

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

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the City Council of the  
City of Coolidge, 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 City of Coolidge, Arizona (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coolidge, Arizona, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Grants Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A prior period adjustment was recorded in Note 3.A. to correct errors in the previously issued financial statements.

The management's discussion and analysis on pages 3 - 11 and the Public Safety Personnel Retirement System Schedule of Funding Progress on page 53 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 City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not required parts 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Cronstrom, Trbovich & Osuch, P.C.*

Cronstrom, Trbovich & Osuch, P.C.

September 30, 2005

## Management's Discussion and Analysis

The City of Coolidge, Arizona (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2005. This Management Discussion and Analysis (MD&A) is intended to provide an introduction to the basic financial statements that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions.

### Financial Highlights

- ◆ The assets of the City of Coolidge, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$27,002,662 (net assets). Of this amount \$2,530,461 (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 City of Coolidge, Arizona's governmental funds reported combined ending fund balances of \$3,159,618, an increase of \$932,859 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,184,937 or 23 percent of total general fund expenditures.
- ◆ General fund revenues (on a budgetary basis) exceeded budgeted revenues by \$1,127,539 for fiscal year 2005. Additionally, budgetary basis expenditures exceeded the budget by \$120,823 in the General Fund.
- ◆ General Fund revenues exceeded expenditures by \$709,639; a positive variance of \$1,006,716 from the original budget.
- ◆ The City includes two types of separate legal entities in its report - a Municipal Property Corporation and an Industrial Development Authority. Although legally separate, these "component units" are important because the City is financially accountable for them. A description of these blended component units is available in Note 1 on page 29. Separate Financial Statements are not available for these entities.

### Overview of the Financial Statements

The Annual Financial Report for the City of Coolidge, 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 City of Coolidge, Arizona's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City of Coolidge, 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 City of Coolidge, 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. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Coolidge, 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 City of Coolidge, Arizona include general government, public safety, highways and streets, and culture and recreation. The business-type activities include liquid waste, solid waste, the municipal airport and the cable television station.

The government-wide financial statements can be found on pages 14 - 15 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Coolidge, 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 City of Coolidge, Arizona can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Coolidge, Arizona adopts an annual appropriated budget for its general fund by department and by fund for special revenue, debt service and capital projects funds. A budgetary comparison statement has been provided for the general fund and any major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 22 of this report.

**Proprietary funds.** The City of Coolidge, Arizona maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Coolidge, Arizona uses enterprise funds to account for its liquid waste, solid waste, municipal airport and the cable television station.

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 liquid waste and solid waste funds, each of which are considered to be major funds of the City of Coolidge, Arizona. The municipal airport and the cable television funds are considered to be nonmajor funds and aggregated into one column labeled nonmajor enterprise funds. Individual fund data for the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

**Notes to the basic financial statements.** The notes to the basic financial statements (pages 29 - 50) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the 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 after the footnotes. The City 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 City has disclosed this information on page 53.

The combining statements referred to earlier in connection with nonmajor governmental and nonmajor enterprise funds are presented immediately following the required supplementary information on the public safety personnel retirement system schedule of funding progress.

### **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2005 showing that assets exceeded liabilities by \$27,002,662.

**Condensed Statement of Net Assets  
June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
<b>ASSETS</b>						
Current and other assets	\$ 4,255,367	\$ 3,202,327	\$ 1,629,855	\$ 672,725	\$ 5,885,222	\$ 3,875,052
Capital assets						
Non-depreciable	1,796,054	1,796,054	1,639,580	1,200,000	3,435,634	2,996,054
Depreciable (net)	<u>21,335,867</u>	<u>20,784,860</u>	<u>3,340,736</u>	<u>3,140,140</u>	<u>24,676,603</u>	<u>23,925,000</u>
Total assets	<u>27,387,288</u>	<u>25,783,241</u>	<u>6,610,171</u>	<u>5,012,865</u>	<u>33,997,459</u>	<u>30,796,106</u>
<b>LIABILITIES</b>						
Other liabilities	1,079,351	975,568	41,952	86,348	1,121,303	1,061,916
Non-current liabilities						
Due within one year	507,858	379,659	144,294	107,851	652,152	487,510
Due in more than one year	<u>4,416,655</u>	<u>4,911,525</u>	<u>804,687</u>	<u>957,933</u>	<u>5,221,342</u>	<u>5,869,458</u>
Total liabilities	<u>6,003,864</u>	<u>6,266,752</u>	<u>990,933</u>	<u>1,152,132</u>	<u>6,994,797</u>	<u>7,418,884</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	20,115,262	18,131,701	4,026,363	3,271,640	24,141,625	21,403,341
Restricted	330,576	-	-	-	330,576	-
Unrestricted	<u>937,586</u>	<u>1,384,788</u>	<u>1,592,875</u>	<u>589,093</u>	<u>2,530,461</u>	<u>1,973,881</u>
Total net assets	<u>\$ 21,383,424</u>	<u>\$ 19,516,489</u>	<u>\$ 5,619,238</u>	<u>\$ 3,860,733</u>	<u>\$ 27,002,662</u>	<u>\$ 23,377,222</u>

The net assets of the City are \$21,383,424 in governmental activities and \$5,619,238 in business-type activities at June 30, 2005.

Net assets consists of three components. The largest portion of the City of Coolidge, Arizona's net assets (89%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Coolidge, Arizona uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Coolidge, 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 City of Coolidge, Arizona's net assets (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,530,461) may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Changes in Net Assets  
For the Fiscal Year Ended June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
<b>Program revenues</b>						
Fees, fines and charges for services	\$ 1,500,027	\$ 376,191	\$ 1,208,780	\$ 1,300,089	\$ 2,708,807	\$ 1,676,280
Operating grants and contributions	1,210,747	1,756,245	-	-	1,210,747	1,756,245
Capital grants and contributions	320,397	630,389	221,832	132,634	542,229	763,023
<b>General revenues:</b>						
Local taxes	4,067,147	2,619,601	-	-	4,067,147	2,619,601
Impact fees	601,184	-	1,585,052	-	2,186,236	-
State shared revenues	1,813,995	1,722,835	-	-	1,813,995	1,722,835
Investment earnings	27,003	28,613	14,549	5,255	41,552	33,868
Miscellaneous	-	150,120	-	26,509	-	176,629
<b>Total Revenues</b>	<u>9,540,500</u>	<u>7,283,994</u>	<u>3,030,213</u>	<u>1,464,487</u>	<u>12,570,713</u>	<u>8,748,481</u>
<b>Expenses</b>						
General government	2,572,541	1,556,409	-	-	2,572,541	1,556,409
Public safety	2,755,774	2,696,908	-	-	2,755,774	2,696,908
Highways and streets	1,434,374	1,412,293	-	-	1,434,374	1,412,293
Culture and recreation	849,190	935,767	-	-	849,190	935,767
Interest on long-term debt	178,771	209,739	-	-	178,771	209,739
Liquid Waste	-	-	441,007	421,886	441,007	421,886
Solid Waste	-	-	598,502	556,257	598,502	556,257
Municipal Airport	-	-	80,428	188,568	80,428	188,568
Cable Television	-	-	34,686	-	34,686	-
<b>Total Expenses</b>	<u>7,790,650</u>	<u>6,811,116</u>	<u>1,154,623</u>	<u>1,166,711</u>	<u>8,945,273</u>	<u>7,977,827</u>
Increase in net assets before transfers	1,749,850	472,878	1,875,590	297,776	3,625,440	770,654
Transfers	<u>117,085</u>	<u>74,147</u>	<u>(117,085)</u>	<u>(74,147)</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	<u>1,866,935</u>	<u>547,025</u>	<u>1,758,505</u>	<u>223,629</u>	<u>3,625,440</u>	<u>770,654</u>
Net assets, beginning of year (as restated)	<u>19,516,489</u>	<u>18,969,464</u>	<u>3,860,733</u>	<u>3,637,104</u>	<u>23,377,222</u>	<u>22,606,568</u>
<b>Net assets, end of year</b>	<u>\$ 21,383,424</u>	<u>\$ 19,516,489</u>	<u>\$ 5,619,238</u>	<u>\$ 3,860,733</u>	<u>\$ 27,002,662</u>	<u>\$ 23,377,222</u>

**Governmental Activities.**

Although spending increased during the current fiscal year, the increase in net assets (\$3,625,440) was largely due to an increase in the city sales tax and the increased building permit revenues. The City imposed an impact fee to developers for new construction based on an ordinance passed in the previous fiscal year. The impact fees are being collected to assist the City in future development and operations for future growth.

### **Business-type Activities.**

As discussed above, the City imposed an impact fee to developers for new construction to assist the City in future development and operations for future growth. Although a portion of the impact fees are allocated to the governmental funds for capital outlay, a majority of the impact fees have been allocated to the Liquid Waste Fund. The funds will be used in the Liquid Waste Fund for future expansion and to cover operating costs for future growth. The impact fees accounted for more than 90% of the change in net assets in the business-type activities. Other operating revenues and expenses remained relatively unchanged.

