935	3,857,060	3,519,421	4,542,267	2,906,359	1,936,984	2,746,022	1,063,615	1,997,629
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	561,170	585,803	844,385	1,249,354	897,754
Interest on long-term debt	-	-	-	-	-	272,222	239,528	315,645	420,101	277,630
Other debt service	1,269,870	909,618	735,080	698,534	790,376	-	53,514	365,390	-	-
Total expenditures	<u>13,673,981</u>	<u>15,105,896</u>	<u>14,749,054</u>	<u>14,678,260</u>	<u>16,420,146</u>	<u>15,303,286</u>	<u>16,065,904</u>	<u>22,020,339</u>	<u>20,278,305</u>	<u>23,015,436</u>
Excess of revenues over (under) expenditures	<u>(17,207)</u>	<u>(1,065,508)</u>	<u>(810,768)</u>	<u>(799,966)</u>	<u>(1,413,924)</u>	<u>(459,792)</u>	<u>1,077,128</u>	<u>(2,054,293)</u>	<u>(1,161,952)</u>	<u>(4,185,740)</u>

Other financing sources (uses)										
Transfers in										
Transfers out	3,229,132	3,172,047	2,760,948	1,969,885	1,867,050	1,627,291	2,113,691	2,769,621	3,797,776	2,955,804
Issuance of refunding debt	(3,006,769)	(3,086,192)	(2,724,648)	(1,930,935)	(1,821,610)	(1,584,941)	(1,858,901)	(2,507,151)	(3,485,306)	(2,518,070)
Issuance of long-term debt	-	-	-	-	-	-	-	1,085,000	-	-
Bond premium	-	-	190,214	1,100,000	1,300,000	-	2,048,723	1,420,000	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	41,531	-	-
Proceeds from capital lease	184,574	334,000	112,270	-	281,577	-	226,200	(1,020,403)	-	-
Total other financing sources (uses)	<u>406,937</u>	<u>419,855</u>	<u>338,784</u>	<u>1,138,950</u>	<u>1,627,017</u>	<u>42,350</u>	<u>2,529,713</u>	<u>1,966,598</u>	<u>312,470</u>	<u>550,000</u>
Net change in fund balance	\$ <u>389,730</u>	\$ <u>(645,653)</u>	\$ <u>(471,984)</u>	\$ <u>338,984</u>	\$ <u>213,093</u>	\$ <u>(417,442)</u>	\$ <u>3,606,841</u>	\$ <u>(87,695)</u>	\$ <u>(849,482)</u>	\$ <u>(3,198,006)</u>
Debt service as a percentage of noncapital expenditures	13.44 %	9.34 %	6.75 %	6.26 %	6.65 %	6.72 %	6.22 %	7.91 %	8.69 %	6.30 %

Source: The Town's Finance Department.

Note: Debt service principal and interest was not available prior to the fiscal year ended June 30, 2004 to present as separate line items.

TOWN OF PAYSON, ARIZONA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Sales taxes</u>	<u>Property taxes</u>	<u>Franchise taxes</u>	<u>Bed Tax</u>	<u>Library District</u>	<u>Other</u>	<u>Total</u>
1999	\$ 4,448,643	\$ 404,031	\$ 275,362	\$ 77,309	\$ 156,329	\$ -	\$ 5,361,674
2000	4,721,021	435,074	273,589	125,062	156,400	-	5,711,146
2001	4,979,159	435,769	291,615	131,380	112,700	-	5,950,623
2002	5,019,735	489,358	297,149	132,086	122,000	20,201	6,080,529
2003	5,035,165	468,588	300,495	149,724	150,250	-	6,104,222
2004	5,310,375	490,156	304,226	124,298	156,000	-	6,385,055
2005	5,602,478	727,678	336,881	176,591	157,850	-	7,001,478
2006	7,102,970	593,694	336,399	211,097	190,743	-	8,434,903
2007	7,298,346	634,241	348,166	205,506	200,280	-	8,686,539
2008	7,214,023	695,245	349,043	182,655	212,300	-	8,653,266

Source: The Town's Finance Department.

