



FINANCIAL STATEMENTS

Year Ended June 30, 2008



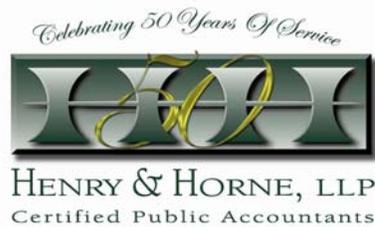
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## **FINANCIAL SECTION**





## Independent Auditors' Report

The Honorable Mayor and Council  
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 City of Coolidge (the City), Arizona, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coolidge, Arizona, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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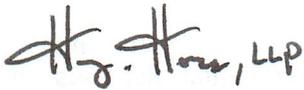
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The Honorable Mayor and Council  
City of Coolidge, Arizona

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coolidge, Arizona's basic financial statements. The introductory section, the accompanying financial information listed as other supplementary information in the financial section, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The financial information listed as other supplementary information in the financial section and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Casa Grande, Arizona  
February 11, 2009

## **FINANCIAL SECTION**

### **MANAGEMENT'S DISCUSSION & ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30 2008

The City of Coolidge, Arizona (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2008. This Management's 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 \$89,529,499 (net assets). Of this amount \$4,680,146 (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 \$10,163,914, a decrease of \$221,943 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,210,254 or 52 percent of total General Fund expenditures.
- General Fund revenues (on a budgetary basis) were less than budgeted revenues by \$9,341,516 for fiscal year 2008. Additionally, budgetary basis expenditures were less than the budget by \$7,555,990 in the General Fund.
- General Fund expenditures exceeded revenues by \$880,440; a negative variance of \$1,785,526 from the original budget.
- The City includes four separate legal entities in its report – a Municipal Property Corporation, an Industrial Development Authority and two Community Facilities Districts. 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 pages 43 and 44. 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, culture and recreation, and redevelopment and housing. The business-type activities include liquid waste, solid waste, and the municipal airport.

The government-wide financial statements can be found on pages 17-18 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 project 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 20-26 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, and municipal airport.

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, solid waste, and airport funds, each of which are considered to be major funds of the City of Coolidge, Arizona.

The basic proprietary fund financial statements can be found on pages 30-34 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 38-39 of this report.

**Notes to the basic financial statements.** The notes to the basic financial statements (pages 43-64) 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 60.

#### 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, 2008 showing that assets exceeded liabilities by \$89,529,499.

**Condensed Statement of Net Assets  
June 30, 2008 and 2007**

	Government Activities		Business -type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>ASSETS</b>						
Current and other assets	\$11,212,772	\$11,686,128	\$ 1,691,523	\$ 2,420,815	\$12,904,295	\$14,106,943
Capital assets						
Non-depreciable	1,953,409	1,951,341	2,934,040	7,640,688	4,887,449	9,592,029
Depreciable (net)	59,197,438	25,997,534	20,082,453	4,366,774	79,279,891	30,364,308
Total Assets	<u>72,363,619</u>	<u>39,635,003</u>	<u>24,708,016</u>	<u>14,428,277</u>	<u>97,071,635</u>	<u>54,063,280</u>
<b>LIABILITIES</b>						
Other liabilities	722,208	1,285,337	356,497	138,307	1,078,705	1,423,644
Non-current liabilities						
Due within one year	1,189,988	1,169,877	187,087	172,498	1,377,075	1,342,375
Due in more than one year	4,677,752	5,641,984	408,604	531,365	5,086,356	6,173,349
Total liabilities	<u>6,589,948</u>	<u>8,097,198</u>	<u>952,188</u>	<u>842,170</u>	<u>7,542,136</u>	<u>8,939,368</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	56,207,935	22,099,389	22,457,036	11,307,071	78,664,971	33,406,460
Restricted	5,314,529	302,185	869,853	-	6,184,382	302,185
Unrestricted	4,251,207	9,136,231	428,939	2,279,036	4,680,146	11,415,267
Total net assets	<u>\$65,773,671</u>	<u>\$31,537,805</u>	<u>\$23,755,828</u>	<u>\$13,586,107</u>	<u>\$89,529,499</u>	<u>\$45,123,912</u>

The net assets of the City are \$65,773,671 in governmental activities and \$23,755,828 in business-type activities at June 30, 2008.