### **Financial Analysis of the City's Funds**

The focus of the City'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 City'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 City include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$3,159,618, an increase of \$932,859 in comparison with the prior year. Approximately 38% of this total amount (\$1,184,937) constitutes general fund balance, which is available for contribution to the designated, undesignated and reserved fund balance. At fiscal year-end 2004-05 fund balances were as follows:

<u>Fund</u>	<u>Balance</u>	<u>Increase (Decrease) From 2003-04</u>
General Fund	\$ 1,184,937	\$ 944,444
Grants Fund	-	-
Capital Projects Fund	732,357	(718,782)
Impact Fees Fund	603,596	603,596
Nonmajor Governmental Funds	638,728	103,601

The General Fund is the chief operating fund of the City of Coolidge, Arizona. At the end of the current fiscal year, the fund balance of the general fund was \$1,184,937, while total fund balance for the City reached \$3,159,618. 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 expenditures. General Fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 36 percent of total City expenditures.

The fund balance of the City of Coolidge, Arizona's General Fund increased by \$944,444 during the current fiscal year. Key factors in this change are as follows:

- ◆ Increase in capital sales tax from 2% to 3%. The increase caused an increase in sales tax revenues over the prior fiscal year.
- ◆ Decrease in current year spending due to vacancies in staff positions that were not filled during the fiscal year.
- ◆ Increase in building permit revenues on new construction.

The significant decrease in the capital projects fund was largely due to the use of prior year carryforwards for current construction and improvement projects.

The Impact Fees Fund was a new fund during the fiscal year 2004-05. The fund was created by ordinance to account for impact fees charged to new developments to help offset the cost of services to be provided. During the current fiscal year, the City collected impact fee revenues, but did not spend any of the collections during the year. The City plans to use the impact fees in future years.

All nonmajor governmental funds of the City are combined into one column on the governmental fund statements and the change in fund balance was not significant.

### **Budgetary Highlights**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 20 - 22. 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 City did not amend its budget during the fiscal year.

General Fund revenues of \$5,963,999, on a budgetary basis, exceeded budgeted revenues of \$4,836,460 by \$1,127,539 while budgetary basis expenditures of \$5,254,360 exceeded the budget by \$120,823. The excess of revenues over budgeted revenues is primarily due to building permits on new construction. New construction during the fiscal year increased more than expected, accounting for a significant increase in revenue.

### **Capital Asset and Debt Administration**

The City's capital assets for its governmental and business-type activities as of June 30, 2005 amount to \$23,131,921 and \$4,980,316, respectively, (net of accumulated depreciation), an increase of 2.4% and 15%, respectively. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental Fund financial statements record capital asset purchases as expenditures at the time of purchase. See Note 3.B.3. in the Notes to the Basic Financial Statements for further information regarding capital assets.

The City recorded its capital assets as part of the general fixed asset account group in past years and in the appropriate funds as they were acquired or constructed. Capital assets include land, buildings and improvements, machinery and equipment, roads and improvements, vehicles, and infrastructure. During fiscal year 2004-05 the annual depreciation expense was \$843,968 and \$107,597 for the governmental and business-type capital assets, respectively. Additions to capital assets during the fiscal year for totaled \$1,394,975 and \$747,773 for the governmental and business-type capital assets.

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

- ◆ Construction of the new police facility.
- ◆ Purchase of a garbage truck. The purchase was recorded in the Governmental Funds and recorded as a capital contribution in the Solid Waste Fund.
- ◆ Design costs for upgrades to the Sewer Treatment Plant recorded as construction in progress.

The following table provides a breakdown of the capital assets of the City at June 30, 2005 and 2004.

Capital Assets at June 30, 2005 and 2004  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,796,054	\$ 1,796,054	\$ 1,200,000	\$ 1,200,000	\$ 2,996,054	\$ 2,996,054
Construction in progress	-	-	439,580	-	439,580	-
Airport hangar and other improvements	-	-	58,936	57,579	58,936	57,579
Buildings and improvements	5,602,272	5,143,503	-	-	5,602,272	5,143,503
Infrastructure and land improvements	14,462,727	14,518,083	510,721	424,334	14,973,448	14,942,417
Sewer treatment plant and collection system	-	-	2,512,148	2,549,752	2,512,148	2,549,752
Furniture, equipment and vehicles	<u>1,270,868</u>	<u>1,123,274</u>	<u>258,931</u>	<u>108,475</u>	<u>1,529,799</u>	<u>1,231,749</u>
	<u>\$23,131,921</u>	<u>\$22,580,914</u>	<u>\$ 4,980,316</u>	<u>\$ 4,340,140</u>	<u>\$28,112,237</u>	<u>\$26,921,054</u>

A prior period adjustment was recorded in both the governmental and business-type activities to properly reclassify assets and remove assets and depreciation that were impaired or depleted in the prior year. See Note 3.A. for the prior period adjustment.

**Long-term Debt**

At the end of the current fiscal year, the City of Coolidge, Arizona had total long-term obligations outstanding of \$5,873,494. The City issued no new debt during the fiscal year. Of the outstanding debt, \$4,591,333 represents outstanding notes payable. The remaining balance represents compensated absences, capital leases and the City's obligation related to the landfill closure and postclosure care costs. The City has no outstanding bonds.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2005 and 2004. Further detail on the City's outstanding debt may be found in Note 3.F. on pages 45 - 47.

**Outstanding Debt at June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Notes payable	\$ 3,663,168	\$ 3,872,269	\$ 928,165	\$ 1,043,644	\$ 4,591,333	\$ 4,915,913
Capital leases	389,561	576,944	-	-	389,561	576,944
Landfill closure costs	665,267	651,584	-	-	665,267	651,584
Compensated absences	206,517	190,387	20,816	22,140	227,333	212,527
	<u>\$ 4,924,513</u>	<u>\$ 5,291,184</u>	<u>\$ 948,981</u>	<u>\$ 1,065,784</u>	<u>\$ 5,873,494</u>	<u>\$ 6,356,968</u>

**Economic Factors and Next Year's Budgets and Rates**

The City relies heavily on state shared revenues and local sales tax. During the year, more than 85% of the City's general revenues were derived from state shared revenues and local sales tax. The retail picture provides sufficient sales tax revenue to sustain the operational costs of the general government. The retail picture will depend upon future development of housing, commercial and industrial business within the community.

The City's share of state shared revenues is being carefully watched over the next few years. The overall decline in the State's economy may lead to further reductions in state shared revenues. This has created a need to evaluate all of the City's programs and services. Increases in some programming and user fees have been implemented in order to generate additional revenues to cover the City's costs of providing services.

Other factors affecting next year's budget include:

- ◆ Increased contribution rates for Arizona State Retirement
- ◆ Revenue sources from new construction as well as the services that will need to be provided.
- ◆ Maintaining adequate facilities.

**Financial contact**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the 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:

City of Coolidge, Arizona  
Accounting Department  
130 West Central Avenue  
Coolidge, Arizona 85228

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## **Basic Financial Statements**

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 3,446,489	\$ 1,519,665	\$ 4,966,154
Receivables, net			
Accounts receivable	36,637	123,083	159,720
Taxes receivable	102,816	-	102,816
Intergovernmental receivable	656,532	-	656,532
Internal balances	12,893	(12,893)	-
Capital assets			
Non-depreciable	1,796,054	1,639,580	3,435,634
Depreciable (net)	<u>21,335,867</u>	<u>3,340,736</u>	<u>24,676,603</u>
Total assets	<u>27,387,288</u>	<u>6,610,171</u>	<u>33,997,459</u>
<b>Liabilities</b>			
Accounts payable	393,199	211	393,410
Accrued wages and benefits	112,604	815	113,419
Interest payable	-	8,695	8,695
Unearned revenue	573,548	6,443	579,991
Matured debt principal payable	-	25,788	25,788
Noncurrent liabilities			
Due within one year	507,858	144,294	652,152
Due in more than one year	<u>4,416,655</u>	<u>804,687</u>	<u>5,221,342</u>
Total liabilities	<u>6,003,864</u>	<u>990,933</u>	<u>6,994,797</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	20,115,262	4,026,363	24,141,625
Restricted for			
Highways and streets	330,576	-	330,576
Unrestricted	<u>937,586</u>	<u>1,592,875</u>	<u>2,530,461</u>
Total net assets	<u>\$ 21,383,424</u>	<u>\$ 5,619,238</u>	<u>\$ 27,002,662</u>