TOWN OF PAYSON, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Sales Category										
Retail trade	\$ 2,189,684	\$ 2,334,365	\$ 2,459,534	\$ 2,620,782	\$ 2,678,919	\$ 2,811,849	\$ 2,946,388	\$ 3,655,505	\$ 3,809,689	\$ 3,644,827
Construction	996,825	1,056,945	1,119,725	944,401	1,012,819	937,590	1,008,971	1,207,041	1,171,982	953,990
Restaurants and bars	350,596	388,559	402,246	436,178	428,498	436,403	547,906	615,870	638,635	614,752
Communications and utilities	308,161	331,976	367,708	385,100	373,978	328,722	510,765	576,592	626,516	812,819
Transportation & warehousing	-	-	-	-	-	3,658	11,028	14,743	25,914	10,272
Services	226,791	226,282	214,265	214,264	227,783	208,446	137,325	142,882	127,827	111,830
Manufacturing	78,425	82,849	81,114	85,559	80,935	108,286	138,382	180,369	198,832	188,595
Real estate, rental & leasing	115,235	156,641	157,789	173,825	180,204	205,040	280,826	320,133	305,467	403,451
Finance and insurance	-	-	-	-	-	4,513	12,269	9,983	8,299	8,612
Accommodations	81,588	177,024	225,826	223,638	244,273	191,561	287,731	333,627	342,659	313,025
Wholesale trade	82,971	78,062	55,566	41,907	41,326	40,188	51,102	87,044	63,060	89,777
Arts & entertainment	-	-	-	-	-	22,951	40,820	46,401	67,811	81,039
Other	2,768	5,327	5,016	4,553	6,562	129,324	136,390	145,489	117,161	69,305
Total	\$ 4,433,044	\$ 4,838,030	\$ 5,088,789	\$ 5,130,207	\$ 5,275,297	\$ 5,428,531	\$ 6,109,903	\$ 7,335,679	\$ 7,503,852	\$ 7,302,294
Town sales tax rate	8.00 %	8.00 %	8.60 %	8.60 %	8.60 %	8.60 %	8.72 %	8.72 %	8.72 %	8.72 %

Source: Arizona Department of Revenue.

TOWN OF PAYSON, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>Gila County</u>	<u>Arizona State</u>	<u>Total Tax Rate</u>
1999	2.00 %	1.00 %	5.00 %	8.00 %
2000	2.00	1.00	5.00	8.00
2001	2.00	1.00	5.60	8.60
2002	2.00	1.00	5.60	8.60
2003	2.00	1.00	5.60	8.60
2004	2.00	1.00	5.60	8.60
2005	2.12	1.00	5.60	8.72
2006	2.12	1.00	5.60	8.72
2007	2.12	1.00	5.60	8.72
2008	2.12	1.00	5.60	8.72

Source: Arizona Dept. of Revenue

TOWN OF PAYSON, ARIZONA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
1999	\$ 79,906,469	\$ 0.5040	\$ 484,212,161	16.50 %
2000	93,555,195	0.4565	559,938,280	16.71
2001	106,365,288	0.4014	740,321,287	14.37
2002	119,004,875	0.3949	847,000,464	14.05
2003	143,944,717	0.3407	945,809,543	15.22
2004	153,133,821	0.3481	1,144,148,351	13.38
2005	170,159,572	0.3444	1,251,385,801	13.60
2006	182,522,790	0.3502	1,383,662,572	13.19
2007	201,211,739	0.3447	1,500,887,154	13.41
2008	224,260,624	0.2813	1,745,155,468	12.85

Source: The Gila County Assessor's Office.