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

**CITY OF COOLIDGE, ARIZONA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	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	Totals
<b>Functions/Programs</b>							
Governmental activities							
General government	\$ 2,572,541	\$ 1,261,274	\$ 66,249	\$ -	\$ (1,245,018)	\$	\$ (1,245,018)
Public safety	2,755,774	82,911	101,123	8,103	(2,563,637)		(2,563,637)
Highways and streets	1,434,374	93,074	1,030,602	237,482	(73,216)		(73,216)
Culture and recreation	849,190	62,768	12,773	74,812	(698,837)		(698,837)
Interest on long-term debt	178,771	-	-	-	(178,771)		(178,771)
Total governmental activities	<u>7,790,650</u>	<u>1,500,027</u>	<u>1,210,747</u>	<u>320,397</u>	<u>(4,759,479)</u>		<u>(4,759,479)</u>
Business-type activities							
Liquid Waste	441,007	411,154	-	-	\$	\$ (29,853)	(29,853)
Solid Waste	598,502	733,889	-	142,546	277,933		277,933
Municipal Airport	80,428	42,293	-	79,286	41,151		41,151
Cable Television	34,686	21,444	-	-	(13,242)		(13,242)
Total business-type activities	<u>1,154,623</u>	<u>1,208,780</u>	<u>-</u>	<u>221,832</u>	<u>275,989</u>		<u>275,989</u>
<b>Totals</b>	<u>\$ 8,945,273</u>	<u>\$ 2,708,807</u>	<u>\$ 1,210,747</u>	<u>\$ 542,229</u>	<u>(4,759,479)</u>	<u>275,989</u>	<u>(4,483,490)</u>
General revenues							
Taxes							
Sales taxes					3,550,009	-	3,550,009
Property taxes					337,436	-	337,436
Franchise taxes					179,702	-	179,702
Impact fees					601,184	1,585,052	2,186,236
State revenue sharing					715,748	-	715,748
State sales tax revenue sharing					721,297	-	721,297
Auto lieu tax revenue sharing					376,950	-	376,950
Investment earnings					27,003	14,549	41,552
Transfers					117,085	(117,085)	-
Total general revenues and transfers					<u>6,626,414</u>	<u>1,482,516</u>	<u>8,108,930</u>
Change in net assets					1,866,935	1,758,505	3,625,440
Net assets, beginning of year (as restated)					19,516,489	3,860,733	23,377,222
Net assets, end of year					<u>\$ 21,383,424</u>	<u>\$ 5,619,238</u>	<u>\$ 27,002,662</u>

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

CITY OF COOLIDGE, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General	Grants	Capital Projects	Impact Fees	Nonmajor Governmental Funds	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 1,285,239	\$ 389,700	\$ 656,063	\$ 603,596	\$ 511,891	\$ 3,446,489
Receivables, net						
Accounts receivable	35,475	-	-	-	1,162	36,637
Taxes receivable	26,413	-	-	-	76,403	102,816
Intergovernmental receivable	331,690	198,898	76,508	-	49,436	656,532
Due from other funds	12,893	-	-	-	-	12,893
Total assets	<u>\$ 1,691,710</u>	<u>\$ 588,598</u>	<u>\$ 732,571</u>	<u>\$ 603,596</u>	<u>\$ 638,892</u>	<u>\$ 4,255,367</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 377,771	\$ 15,050	\$ 214	\$ -	\$ 164	\$ 393,199
Accrued wages and benefits	112,604	-	-	-	-	112,604
Deferred revenue	16,398	573,548	-	-	-	589,946
Total liabilities	<u>506,773</u>	<u>588,598</u>	<u>214</u>	<u>-</u>	<u>164</u>	<u>1,095,749</u>
<b>Fund balances</b>						
Unreserved	1,184,937	-	732,357	603,596	-	2,520,890
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	392,840	392,840
Capital projects funds	-	-	-	-	245,888	245,888
Total fund balances	<u>1,184,937</u>	<u>-</u>	<u>732,357</u>	<u>603,596</u>	<u>638,728</u>	<u>3,159,618</u>
Total liabilities and fund balances	<u>\$ 1,691,710</u>	<u>\$ 588,598</u>	<u>\$ 732,571</u>	<u>\$ 603,596</u>	<u>\$ 638,892</u>	<u>\$ 4,255,367</u>

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

CITY OF COOLIDGE, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

Fund balances - total governmental funds	\$	3,159,618
Amounts reported for governmental activities in the statement of net assets are different because:		
Property taxes not collected within 60 days subsequent to fiscal year-end are deferred in the governmental funds.		16,398
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets		34,588,141
Less accumulated depreciation		<u>(11,456,220)</u>
Capital assets used in governmental activities		<u>23,131,921</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable		(3,663,168)
Capital leases		(389,561)
Landfill closure and postclosure care payable		(665,267)
Compensated absences		<u>(206,517)</u>
Net assets of governmental activities	\$	<u>21,383,424</u>

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General	Grants	Capital Projects	Impact Fees	Nonmajor Governmental Funds	Totals
<b>Revenues</b>						
Taxes						
Sales taxes	\$ 2,277,833	\$ -	\$ 759,278	\$ -	\$ 512,898	\$ 3,550,009
Property taxes	321,038	-	-	-	-	321,038
Franchise taxes	179,702	-	-	-	-	179,702
Intergovernmental	1,813,995	704,865	-	-	812,541	3,331,401
Fines and forfeitures	55,858	-	-	-	2,749	58,607
Licenses and permits	1,142,703	-	-	-	-	1,142,703
Charges for services	108,228	-	-	-	87,215	195,443
Contributions and donations	3,738	10,000	-	-	-	13,738
Impact fees	-	-	-	601,184	-	601,184
Special assessments	-	-	-	-	170	170
Investment earnings	3,659	2,160	12,534	2,412	6,238	27,003
Other	57,245	-	40,000	-	5,859	103,104
Total Revenues	<u>5,963,999</u>	<u>717,025</u>	<u>811,812</u>	<u>603,596</u>	<u>1,427,670</u>	<u>9,524,102</u>
<b>Expenditures</b>						
Current						
General government	2,042,761	88,851	490,615	-	10,224	2,632,451
Public safety	2,431,391	109,498	581,260	-	-	3,122,149
Highways and streets	-	439,883	-	-	854,370	1,294,253
Culture and recreation	780,208	78,793	-	-	-	859,001
Debt Service						
Principal retirement	-	-	88,307	-	308,177	396,484
Interest on long-term debt	-	-	22,723	-	156,048	178,771
Capital outlay	-	-	-	-	225,219	225,219
Total Expenditures	<u>5,254,360</u>	<u>717,025</u>	<u>1,182,905</u>	<u>-</u>	<u>1,554,038</u>	<u>8,708,328</u>
Excess (deficiency) of revenues over expenditures	<u>709,639</u>	<u>-</u>	<u>(371,093)</u>	<u>603,596</u>	<u>(126,368)</u>	<u>815,774</u>
Other financing sources (uses)						
Transfers in	303,582	-	40,000	-	648,139	991,721
Transfers out	(68,777)	-	(387,689)	-	(418,170)	(874,636)
Total other financing sources (uses)	<u>234,805</u>	<u>-</u>	<u>(347,689)</u>	<u>-</u>	<u>229,969</u>	<u>117,085</u>
Net change in fund balances	944,444	-	(718,782)	603,596	103,601	932,859
Fund balances, beginning of year	<u>240,493</u>	<u>-</u>	<u>1,451,139</u>	<u>-</u>	<u>535,127</u>	<u>2,226,759</u>
Fund balances, end of year	<u>\$ 1,184,937</u>	<u>\$ -</u>	<u>\$ 732,357</u>	<u>\$ 603,596</u>	<u>\$ 638,728</u>	<u>\$ 3,159,618</u>

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

CITY OF COOLIDGE, ARIZONA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ 932,859

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	1,394,975
Less current year depreciation	<u>(843,968)</u>
Excess capital expenditures over depreciation	<u>551,007</u>

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Property taxes	16,398
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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	396,484
Increase in landfill closure and postclosure care costs	<u>(13,683)</u>

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 increase in compensated absences	<u>(16,130)</u>
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Change in net assets of governmental activities	<u>\$ 1,866,935</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF COOLIDGE, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
<b>Taxes</b>			
Sales taxes	\$ 2,221,365	\$ 2,277,833	\$ 56,468
Property taxes	317,228	321,038	3,810
Franchise taxes	169,000	179,702	10,702
Intergovernmental	1,736,805	1,813,995	77,190
Fines and forfeitures	68,062	55,858	(12,204)
Licenses and permits	213,000	1,142,703	929,703
Charges for services	49,500	108,228	58,728
Rents and royalties	2,500	-	(2,500)
Contributions and donations	-	3,738	3,738
Investment earnings (loss)	4,000	3,659	(341)
Other	55,000	57,245	2,245
<b>Total Revenues</b>	<u>4,836,460</u>	<u>5,963,999</u>	<u>1,127,539</u>
<b>Expenditures</b>			
<b>Current</b>			
<b>General government</b>			
City Council	57,042	58,800	(1,758)
City Manager	139,587	139,969	(382)
City Clerk	85,101	68,833	16,268
Finance	336,766	315,084	21,682
Information Tech	67,374	55,478	11,896
Growth Management	342,570	343,035	(465)
Legal	95,775	127,923	(32,148)
Judicial	123,449	125,337	(1,888)
Grants/Special Projects	38,590	59,942	(21,352)
Vehicle Maintenance	74,838	75,452	(614)
Building Maintenance	270,046	264,404	5,642
Grounds Maintenance	209,047	219,058	(10,011)
Chamber of Commerce	28,500	28,500	-
Miscellaneous	60,800	160,946	(100,146)
Contingency	6,150	-	6,150
<b>Total general government</b>	<u>1,935,635</u>	<u>2,042,761</u>	<u>(107,126)</u>
<b>Public safety</b>			
Police Operations	2,229,908	2,241,841	(11,933)
Fire Operations	212,931	189,550	23,381
<b>Total public safety</b>	<u>2,442,839</u>	<u>2,431,391</u>	<u>11,448</u>
<b>Culture and recreation</b>			
Recreation Programs	478,022	502,466	(24,444)
Library	202,061	201,733	328
Swimming Pool	74,980	76,009	(1,029)
<b>Total culture and recreation</b>	<u>755,063</u>	<u>780,208</u>	<u>(25,145)</u>
<b>Total Expenditures</b>	<u>5,133,537</u>	<u>5,254,360</u>	<u>(120,823)</u>
Excess (deficiency) of revenues over expenditures	<u>(297,077)</u>	<u>709,639</u>	<u>1,006,716</u>