TOWN OF PAYSON, ARIZONA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Town		Overlapping Rates						
	Town of Payson Primary	Town of Payson Secondary	Total Town Rate	N. Gila Co. Sanitary District	Library District Secondary	Fire District Assistance Secondary	School Equalization Primary	Gila County Primary	Rate Total
1999	0.3540	0.1500	0.5040	0.7000	0.2425	0.1000	0.5300	3.6700	5.7465
2000	0.3355	0.1210	0.4565	0.7000	0.2425	0.1000	0.5217	3.9700	5.9907
2001	0.3166	0.0848	0.4014	0.7000	0.2425	0.1000	0.5123	3.9700	5.9262
2002	0.3019	0.0930	0.3949	0.7000	0.2000	0.1000	0.4974	4.4100	6.3023
2003	0.2754	0.0653	0.3407	0.7000	0.2000	0.1000	0.4717	4.4100	6.2224
2004	0.2867	0.0614	0.3481	0.7000	0.2000	0.1000	0.4560	4.4100	6.2141
2005	0.2752	0.0692	0.3444	0.7000	0.2000	0.1000	0.4358	4.4100	6.1902
2006	0.2640	0.0862	0.3502	0.7000	0.2000	0.1000	N/A	4.3488	5.6990
2007	0.2476	0.0971	0.3447	0.7000	0.2000	0.1000	N/A	4.1100	5.4547
2008	0.2215	0.0598	0.2813	0.7000	0.2000	0.1000	N/A	3.9200	5.2013

Source: The Gila County Treasurer's Office.

TOWN OF PAYSON, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2007 AND NINE YEARS PRIOR
(UNAUDITED)

Taxpayer	2007*			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cablevision of Payson	\$ 6,960,230	1	3.10 %	\$ -	-	- %
Energy West	5,419,870	2	2.42	-	-	-
Arizona Public Service, Co.	5,264,670	3	2.35	3,738,847	1	4.68
Community Health Systems	4,728,080	4	2.11	-	-	-
Rim Golf Investors, LLC	3,737,960	5	1.67	-	-	-
Home Depot USA, Inc.	3,312,239	6	1.48	-	-	-
Intermountain West Civil Construction	3,121,410	7	1.39	-	-	-
Retail Trust III - Wal-Mart	2,222,000	8	0.99	624,072	4	0.78
Qwest Corporation	2,032,393	9	0.91	1,818,036	2	2.28
Payson Hospital, Inc. NKA	1,839,654	10	0.82	-	-	-
Safeway, Inc.	-	-	-	448,298	6	0.56
Sawmill Crossing, LLC	-	-	-	301,278	10	0.38
C & H Properties IV, LLC	-	-	-	1,487,076	3	1.86
Inn of Payson	-	-	-	611,854	5	0.77
Linda Vista Village, Partners III	-	-	-	336,821	7	0.42
First American Title, Trust #822	-	-	-	321,666	8	0.40
D&D of Payson, LLC	-	-	-	302,906	9	0.38
	<u>\$ 38,638,506</u>		<u>17.23 %</u>	<u>\$ 9,990,854</u>		<u>12.50 %</u>

Source: The Gila County Treasurer's Office.

*Information not available for 2008.

TOWN OF PAYSON, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1999	\$ 407,369	\$ 397,900	97.68 %	\$ 6,131	\$ 404,031	99.18 %	\$ 3,338	0.82 %
2000	438,378	426,506	97.29	8,568	435,074	99.25	3,304	0.75
2001	436,800	427,637	97.90	8,132	435,769	99.76	1,031	0.24
2002	479,250	480,546	100.27	8,812	489,358	102.11	(10,108)	(2.11)
2003	480,280	463,376	96.48	5,212	468,588	97.57	11,692	2.43
2004	496,600	490,156	98.70	8,569	498,725	100.43	(2,125)	(0.43)
2005	522,310	566,054	108.38	3,774	569,828	109.10	(47,518)	(9.10)
2006	588,279	585,930	99.60	7,764	593,694	100.92	(5,415)	(0.92)
2007	641,740	639,190	99.60	-	639,190	99.60	2,550	0.40
2008	703,207	690,260	98.16	-	690,260	98.16	12,947	1.84

Source: The Gila County Treasurer's Office.

(1) The amount levied and collected is net of resolutions.

TOWN OF PAYSON, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Excise Tax Revenue Bonds	Special Assessment Bonds	Term Loans	Capital Leases	Water Revenue Bonds			
1999	\$ 1,991,000	\$ -	\$ -	\$ 2,420,000	\$ -	\$ 392,054	\$ 1,315,000	\$ 6,118,054	1.96 %	\$ 489
2000	1,876,000	-	-	2,145,000	-	475,752	1,230,000	5,726,752	1.64	435
2001	1,876,000	-	-	1,840,000	142,607	368,055	1,145,000	5,371,662	1.33	393
2002	1,751,000	-	-	1,720,000	1,194,999	165,369	1,055,000	5,886,368	1.33	419
2003	1,621,000	-	1,300,000	1,590,000	1,043,192	321,661	960,000	6,835,853	1.19	461
2004	1,486,000	-	1,300,000	1,450,000	891,590	187,090	855,000	6,169,680	1.05	406
2005	3,371,000	-	1,235,000	1,305,000	787,385	286,695	750,000	7,735,080	1.27	503
2006	3,015,000	515,000	1,165,000	2,025,000	596,334	321,361	640,000	8,277,695	1.34	536
2007	2,825,000	445,000	1,095,000	1,830,000	-	193,341	525,000	6,913,341	1.03	413
2008	2,465,000	375,000	1,070,000	1,615,000	-	565,587	405,000	6,495,587	N/A	388

Source: The Town of Payson.

TOWN OF PAYSON, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Taxable Assessed Value of Property</u>	<u>Percentage of Estimated Actual Value of Property</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
1999	\$ 1,991,000	\$ 484,212,161	0.41 %	12,500	\$ 159
2000	1,875,600	559,938,280	0.33	13,180	142
2001	1,876,000	740,321,287	0.25	13,665	137
2002	1,751,000	847,000,464	0.21	14,052	125
2003	1,621,000	949,809,543	0.17	14,819	109
2004	1,486,000	1,144,148,351	0.13	15,200	98
2005	3,371,000	1,251,385,801	0.27	15,375	219
2006	3,015,000	1,383,662,572	0.22	15,430	195
2007	2,825,000	1,500,887,154	0.19	16,742	169
2008	2,465,000	1,745,155,468	0.14	16,742	147

Source: The Town of Payson and the Gila County Treasurer's Office.

TOWN OF PAYSON, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2008
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
State of Arizona	None	0.35 %	\$ -
Gila County	None	43.80 %	-
Gila Pueblo Community College	None	43.80 %	-
Northern Gila County Sanitary District	None	100.00 %	-
Payson Unified School District No. 10	\$ 3,210,000	74.42 %	2,388,882
Town of Payson	2,825,000	100.00 %	<u>2,825,000</u>
Total direct and overlapping debt			\$ <u>5,213,882</u>

Source: Gila County Treasurer's Office.

- (1) Proportion applicable to the Town of Payson, Arizona, is computed on the ratio of secondary assessed valuation for 2006-07.

**TOWN OF PAYSON, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

6% Debt Limit

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 5,613,311	\$ 6,381,917	\$ 7,140,293	\$ 7,140,293	\$ 8,636,683	\$ 9,188,029	\$ 9,380,449	\$ 10,413,736	\$ 12,669,820	\$ 12,669,820
Total applicable to limit	-	-	-	-	-	-	2,030,000	1,930,000	1,740,000	1,545,000
Legal debt margin	\$ 5,613,311	\$ 6,381,917	\$ 7,140,293	\$ 7,140,293	\$ 8,636,683	\$ 9,188,029	\$ 7,350,449	\$ 8,483,736	\$ 10,929,820	\$ 11,124,820
Total net debt applicable to the limit as a percentage of the debt limit	N/A	N/A	N/A	N/A	N/A	N/A	21.64 %	18.53 %	13.73 %	12.19 %