(Continued)

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

CITY OF COOLIDGE, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
(Concluded)			
Other financing sources (uses)			
Transfers in	303,582	303,582	-
Transfers out	<u>(79,997)</u>	<u>(68,777)</u>	<u>11,220</u>
Total other financing sources (uses)	<u>223,585</u>	<u>234,805</u>	<u>11,220</u>
Net change in fund balances	(73,492)	944,444	1,017,936
Fund balances, beginning of year	<u>73,492</u>	<u>240,493</u>	<u>167,001</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,184,937</u>	<u>\$ 1,184,937</u>

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

CITY OF COOLIDGE, ARIZONA  
 GRANTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 5,977,808	\$ 704,865	\$ (5,272,943)
Contributions and donations	10,000	10,000	-
Investment earnings	-	2,160	2,160
Total Revenues	<u>5,987,808</u>	<u>717,025</u>	<u>(5,270,783)</u>
Expenditures			
Current			
General government	3,429,590	88,851	3,340,739
Public safety	238,134	109,498	128,636
Highways and streets	1,435,477	439,883	995,594
Culture and recreation	884,607	78,793	805,814
Total Expenditures	<u>5,987,808</u>	<u>717,025</u>	<u>5,270,783</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,202,428	\$ 317,237	\$ -	\$ 1,519,665
Receivables, net				
Accounts receivable	<u>78,661</u>	<u>38,394</u>	<u>6,028</u>	<u>123,083</u>
Total current assets	1,281,089	355,631	6,028	1,642,748
Noncurrent assets				
Capital assets				
Non-depreciable	1,639,580	-	-	1,639,580
Depreciable (net)	<u>2,564,518</u>	<u>186,662</u>	<u>589,556</u>	<u>3,340,736</u>
Total assets	<u>5,485,187</u>	<u>542,293</u>	<u>595,584</u>	<u>6,623,064</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	75	90	46	211
Accrued wages and benefits	-	-	815	815
Interest payable	8,695	-	-	8,695
Due to other funds	-	-	12,893	12,893
Unearned revenue	6,443	-	-	6,443
Compensated absences	7,777	13,039	-	20,816
Matured notes payable	25,788	-	-	25,788
Notes payable	<u>110,258</u>	<u>-</u>	<u>13,220</u>	<u>123,478</u>
Total current liabilities	159,036	13,129	26,974	199,139
Noncurrent liabilities				
Notes payable	<u>756,274</u>	<u>-</u>	<u>48,413</u>	<u>804,687</u>
Total liabilities	<u>915,310</u>	<u>13,129</u>	<u>75,387</u>	<u>1,003,826</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	3,311,778	186,662	527,923	4,026,363
Unrestricted	<u>1,258,099</u>	<u>342,502</u>	<u>(7,726)</u>	<u>1,592,875</u>
Total net assets	<u>\$ 4,569,877</u>	<u>\$ 529,164</u>	<u>\$ 520,197</u>	<u>\$ 5,619,238</u>

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	
Operating revenues				
Charges for services	\$ 374,695	\$ 733,594	\$ 58,561	\$ 1,166,850
Total operating revenues	<u>374,695</u>	<u>733,594</u>	<u>58,561</u>	<u>1,166,850</u>
Operating expenses				
Costs of sales and services	305,591	575,049	96,986	977,626
Depreciation	<u>69,908</u>	<u>23,453</u>	<u>14,236</u>	<u>107,597</u>
Total operating expenses	<u>375,499</u>	<u>598,502</u>	<u>111,222</u>	<u>1,085,223</u>
Operating income (loss)	<u>(804)</u>	<u>135,092</u>	<u>(52,661)</u>	<u>81,627</u>
Nonoperating revenues (expenses)				
Impact fees	1,544,365	40,687	-	1,585,052
Investment earnings	8,159	4,785	1,605	14,549
Interest expense	(65,508)	-	(3,892)	(69,400)
Miscellaneous nonoperating revenues	<u>36,459</u>	<u>295</u>	<u>5,176</u>	<u>41,930</u>
Total nonoperating revenues (expenses)	<u>1,523,475</u>	<u>45,767</u>	<u>2,889</u>	<u>1,572,131</u>
Income (loss) before contributions and transfers	<u>1,522,671</u>	<u>180,859</u>	<u>(49,772)</u>	<u>1,653,758</u>
Capital contributions	-	142,546	79,286	221,832
Transfers in	-	-	68,777	68,777
Transfers out	<u>(43,759)</u>	<u>(142,103)</u>	<u>-</u>	<u>(185,862)</u>
Change in net assets	1,478,912	181,302	98,291	1,758,505
Total net assets, beginning of year (as restated)	<u>3,090,965</u>	<u>347,862</u>	<u>421,906</u>	<u>3,860,733</u>
Total net assets, end of year	<u>\$ 4,569,877</u>	<u>\$ 529,164</u>	<u>\$ 520,197</u>	<u>\$ 5,619,238</u>

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
Cash flows from operating activities				
Receipts from customers	\$ 439,607	\$ 750,967	\$ 62,873	\$ 1,253,447
Payments to suppliers	(162,748)	(336,268)	(81,564)	(580,580)
Payments to employees	(152,271)	(271,980)	(34,585)	(458,836)
Miscellaneous revenues	36,459	295	5,176	41,930
Net cash flows from operating activities	<u>161,047</u>	<u>143,014</u>	<u>(48,100)</u>	<u>255,961</u>
Cash flows from noncapital financing activities				
Cash received from (paid to) other funds for interfund borrowing	-	9,710	3,183	12,893
Transfers in	-	-	68,777	68,777
Transfers out	(43,759)	(142,103)	-	(185,862)
Impact fees	1,544,365	40,687	-	1,585,052
Net cash flows from noncapital financing activities	<u>1,500,606</u>	<u>(91,706)</u>	<u>71,960</u>	<u>1,480,860</u>
Cash flows from capital and financing activities				
Purchases of capital assets	(505,207)	-	(20,734)	(525,941)
Principal paid on capital debt	(102,042)	-	(12,505)	(114,547)
Interest paid on capital debt	(56,813)	-	(3,892)	(60,705)
Net cash flows from capital and financing activities	<u>(664,062)</u>	<u>-</u>	<u>(37,131)</u>	<u>(701,193)</u>
Cash flows from investing activities				
Investment income	8,159	4,785	1,605	14,549
Net cash flows from investing activities	<u>8,159</u>	<u>4,785</u>	<u>1,605</u>	<u>14,549</u>
Net change in cash and cash equivalents	1,005,750	56,093	(11,666)	1,050,177
Cash and cash equivalents, beginning of year (restated)	<u>196,678</u>	<u>261,144</u>	<u>11,666</u>	<u>469,488</u>
Cash and cash equivalents, end of year	<u>\$ 1,202,428</u>	<u>\$ 317,237</u>	<u>\$ -</u>	<u>\$ 1,519,665</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ (804)	\$ 135,092	\$ (52,661)	\$ 81,627
Depreciation expense	69,908	23,453	14,236	107,597
Miscellaneous receipts	36,459	295	5,176	41,930
Receivables, net	58,469	17,373	4,312	80,154
Accounts payable	(2,605)	(21,893)	(18,111)	(42,609)
Accrued payroll and related benefits	(6,302)	(10,503)	(1,052)	(17,857)
Compensated absences	(521)	(803)	-	(1,324)
Unearned revenue	6,443	-	-	6,443
Net cash provided (used) by operating activities	<u>\$ 161,047</u>	<u>\$ 143,014</u>	<u>\$ (48,100)</u>	<u>\$ 255,961</u>

Noncash Investing, Capital and Financing Activities

The Solid Waste and the Nonmajor Enterprise Funds received capital assets contributed from the governmental funds in the amount of \$142,546 and \$79,286 during the fiscal year.

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<u>Pension Trust</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 437,957
Receivables, net	
Intergovernmental receivable	<u>8,255</u>
Total assets	<u>446,212</u>
<b>Net Assets</b>	
Held in trust	<u>\$ 446,212</u>

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

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$ 3,107
Employee	3,107
State fire insurance premiums	8,255
Total contributions	14,469
Investment earnings	
Interest	32
Net increase in fair value of investments	28,019
Total additions	42,520
Deductions	
Administration	4,500
Benefits	16
Total deductions	4,516
Change in net assets	38,004
Net assets, beginning of year	408,208
Net assets, end of year	\$ 446,212

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

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CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

**A. Reporting entity**

The City 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. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Included within the reporting entity:

*The City of Coolidge Municipal Property Corporation.* The B&C Coolidge Municipal Leasing Corporation's (CMLC) board of directors consist of six members who are appointed by the Coolidge City Council. CMLC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the City in obtaining financing for various capital projects. All related receivables and payables between the City and the CMLC have been eliminated.