20% Debt Limit

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 20,578,627	\$ 23,596,336	\$ 25,808,015	\$ 25,808,015	\$ 28,938,425	\$ 30,626,764	\$ 31,268,162	\$ 34,712,452	\$ 42,232,733	\$ 42,232,733
Total applicable to limit	1,991,000	1,876,000	1,876,000	1,751,000	1,621,000	1,486,000	1,341,000	1,085,000	1,085,000	920,000
Legal debt margin	\$ 18,587,627	\$ 21,720,336	\$ 23,932,015	\$ 24,057,015	\$ 27,317,425	\$ 29,140,764	\$ 29,927,162	\$ 33,627,452	\$ 41,147,733	\$ 41,312,733
Total net debt applicable to the limit as a percentage of the debt limit	9.68 %	7.95 %	7.27 %	6.78 %	5.60 %	4.85 %	4.29 %	3.13 %	2.57 %	2.18 %

Source: The Gila County Treasurer's Office.

TOWN OF PAYSON, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2008
(UNAUDITED)

Net secondary assessed valuation	\$ <u>211,163,665</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>	
Debt limit - 20% of secondary net assessed valuation	\$ 42,232,733
Net debt applicable to limit	<u>920,000</u>
20% legal debt margin	<u>41,312,733</u>
<u>All other general obligation bonds</u>	
Debt limit - 6% of secondary net assessed valuation	12,669,820
Net debt applicable to limit	<u>1,545,000</u>
6% legal debt margin	<u>11,124,820</u>
Total legal debt margin	\$ <u>52,437,553</u>

Source: Gila County Assessor's Office.

TOWN OF PAYSON, ARIZONA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Water Revenue Bonds and Notes Payable					Special Assessment Bonds				
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
1999	\$ 2,064,888	\$ 1,414,912	\$ 649,976	\$ 80,000	\$ 70,275	4.33	\$ 167,405	\$ 227,000	\$ 222,738	0.37
2000	2,318,449	1,783,777	534,672	85,000	64,017	3.59	331,399	275,000	147,395	0.78
2001	2,699,464	1,957,114	742,350	85,000	59,375	5.14	205,835	305,000	129,025	0.47
2002	3,122,537	2,039,046	1,083,491	90,000	54,744	7.49	280,935	120,000	108,560	1.23
2003	3,772,248	2,831,506	940,742	95,000	50,119	6.48	274,139	130,000	101,480	1.18
2004	3,601,365	2,351,811	1,249,554	105,000	45,119	8.32	292,236	140,000	46,905	1.56
2005	3,664,956	1,796,271	1,868,685	105,000	38,269	13.04	260,854	145,000	85,550	1.13
2006	4,101,235	1,055,410	3,045,825	225,000	16,000	12.64	209,279	155,000	76,995	0.90
2007	4,116,226	2,599,177	1,517,049	120,000	39,657	9.50	160,928	195,000	124,530	0.50
2008	4,099,088	2,681,646	1,417,442	130,000	17,000	9.64	160,985	215,000	98,328	0.51

Source: The Town of Payson.

- (1): Utility service charges includes charges for services, intergovernmental, investment earnings and miscellaneous revenues.
(2): Operating expenses do not include depreciation and interest expense.

TOWN OF PAYSON, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Median Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Town of Payson Unemployment Rate</u>
1999	12,500	\$ 311,375,000	\$ 24,910	50.0	2,882	3.2 %
2000	13,180	348,795,520	26,464	48.9	2,817	2.6
2001	13,665	404,825,625	29,625	49.7	2,814	2.5
2002	14,052	442,638,000	31,500	48.9	2,874	3.9
2003	14,819	573,687,947	38,713	48.9	2,800	3.8
2004	15,200	588,437,600	38,713	48.9	2,599	3.4
2005	15,375	607,312,500	39,500	48.9	2,613	3.2
2006	15,430	616,783,390	39,973	48.9	2,806	3.2
2007	16,742	669,227,966	39,973	49.1	2,812	4.1
2008	16,742	669,227,966	39,973	50.5	2,712	4.6

Source: The Town of Payson.