*The City of Coolidge Industrial Development Authority.* The Industrial Development Authority (IDA) board of directors consist of a seven member board which is appointed by the Coolidge City Council. The IDA, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed to assist the City in obtaining financing for various capital projects and promoting economic development.

Separate financial statements of the blended component units are not prepared.

**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 and its component units. 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.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Funds.

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.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

The City reports the following major governmental funds:

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

The *Grants Fund* accounts for the activity of various state and federal grants.

The *Capital Projects Fund* accounts for the capital improvements, acquisitions and construction of various City projects funded by unrestricted resources.

The *Impact Fees Fund* accounts for the activity of the development fees assessed to offset the costs associated with providing necessary public services to new developments.

The City reports the following major proprietary funds:

The *Liquid Waste Fund* accounts for the costs to operate, construct and finance the City's sewer system.

The *Solid Waste Fund* accounts for the costs to operate and finance the City's sanitation system.

The City also reports the following fund type:

The *Volunteer Firefighters' Pension Trust Fund* is a fiduciary fund used to account for the activity of the volunteer firefighters' pension 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 City 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) charges for services, 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.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For business-type activities, the use of restricted resources is governed by the applicable bond covenants.

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

The City'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 City 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, 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**

Accounts receivable and property taxes receivable are shown net of an allowance for uncollectibles.

Pinal 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.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

**3. Short-term interfund receivables/payables**

During the course of operations, individual funds within the City'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.

**4. Inventories**

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures at the time of purchase, and because the amounts on hand at June 30, 2005 were immaterial, they are not included in the government-wide and fund financial statements.

**5. Capital assets**

Capital assets, which include property, plant, machinery and equipment, are reported in the governmental and business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired is 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	20 - 50 years
Infrastructure	20 - 50 years
Sewer collection system	20 - 50 years
Land improvements	20 years
Furniture, machinery, equipment and vehicles	5 - 20 years

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

**6. Compensated absences**

The liability for compensated absences reported in the government-wide and proprietary 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.

**7. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the 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 type statements of net assets.

In the fund financial statements, governmental fund types recognize principal and interest expense during the current period. The face amount of the debt issued during the period is reported as other financing sources.

**8. 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 City. Unrestricted net assets are the remaining net assets not included in the previous two categories.

**9. 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.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

*NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY*

**A. Budgetary information**

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City 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 City is legally enacted through 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 City expenditures from the audited general-purpose financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. Expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds (except for the Court Surcharge Fund). The City Manager, subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
5. Formal budgetary integration is employed as a management control device during the year for all funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City 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 City complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following funds:

	<u>Amount of</u> <u>Overexpenditure</u>
General Fund:	
City Council	\$ 1,758
City Manager	382
Growth Management	465
Legal	32,148
Judicial	1,888
Grants / Special Projects	21,352
Vehicle Maintenance	614
Grounds Maintenance	10,011
Miscellaneous	100,146
Police Operations	11,933
Recreation Programs	24,444
Swimming Pool	1,029
Debt Service Fund	88,112

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

*NOTE 3 - DETAILED NOTES ON ALL FUNDS*

**A. Prior period adjustment**

Prior period adjustments were recorded in the Liquid Waste Fund to 1) to correct a note payable that was overstated in the prior year financial statements and 2) to properly state the Liquid Waste net assets for development fees recorded in the nonmajor enterprise funds in the prior year in error. In addition, several capital assets were either overstated or were no longer in use in the Business-type Activities and numerous Governmental capital assets were reclassified to properly state the assets as depreciable or non-depreciable. Therefore, a prior period adjustment was necessary to properly state capital assets in the Governmental and Business-type Activities. The following summary is necessary to reconcile the beginning net assets to the prior year audited financial statements:

	Governmental Activities			
Beginning net assets (as previously reported)	\$ 18,869,285			
Prior period adjustment:				
Capital assets	<u>647,204</u>			
Beginning net assets (as restated)	<u>\$ 19,516,489</u>			
	Business-type Activities			
	Liquid Waste Fund	Solid Waste Fund	Nonmajor Enterprise Funds	Total
Beginning net assets (as previously reported)	\$ 2,533,900	\$ 335,358	\$ 503,822	\$ 3,373,080
Prior period adjustment:				
Overstated note payable	280,874	-	-	280,874
Liquid waste development fees	139,714	-	(139,714)	-
Capital assets	<u>136,477</u>	<u>12,504</u>	<u>57,798</u>	<u>206,779</u>
Beginning net assets (as restated)	<u>\$ 3,090,965</u>	<u>\$ 347,862</u>	<u>\$ 421,906</u>	<u>\$ 3,860,733</u>

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

**B. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2005 consist of the following:

Deposits	
Cash on hand	\$ 2,993
Cash in bank	4,062,024
Investments	
Money Market Mutual Fund	392,996
State Treasurer's Investment Pool	<u>946,098</u>
Total deposits and investments	5,404,111
Less: Fiduciary fund cash	<u>(437,957)</u>
Total cash and equivalents	<u>\$ 4,966,154</u>

**Deposits** - The City's deposits at June 30, 2005, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. The deposits were 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. In addition, the money market mutual fund is not subject to custodial credit risk.

*Interest rate risk.* In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to less than one year.

*Credit rate risk.* The City limits its credit risk by only investing in U.S. government securities, the State Treasurer's Investment Pool or insured or collateralized investments.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

**2. 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 and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 16,398	\$ -
Unearned grant revenues (Grants Fund)	<u>-</u>	<u>573,548</u>
	<u>\$ 16,398</u>	<u>\$ 573,548</u>

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

**3. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ <u>1,796,054</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,796,054</u>
<b>Total capital assets, not being depreciated</b>	<u><b>1,796,054</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>1,796,054</b></u>
Capital assets being depreciated:				
Buildings and improvements	5,929,007	581,260	-	6,510,267
Infrastructure and land improvements	22,241,031	396,792	-	22,637,823
Furniture, equipment and vehicles	<u>3,390,077</u>	<u>416,923</u>	<u>(163,003)</u>	<u>3,643,997</u>
<b>Total capital assets being depreciated</b>	<u><b>31,560,115</b></u>	<u><b>1,394,975</b></u>	<u><b>(163,003)</b></u>	<u><b>32,792,087</b></u>
Less accumulated depreciation for:				
Buildings and improvements	(785,504)	(122,491)	-	(907,995)
Infrastructure and land improvements	(7,722,948)	(452,148)	-	(8,175,096)
Furniture, equipment and vehicles	<u>(2,266,803)</u>	<u>(269,329)</u>	<u>163,003</u>	<u>(2,373,129)</u>
<b>Total accumulated depreciation</b>	<u><b>(10,775,255)</b></u>	<u><b>(843,968)</b></u>	<u><b>163,003</b></u>	<u><b>(11,456,220)</b></u>
<b>Total capital assets, being depreciated, net</b>	<u><b>20,784,860</b></u>	<u><b>551,007</b></u>	<u><b>-</b></u>	<u><b>21,335,867</b></u>
<b>Governmental activities capital assets, net</b>	<u><b>\$ 22,580,914</b></u>	<u><b>\$ 551,007</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 23,131,921</b></u>

The beginning balances were restated as a prior period adjustment for a reclassification of assets, which includes reclassifying assets as depreciable or nondepreciable. See Note 3.A.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000
Construction in progress	<u>-</u>	<u>439,580</u>	<u>-</u>	<u>439,580</u>
<b>Total capital assets, not being depreciated</b>	<b><u>1,200,000</u></b>	<b><u>439,580</u></b>	<b><u>-</u></b>	<b><u>1,639,580</u></b>
Capital assets being depreciated:				
Land improvements	581,773	96,796	-	678,569
Airport hangar and other improvements	115,160	3,224	-	118,384
Sewer treatment plant and collection system	3,483,438	28,497	-	3,511,935
Machinery, equipment and vehicles	<u>393,256</u>	<u>179,676</u>	<u>-</u>	<u>572,932</u>
Total capital assets being depreciated	<u>4,573,627</u>	<u>308,193</u>	<u>-</u>	<u>4,881,820</u>
Less accumulated depreciation for:				
Land improvements	(157,439)	(10,409)	-	(167,848)
Airport hangar and other improvements	(57,581)	(1,867)	-	(59,448)
Sewer treatment plant and collection system	(933,686)	(66,101)	-	(999,787)
Machinery, equipment and vehicles	<u>(284,781)</u>	<u>(29,220)</u>	<u>-</u>	<u>(314,001)</u>
Total accumulated depreciation	<u>(1,433,487)</u>	<u>(107,597)</u>	<u>-</u>	<u>(1,541,084)</u>
<b>Total capital assets, being depreciated, net</b>	<b><u>3,140,140</u></b>	<b><u>200,596</u></b>	<b><u>-</u></b>	<b><u>3,340,736</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 4,340,140</u></b>	<b><u>\$ 640,176</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,980,316</u></b>