TOWN OF PAYSON, ARIZONA
PRINCIPAL EMPLOYERS
JUNE 30, 2008 AND NINE YEARS PRIOR
(UNAUDITED)

Employer	2008			1999		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Mazatzal Casino	397	1	14.94 %	200	2	15.03 %
Payson Unified School District	344	2	12.94	205	1	15.40
Payson Regional Medical Center	340	3	12.79	150	3	11.27
Wal-Mart	310	4	11.66	125	5	9.39
Gila County	225	5	8.47	60	9	4.51
Chaparral Pines/Rim Club	172	6	6.47	-	-	-
Town of Payson	162	7	6.09	121	6	9.09
Rim Country Health	130	8	4.89	70	7	5.26
Payson Care Center	122	9	4.59	150	3	11.27
Safeway Supermarket	115	10	4.33	135	4	10.14
U.S. Forest Service	115	10	4.33	65	8	4.88
Home Depot	107	12	4.03	-	-	-
Bashas' Supermarket	79	13	2.97	50	10	3.76
Chapman Auto	40	14	1.50	-	-	-
	<u>2,658</u>			<u>1,331</u>		

Source: The Town of Payson.

TOWN OF PAYSON, ARIZONA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Full-time Equivalent Employees									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Town Manager	1	1	2	2	2	2	2	2	2	3
Town Clerks	5	5	5	5	5	5	5	5	5	5
Finance	5	5	5	5	5	5	5	5	5	5
Community Development	10	10	11	11	11	11	11	11	12	12
Legal	4	4	4	4	4	4	4	5	5	5
Human Resources	2	2	2	2	2	2	2	3	3	3
Information Services	1	1	2	2	2	2	2	2	2	2
Police Department	36	38	38	38	38	38	40	41	44	46
Fire Department	16	16	21	24	24	24	24	25	25	25
Airport	-	-	1	1	1	1	1	1	1	-
Engineering & Streets	16	16	16	16	16	16	16	16	17	17
Library	7	8	8	8	9	10	10	11	11	11
Parks and Recreation	9	9	10	11	11	11	11	11	10	10
Water	17	17	17	17	17	18	18	18	18	18
Total	<u>129</u>	<u>132</u>	<u>142</u>	<u>146</u>	<u>147</u>	<u>149</u>	<u>151</u>	<u>156</u>	<u>160</u>	<u>162</u>

Source: The Town of Payson.

TOWN OF PAYSON, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Fiscal Years									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Building Permits										
Permits Issued	270	279	213	249	207	202	374(a)	283	201	103
Value of Buildings in \$	\$ 40,185,567	\$ 33,345,563	\$ 29,166,090	\$ 30,218,533	\$ 37,637,997	\$ 29,178,927	\$ 55,123,657	\$ 68,105,715	\$ 45,006,009	\$ 41,597,955
Police										
Average Response Time	-	-	-	-	5.57	6.56	6.28	5.54	3.47	9.20
Number of Sworn Officers	-	-	-	-	26	26	27	29	30	31
Total Calls	-	-	-	-	18,850	19,500	20,085	18,944	24,398	20,726
Calls per Sworn Officer	-	-	-	-	725	750	744	653	813	669
Officer per 1000 of Population	-	-	-	-	1.755	1.711	1.756	1.880	1.875	1.938
Total of Index Crimes	607	656	844	743	691	608	587	577	527	440
Index Crimes per Capital	0.049	0.050	0.062	0.053	0.047	0.040	0.038	0.037	0.031	0.026
Number of Drug Arrests	-	-	-	-	367	582	486	410	275	156
Drug Arrests per Capita	-	-	-	-	0.025	0.038	0.032	0.027	0.016	0.009
Fire										
Average Response Time	-	-	-	-	4.18	4.47	5.09	5.40	5.06	4.09
Total Calls	-	-	-	-	2,101	2,003	2,106	2,197	2,236	2,280
Calls per Capita	-	-	-	-	0.142	0.132	0.137	0.142	0.013	0.136
Fire Personnel per 1000 of Pop.	-	-	-	-	1.552	1.513	1.561	1.490	1.434	1.374
Fire Safety Inspections	-	-	-	-	580	401	486	453	396	418
Event Center										
Number of Events	-	-	-	-	-	-	-	28.0	22.0	21.0
Number of Days Used	-	-	-	-	-	-	-	77.0	104.0	101.0
Other Public Works	-	-	-	-	-	-	-	-	-	-
Street Slurry sealed (miles)	-	-	-	-	-	-	-	15.0	13.6	14.2
Snow Removal (hours)	-	-	-	-	-	-	-	453	250	277