A prior period adjustment was recorded to eliminate assets and depreciation that were impaired or depleted in the prior year and to reclassify certain asset balances. See Note 3.A.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

Governmental activities:	
General government	\$ 49,078
Public safety	225,590
Highways and streets	504,300
Culture and recreation	<u>65,000</u>
Total depreciation expense - governmental activities	\$ <u>843,968</u>
Business-type activities:	
Liquid Waste	\$ 69,908
Solid Waste	23,453
Municipal Airport	12,276
Cable Television	<u>1,960</u>
Total depreciation expense - business-type activities	\$ <u>107,597</u>

**C. Interfund receivables, payables and transfers**

As of June 30, 2005 interfund receivables and payables were as follows:

	Due from
Due To	Nonmajor Business-type Funds
General Fund	\$ <u>12,893</u>

The above interfund receivables and payables are recorded to eliminate cash short-falls at year end. Funds were received subsequent to June 30, 2005 to cover the cash short-falls.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

Interfund transfers for the year ended June 30, 2005 consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds	
General Fund	\$ -	\$ -	\$ -	\$ 68,777	\$ 68,777
Capital Projects Fund	-	-	387,689	-	387,689
Nonmajor Governmental Funds	157,720	-	260,450	-	418,170
Liquid Waste Fund	43,759	-	-	-	43,759
Solid Waste Fund	<u>102,103</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>142,103</u>
	<u>\$ 303,582</u>	<u>\$ 40,000</u>	<u>\$ 648,139</u>	<u>\$ 68,777</u>	<u>\$ 1,060,498</u>

The transfer from the General Fund to the Nonmajor Business-type Funds was recorded to subsidize the Airport and Channel XI operations. The transfer from the Capital Projects Fund to the Nonmajor Governmental Funds was recorded to transfer funds to make the debt service requirements on the GADA loan and the final payment on a capital lease. The transfer out recorded in the Nonmajor Governmental Funds, Liquid Waste Fund and the Solid Waste Fund to General Fund and the Nonmajor Governmental Funds was recorded to charge unallocated administrative costs.

**D. Obligations under capital leases**

The City has entered into lease agreements as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Vehicles	\$ 582,017
Equipment	71,787
Less: Accumulated depreciation	<u>(423,808)</u>
Total	<u>\$ 229,996</u>

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30,	<u>Governmental Activities</u>
2006	\$ 110,944
2007	110,944
2008	96,993
2009	72,598
2010	<u>48,202</u>
Total minimum lease payments	439,681
Less: amount representing interest	<u>(50,120)</u>
Present value of minimum lease payments	\$ <u><u>389,561</u></u>

**E. Closure and postclosure care costs**

State and federal laws and regulations require that the City of Coolidge, Arizona place a final cover on its landfill, which was closed in 1992, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liabilities for landfill closure and postclosure care are \$290,564 and 374,703, respectively, which represent the estimated current costs that would be incurred if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2005. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Coolidge, Arizona is required to file certain information relating to the landfill closure, postclosure and monitoring with the State of Arizona Department of Environmental Quality. The required information was filed with the State subsequent to June 30, 2005. the City did not have any significant changes in estimate.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

**F. Long-term obligations**

The City has long-term notes payable issued to provide funds for the acquisition and construction of major capital facilities. The debt is being repaid by the HURF Fund for the purchase of street lights, by the Debt Service Fund for the repayment of Greater Arizona Development Authority Note, and by the Airport Fund for the note due to the Arizona Department of Transportation. Additionally, the Liquid Waste Fund is responsible for the repayment of the Water Infrastructure Authority of Arizona note and the Industrial Development Authority's notes payables.

Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

The City has the following notes payable at June 30, 2005:

Governmental Activities

A note payable due to the Greater Arizona Development Authority (GADA). Annual principal payments are due through the fiscal year 2023 at a rate of 2.00%. \$ 3,545,000

A note payable due to Community First Bank. Monthly principal and interest payments are required through the fiscal year 2007 at a rate of 4.75% 118,168

\$ 3,663,168

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

Business-type Activities

A note payable due to the Arizona Department of Transportation. Quarterly principal and interest payments are required through fiscal year 2010 at a rate of 5.60%.	\$ 61,633
A note payable due to the Water Infrastructure Authority of Arizona. Semi-annual interest and annual interest payments are required through fiscal year 2018 at 1.88%.	437,921
An Industrial Development Authority note payable due to an individual for the purchase of farmland. Annual principal and interest payments are required through fiscal 2009 at an imputed interest rate of 8%.	172,762
An Industrial Development Authority note payable due to an individual for the purchase of land. Monthly principal and interest payments are required through fiscal year 2010 at an imputed interest rate of 8%.	<u>255,849</u>
	<u>\$ 928,165</u>

Changes in long-term obligations for the year ended June 30, 2005 are as follows:

	July 1, 2004	Increases	Decreases	June 30, 2005	Due Within One Year
<b>Governmental Activities:</b>					
Notes payable	\$ 3,872,269	\$ -	\$ (209,101)	\$ 3,663,168	\$ 215,918
Other liabilities:					
Capital leases	576,944	-	(187,383)	389,561	92,430
Landfill closure costs	651,584	13,683	-	665,267	-
Compensated absences	<u>190,387</u>	<u>211,728</u>	<u>(195,598)</u>	<u>206,517</u>	<u>199,510</u>
Governmental activities long-term liabilities	<u>\$ 5,291,184</u>	<u>\$ 225,411</u>	<u>\$ (592,082)</u>	<u>\$ 4,924,513</u>	<u>\$ 507,858</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 1,043,644	\$ -	\$ (115,479)	\$ 928,165	\$ 123,478
Other liabilities:					
Compensated absences	<u>22,140</u>	<u>23,126</u>	<u>(24,450)</u>	<u>20,816</u>	<u>20,816</u>
Business-type activities long-term liabilities	<u>\$ 1,065,784</u>	<u>\$ 23,126</u>	<u>\$ (139,929)</u>	<u>\$ 948,981</u>	<u>\$ 144,294</u>

The Business-type Activities notes payable was restated as a prior period adjustment was recorded to properly state the beginning balance reported in error in the previous fiscal year. See Note 3.A.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

Debt service requirements on long-term debt at June 30, 2005 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 215,918	\$ 146,270	\$ 123,479	\$ 52,256
2007	192,250	139,200	132,054	43,680
2008	150,000	134,138	141,267	34,468
2009	155,000	129,369	151,166	24,569
2010	160,000	124,050	86,472	14,139
2011-15	900,000	519,050	173,335	42,552
2016-20	1,105,000	311,854	120,392	9,138
2021-23	<u>785,000</u>	<u>56,994</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,663,168</u>	<u>\$ 1,560,925</u>	<u>\$ 928,165</u>	<u>\$ 220,802</u>

**NOTE 4 - OTHER INFORMATION**

**A. Risk management**

The City of Coolidge, 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 City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$5,000,000 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 City is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

**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 City employees at June 30, 2005, totaled \$482,161.

**Lawsuits** - The City is a defendant in various lawsuits. In the opinion of the City's attorney, there were no material lawsuits that would materially affect the City's financial statements.

**C. Retirement plans**

**Defined Contribution Pension Plan**

The City of Coolidge, Arizona Volunteer Firefighters' Relief and Pension Fund is a defined contribution pension plan administered by the City and a board of trustees for the City's volunteer firefighters.

All full-time employees of the City, except participants in the Arizona Public Safety Personnel Retirement System, participate in a defined contribution pension plan administered by the ICMA Retirement Corporation as a 401(a) plan. The payroll for the City employees covered by this plan the year ended June 30, 2005 was \$62,160. The City's total payroll was \$3,755,713.

A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefit the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investment of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. Contributions made by an employee vest immediately and contributions made by the City fully vest after 25 years of service and vest 50% after 20 years of service, with a 10% increase for each additional year.

Each volunteer must contribute 5% of his or her gross earnings. The City must contribute 5% of covered earnings. During fiscal year 2004-05, the City's required and actual contributions amounted to \$3,107. The employees' contributions totaled \$3,107.

No pension provision changes occurred during the year that affected the required contributions to be made by the City or its employees.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
FISCAL YEAR ENDED JUNE 30, 2005

The Firefighters' Relief and Pension Fund held no securities of the City or other related parties during the fiscal years or as of the close of the fiscal year.

The ICMA Retirement Corporation owned no securities of the City or other related parties during the fiscal year or as of the close of the fiscal year.

**Arizona State Retirement System**

**Plan Description** - The City contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. 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 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 City's contribution rate. For the year ended June 30, 2005, active plan members and the City were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.20 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$135,474, \$126,579, and \$54,224, respectively, which were equal to the required contributions for the year.