(Continued)

Function/Program	Fiscal Years									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
(Concluded)										
Parks and recreation										
Use of Facilities - Number of Activities	-	-	-	-	-	-	-	30	39	90
Program Registrations	-	-	-	-	-	-	-	2,040	1,951	3,241
Ramada Reservations	-	-	-	-	-	-	-	372	232	276
Swim Lessons	-	-	-	-	-	-	-	201	207	395
Pool Passes	-	-	-	-	-	-	-	2,498	2,420	2,450
Library										
Number of Patrons	-	-	-	-	12,148	13,950	15,257	17,136	14,432	15,712
Number of Internet Users	-	-	-	-	17,504	18,725	20,305	18,423	15,095	15,342
Number of New Cards Issued	-	-	-	-	1,684	1,731	1,605	1,562	1,415	1,400
Circulation per Capita	-	-	-	-	11.07	11.41	11.71	9.23	9.07	9.07
Patrons as % of Population	-	-	-	-	82.0	91.8	99.2	111.1	86.2	93.8
Water										
Number of Water Taps	5,959	6,355	6,572	6,758	6,948	7,122	7,399	7,609	7,728	7,777
Average daily consumption (thousand of gallons)	1,368.4	1,544.3	1,494.6	1,633.6	1,523.9	1,462.3	1,533.7	1,561.7	1,502.3	1,534.3
Peak daily consumption (thousand of gallons)	2,039.4	2,267.5	2,172.4	2,302.3	2,349.6	2,117.9	2,094.1	2,169.4	2,055.1	2,384.2
Elections										
Number of Registered Voters	7,663	8,197	8,197	8,983	9,272	7,117	7,117	8,828	8,828	8,913
Number Voting in Last Election	632	2,891	2,891	3,150	3,482	4,149	4,149	5,479	5,479	5,123
% of Participation of Voters	8.25 %	35.27 %	35.27 %	35.07 %	37.55 %	58.30 %	58.30 %	62.06 %	62.06 %	57.48 %

Source: The Town of Payson.

(a) Starting in 2005 Multi-Family Residential is reflected in the total number of permits and building valuation.

TOWN OF PAYSON, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Fiscal Years									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Area - Square Miles	18	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Police										
Number of Employees	24	29	28	28	29	29	31	28	30	32
Patrol Vehicles	23	28	31	33	49	50	43	23	21	23
Fire										
Number of Firefighters	15	19	21	22	21	21	23	24	24	24
Number of Fire stations	1	2	2	2	2	2	2	2	2	2
Number of Municipal Employees (excluding Public safety)	86	83	91	87	81	94	92	98	102	102
Public Works										
Streets (miles)	98.0	100.0	100.0	100.0	104.7	105.5	105.9	105.9	105.9	105.9
Number of Water taps	5,959	6,355	6,572	6,758	6,948	7,122	7,399	7,609	7,728	7,777
Parks and recreation										
Acreage	169	169	169	169	169	169	169	169	169	169
Playgrounds	3	3	3	3	3	3	3	3	3	3
Swimming Pools	1	1	1	1	1	1	1	1	1	1

Source: The Town of Payson.