**Public Safety Personnel Retirement System (PSPRS)**

**Plan Description** - The City 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, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

CITY OF COOLIDGE, ARIZONA  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 FISCAL YEAR ENDED JUNE 30, 2005

**Funding Policy** - Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The City 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 9.18 percent of annual covered payroll.

**Annual Pension Cost** - During the year ended June 30, 2004 (the most recent information available), the City of Coolidge, Arizona's annual pension cost of \$106,103 for police was equal to the City of Coolidge, Arizona's required and actual contributions.

The required contribution was determined as part of the June 30, 2004 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 9.0% per year compounded annually, (b) projected salary increases of 6.5% (including inflation at 5.5%) per year compounded annually, and (c) additional projected salary increases of 0.0% to 3.0% per year attributable to seniority/merit.

The actuarial value of the City of Coolidge, 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 City of Coolidge, 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, 2004, 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</u> <u>Ended June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percent</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2002	\$ 135,263	100.0 %	\$ -
2003	100,647	100.0	-
2004	106,103	100.0	-

Additional historical trend information for the City's PSPRS is disclosed on page 53.

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.

**Required Supplementary Information**

CITY OF COOLIDGE, ARIZONA  
**REQUIRED SUPPLEMENTARY INFORMATION**  
 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
 SCHEDULE OF FUNDING PROGRESS

**City of Coolidge Police**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	Over(Under) funded AAL as a Percentage of Covered Payroll
1999	\$ 1,962,947	\$ 2,048,115	95.8 %	\$ (85,168)	\$ 776,491	(11.0)%
2000	2,198,799	2,282,722	96.3	(83,923)	976,235	(8.6)
2001	2,705,307	2,231,277	121.2	474,030	1,163,239	40.8
2002	2,921,388	2,509,868	116.4	411,520	1,153,793	35.7
2003	3,100,258	3,033,585	102.2	66,673	1,229,240	5.4
2004	3,206,970	3,327,227	96.4	(120,257)	1,051,876	(11.4)

\* Information prior to 1999 is not available.

**Combining and Individual Fund  
Statements and Schedules**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

*Highway User Revenue Fund (HURF)* - accounts for the City's share of motor fuel tax revenues and lottery proceeds.

*Local Transportation Assistance Fund (LTAF)* - accounts for the City's share of lottery revenues and the state transit grant.

*Court Surcharge Fund* - accounts for the activities of various court grants and surcharges.

### **DEBT SERVICE FUNDS**

*Debt Service Fund* - accounts for the payment of principal and interest on long-term notes payable.

### **CAPITAL PROJECTS FUND**

*Road Tax Fund* - accounts for the acquisition, construction and improvements of major roads through the use a county sales tax.

CITY OF COOLIDGE, ARIZONA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2005

	Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
	HURF	LTAF	Court Surcharge	Total	Debt Service		Road Tax
<b>Assets</b>							
Cash and cash equivalents	\$ 213,711	\$ 39,351	\$ 62,264	\$ 315,326	\$ -	\$ 196,565	\$ 511,891
Receivables, net							
Accounts receivable	-	1,162	-	1,162	-	-	1,162
Taxes receivable	76,403	-	-	76,403	-	-	76,403
Intergovernmental receivable	-	-	-	-	-	49,436	49,436
Total assets	<u>\$ 290,114</u>	<u>\$ 40,513</u>	<u>\$ 62,264</u>	<u>\$ 392,891</u>	<u>\$ -</u>	<u>\$ 246,001</u>	<u>\$ 638,892</u>
<b>Liabilities and Fund Balances</b>							
Liabilities							
Accounts payable	\$ 51	\$ -	\$ -	\$ 51	\$ -	\$ 113	\$ 164
Total liabilities	<u>51</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>-</u>	<u>113</u>	<u>164</u>
Fund balances							
Unreserved	<u>290,063</u>	<u>40,513</u>	<u>62,264</u>	<u>392,840</u>	<u>-</u>	<u>245,888</u>	<u>638,728</u>
Total fund balances	<u>290,063</u>	<u>40,513</u>	<u>62,264</u>	<u>392,840</u>	<u>-</u>	<u>245,888</u>	<u>638,728</u>
Total liabilities and fund balances	<u>\$ 290,114</u>	<u>\$ 40,513</u>	<u>\$ 62,264</u>	<u>\$ 392,891</u>	<u>\$ -</u>	<u>\$ 246,001</u>	<u>\$ 638,892</u>

CITY OF COOLIDGE, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Special Revenue				Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	HURF	LTAF	Court Surcharge	Total	Debt Service	Road Tax	
Revenues							
Taxes							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 512,898	\$ 512,898
Intergovernmental	750,311	61,416	814	812,541	-	-	812,541
Fines and forfeitures	-	-	2,749	2,749	-	-	2,749
Charges for services	15,954	71,261	-	87,215	-	-	87,215
Special assessments	-	-	170	170	-	-	170
Investment earnings	1,296	6	325	1,627	69	4,542	6,238
Other	1,305	4,554	-	5,859	-	-	5,859
Total Revenues	<u>768,866</u>	<u>137,237</u>	<u>4,058</u>	<u>910,161</u>	<u>69</u>	<u>517,440</u>	<u>1,427,670</u>
Expenditures							
Current							
General government	-	-	10,224	10,224	-	-	10,224
Highways and streets	665,758	188,612	-	854,370	-	-	854,370
Debt Service							
Principal retirement	69,101	-	-	69,101	239,076	-	308,177
Interest on long-term debt	7,366	-	-	7,366	148,682	-	156,048
Capital outlay	-	-	-	-	-	225,219	225,219
Total Expenditures	<u>742,225</u>	<u>188,612</u>	<u>10,224</u>	<u>941,061</u>	<u>387,758</u>	<u>225,219</u>	<u>1,554,038</u>
Excess (deficiency) of revenues over expenditures	<u>26,641</u>	<u>(51,375)</u>	<u>(6,166)</u>	<u>(30,900)</u>	<u>(387,689)</u>	<u>292,221</u>	<u>(126,368)</u>
Other financing sources (uses)							
Transfers in	260,450	-	-	260,450	387,689	-	648,139
Transfers out	(157,720)	-	-	(157,720)	-	(260,450)	(418,170)
Total other financing sources (uses)	<u>102,730</u>	<u>-</u>	<u>-</u>	<u>102,730</u>	<u>387,689</u>	<u>(260,450)</u>	<u>229,969</u>
Net change in fund balances	129,371	(51,375)	(6,166)	71,830	-	31,771	103,601
Fund balances, beginning of year	<u>160,692</u>	<u>91,888</u>	<u>68,430</u>	<u>321,010</u>	<u>-</u>	<u>214,117</u>	<u>535,127</u>
Fund balances, end of year	<u>\$ 290,063</u>	<u>\$ 40,513</u>	<u>\$ 62,264</u>	<u>\$ 392,840</u>	<u>\$ -</u>	<u>\$ 245,888</u>	<u>\$ 638,728</u>

CITY OF COOLIDGE, ARIZONA  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Taxes			
Sales taxes	\$ 740,455	\$ 759,278	\$ 18,823
Investment earnings	6,000	12,534	6,534
Other	40,000	40,000	-
Total Revenues	<u>786,455</u>	<u>811,812</u>	<u>25,357</u>
<b>Expenditures</b>			
Current			
General government	1,220,281	490,615	729,666
Public safety	963,517	581,260	382,257
Debt Service			
Principal retirement	-	88,307	(88,307)
Interest on long-term debt	-	22,723	(22,723)
Total Expenditures	<u>2,183,798</u>	<u>1,182,905</u>	<u>1,000,893</u>
Excess (deficiency) of revenues over expenditures	<u>(1,397,343)</u>	<u>(371,093)</u>	<u>1,026,250</u>
<b>Other financing sources (uses)</b>			
Transfers in	40,000	40,000	-
Transfers out	(298,446)	(387,689)	(89,243)
Total other financing sources (uses)	<u>(258,446)</u>	<u>(347,689)</u>	<u>(89,243)</u>
Net change in fund balances	(1,655,789)	(718,782)	937,007
Fund balances, beginning of year	<u>1,655,789</u>	<u>1,451,139</u>	<u>(204,650)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 732,357</u>	<u>\$ 732,357</u>

CITY OF COOLIDGE, ARIZONA  
 IMPACT FEES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Impact fees	\$ 581,700	\$ 601,184	\$ 19,484
Investment earnings	<u>2,600</u>	<u>2,412</u>	<u>(188)</u>
Total Revenues	<u>584,300</u>	<u>603,596</u>	<u>19,296</u>
Expenditures			
Current			
General government	56,900	-	56,900
Public safety	169,000	-	169,000
Highways and streets	65,750	-	65,750
Culture and recreation	<u>292,650</u>	<u>-</u>	<u>292,650</u>
Total Expenditures	<u>584,300</u>	<u>-</u>	<u>584,300</u>
Excess (deficiency) of revenues over expenditures	-	603,596	603,596
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 603,596</u>	<u>\$ 603,596</u>

CITY OF COOLIDGE, ARIZONA  
HURF FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 695,575	\$ 750,311	\$ 54,736
Charges for services	-	15,954	15,954
Investment earnings	50	1,296	1,246
Other	<u>3,000</u>	<u>1,305</u>	<u>(1,695)</u>
Total Revenues	<u>698,625</u>	<u>768,866</u>	<u>70,241</u>
Expenditures			
Current			
Highways and streets	955,523	665,758	289,765
Debt Service			
Principal retirement	-	69,101	(69,101)
Interest on long-term debt	<u>-</u>	<u>7,366</u>	<u>(7,366)</u>
Total Expenditures	<u>955,523</u>	<u>742,225</u>	<u>213,298</u>
Excess (deficiency) of revenues over expenditures	<u>(256,898)</u>	<u>26,641</u>	<u>283,539</u>
Other financing sources (uses)			
Transfers in	260,450	260,450	-
Transfers out	<u>(157,720)</u>	<u>(157,720)</u>	<u>-</u>
Total other financing sources (uses)	<u>102,730</u>	<u>102,730</u>	<u>-</u>
Net change in fund balances	(154,168)	129,371	283,539
Fund balances, beginning of year	<u>154,168</u>	<u>160,692</u>	<u>6,524</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 290,063</u>	<u>\$ 290,063</u>

CITY OF COOLIDGE, ARIZONA  
 LTAF FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 41,874	\$ 61,416	\$ 19,542
Charges for services	21,000	71,261	50,261
Investment earnings	850	6	(844)
Other	<u>135,742</u>	<u>4,554</u>	<u>(131,188)</u>
Total Revenues	<u>199,466</u>	<u>137,237</u>	<u>(62,229)</u>
<b>Expenditures</b>			
Current			
Highways and streets	<u>278,127</u>	<u>188,612</u>	<u>89,515</u>
Total Expenditures	<u>278,127</u>	<u>188,612</u>	<u>89,515</u>
Excess (deficiency) of revenues over expenditures	(78,661)	(51,375)	27,286
Fund balances, beginning of year	<u>78,861</u>	<u>91,888</u>	<u>13,027</u>
Fund balances, end of year	<u>\$ 200</u>	<u>\$ 40,513</u>	<u>\$ 40,313</u>

CITY OF COOLIDGE, ARIZONA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ 1,200	\$ 69	\$ (1,131)
Total Revenues	<u>1,200</u>	<u>69</u>	<u>(1,131)</u>
Expenditures			
Current			
General government	299,646	-	299,646
Debt Service			
Principal retirement	-	239,076	(239,076)
Interest on long-term debt	-	148,682	(148,682)
Total Expenditures	<u>299,646</u>	<u>387,758</u>	<u>(88,112)</u>
Excess (deficiency) of revenues over expenditures	<u>(298,446)</u>	<u>(387,689)</u>	<u>(89,243)</u>
Other financing sources (uses)			
Transfers in	<u>298,446</u>	<u>387,689</u>	<u>89,243</u>
Total other financing sources (uses)	<u>298,446</u>	<u>387,689</u>	<u>89,243</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COOLIDGE, ARIZONA  
ROAD TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Sales taxes	\$ 412,544	\$ 512,898	\$ 100,354
Investment earnings	<u>2,000</u>	<u>4,542</u>	<u>2,542</u>
Total Revenues	<u>414,544</u>	<u>517,440</u>	<u>102,896</u>
Expenditures			
Capital outlay	<u>332,143</u>	<u>225,219</u>	<u>106,924</u>
Total Expenditures	<u>332,143</u>	<u>225,219</u>	<u>106,924</u>
Excess (deficiency) of revenues over expenditures	<u>82,401</u>	<u>292,221</u>	<u>209,820</u>
Other financing sources (uses)			
Transfers out	<u>(260,450)</u>	<u>(260,450)</u>	<u>-</u>
Total other financing sources (uses)	<u>(260,450)</u>	<u>(260,450)</u>	<u>-</u>
Net change in fund balances	(178,049)	31,771	209,820
Fund balances, beginning of year	<u>178,049</u>	<u>214,117</u>	<u>36,068</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 245,888</u>	<u>\$ 245,888</u>

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## **ENTERPRISE FUNDS**

*Municipal Airport Fund* - accounts for the costs to operate, construct and finance the airport.

*Cable Television Fund* - accounts for the costs to operate the City's Channel XI.

CITY OF COOLIDGE, ARIZONA  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 JUNE 30, 2005

	<u>Municipal Airport</u>	<u>Cable Television</u>	<u>Totals</u>
<b>Assets</b>			
Current assets			
Receivables, net			
Accounts receivable	\$ 6,028	\$ -	\$ 6,028
Noncurrent assets			
Capital assets			
Depreciable (net)	<u>569,658</u>	<u>19,898</u>	<u>589,556</u>
Total assets	<u>575,686</u>	<u>19,898</u>	<u>595,584</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	42	4	46
Accrued wages and benefits	815	-	815
Due to other funds	8,237	4,656	12,893
Notes payable	<u>13,220</u>	<u>-</u>	<u>13,220</u>
Total current liabilities	22,314	4,660	26,974
Noncurrent liabilities			
Notes payable	<u>48,413</u>	<u>-</u>	<u>48,413</u>
Total liabilities	<u>70,727</u>	<u>4,660</u>	<u>75,387</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	508,025	19,898	527,923
Unrestricted	<u>(3,066)</u>	<u>(4,660)</u>	<u>(7,726)</u>
Total net assets	<u>\$ 504,959</u>	<u>\$ 15,238</u>	<u>\$ 520,197</u>

CITY OF COOLIDGE, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Municipal Airport</u>	<u>Cable Television</u>	<u>Totals</u>
Operating revenues			
Charges for services	\$ 42,293	\$ 16,268	\$ 58,561
Total operating revenues	<u>42,293</u>	<u>16,268</u>	<u>58,561</u>
Operating expenses			
Costs of sales and services	64,260	32,726	96,986
Depreciation	<u>12,276</u>	<u>1,960</u>	<u>14,236</u>
Total operating expenses	<u>76,536</u>	<u>34,686</u>	<u>111,222</u>
Operating income (loss)	<u>(34,243)</u>	<u>(18,418)</u>	<u>(52,661)</u>
Nonoperating revenues			
Investment earnings	1,605	-	1,605
Interest expense	(3,892)	-	(3,892)
Miscellaneous nonoperating revenues	<u>-</u>	<u>5,176</u>	<u>5,176</u>
Total nonoperating revenues	<u>(2,287)</u>	<u>5,176</u>	<u>2,889</u>
Income (loss) before contributions and transfers	<u>(36,530)</u>	<u>(13,242)</u>	<u>(49,772)</u>
Capital contributions	79,286	-	79,286
Transfers in	<u>57,495</u>	<u>11,282</u>	<u>68,777</u>
Change in net assets	100,251	(1,960)	98,291
Total net assets, beginning of year	<u>404,708</u>	<u>17,198</u>	<u>421,906</u>
Total net assets, end of year	<u>\$ 504,959</u>	<u>\$ 15,238</u>	<u>\$ 520,197</u>

CITY OF COOLIDGE, ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Municipal Airport</u>	<u>Cable Television</u>	<u>Totals</u>
Cash flows from operating activities			
Receipts from customers	\$ 46,605	\$ 16,268	\$ 62,873
Payments to suppliers	(70,729)	(10,835)	(81,564)
Payments to employees	(12,698)	(21,887)	(34,585)
Miscellaneous receipts	<u>-</u>	<u>5,176</u>	<u>5,176</u>
Net cash flows from operating activities	<u>(36,822)</u>	<u>(11,278)</u>	<u>(48,100)</u>
Cash flows from noncapital financing activities			
Cash received from (paid to) other funds for interfund borrowing	8,237	(5,054)	3,183
Transfers in	<u>57,495</u>	<u>11,282</u>	<u>68,777</u>
Net cash flows from noncapital financing activities	<u>65,732</u>	<u>6,228</u>	<u>71,960</u>
Cash flows from capital and financing activities			
Purchases of capital assets	(20,734)	-	(20,734)
Principal paid on capital debt	(12,505)	-	(12,505)
Interest paid on capital debt	<u>(3,892)</u>	<u>-</u>	<u>(3,892)</u>
Net cash flows from capital and financing activities	<u>(37,131)</u>	<u>-</u>	<u>(37,131)</u>
Cash flows from investing activities			
Investment earnings	<u>1,605</u>	<u>-</u>	<u>1,605</u>
Net cash flows from investing activities	<u>1,605</u>	<u>-</u>	<u>1,605</u>
Net change in cash and cash equivalents	(6,616)	(5,050)	(11,666)
Cash and cash equivalents, beginning of year	<u>6,616</u>	<u>5,050</u>	<u>11,666</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (34,243)	\$ (18,418)	\$ (52,661)
Depreciation expense	12,276	1,960	14,236
Miscellaneous revenues	-	5,176	5,176
Receivables, net	4,312	-	4,312
Accounts payable	(18,115)	4	(18,111)
Accrued wages and salaries	<u>(1,052)</u>	<u>-</u>	<u>(1,052)</u>
Net cash provided by operating activities	<u>\$ (36,822)</u>	<u>\$ (11,278)</u>	<u>\$ (48,100)</u>