Net assets consist of three components, the largest portion of the City of Coolidge, Arizona's net assets (88%) 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. The City's investment in capital assets, net of related debt increased \$45.3 million largely due to continued construction on the wastewater expansion and the addition of developer built streets, sidewalks, curbs and gutters, sewer lines, and lift stations; and annexed roadways.

An additional portion of the City of Coolidge, Arizona's net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$4,680,146 may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets significantly changed from the prior year for the city as a whole; as, the governmental activities reported a \$4.9 million decrease and the business-type activities reported a \$1.8 million decrease. The net decrease in the governmental

activities and business-type activities, respectively, are discussed in more detail following the table below. However, generally the governmental activities decreased due to the sudden decline in construction of homes resulting in a decrease in local sales taxes, permits, and engineering fees. The business-type activities decreased due to a decrease in impact fee revenues discussed in more detail following the table below.

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, 2008 and 2007**

	Government Activities		Business -type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
<b>Program Revenues</b>						
Fees, Fines and charges for svcs	\$1,240,867	\$2,194,320	\$1,770,337	\$1,553,334	\$3,011,204	\$3,747,654
Operating grants and contributions	1,678,488	1,611,661			1,678,488	1,611,661
Capital grants and contributions	8,523,642	2,388,973	9,529,705	1,094,736	18,053,347	3,483,709
<b>General Revenues</b>						
Local Taxes	6,163,144	8,018,167			6,163,144	8,018,167
State shared revenues	4,107,361	2,218,331			4,107,361	2,218,331
Investment earnings	282,126	437,553	63,820	160,450	345,946	598,003
Miscellaneous	169,007		12,056			
<b>Total Revenues</b>	<b>22,164,635</b>	<b>16,869,005</b>	<b>11,375,918</b>	<b>2,808,520</b>	<b>33,359,490</b>	<b>19,677,525</b>
<b>Expenses</b>						
General government	3,258,080	3,622,686		-	3,258,080	3,622,686
Public Safety	4,795,539	3,877,332		-	4,795,539	3,877,332
Highways and streets	4,755,972	1,927,366		-	4,755,972	1,927,366
Culture and recreation	951,912	1,758,037		-	951,912	1,758,037
Redevelopment and housing	2,023,618	565,959		-	2,023,618	565,959
Interest on long-term debt	313,485	232,185		-	313,485	232,185
Liquid Waste	-	-	954,879	534,890	954,879	534,890
Solid Waste	-	-	971,158	790,003	971,158	790,003
Municipal Airport	-	-	124,050	75,113	124,050	75,113
Cable Television	-	-	-	17,568	-	17,568
<b>Total Expenses</b>	<b>16,098,606</b>	<b>11,983,565</b>	<b>2,050,087</b>	<b>1,417,574</b>	<b>18,148,693</b>	<b>13,401,139</b>
<b>Increase in net assets before transfers</b>						
	6,066,029	4,885,440	9,325,831	1,390,946	15,391,860	6,276,386
<b>Transfers</b>	<b>(45,019)</b>	<b>(14,349)</b>	<b>45,019</b>	<b>14,349</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>6,021,010</b>	<b>4,871,091</b>	<b>9,370,850</b>	<b>1,405,295</b>	<b>15,391,860</b>	<b>6,276,386</b>
<b>Net assets, beginning of year</b>	<b>59,752,661</b>	<b>26,666,714</b>	<b>14,384,978</b>	<b>12,180,812</b>	<b>74,137,639</b>	<b>38,847,526</b>
<b>Net assets, end of year</b>	<b>\$65,773,671</b>	<b>\$31,537,805</b>	<b>\$23,755,828</b>	<b>\$13,586,107</b>	<b>\$89,529,499</b>	<b>\$45,123,912</b>

**Governmental Activities.**

Program revenues, which include fines, fees and charges for services, operating grants and contributions and capital grants and contributions increased over the prior fiscal year by \$5,248,043. The City's fees, fines and charges for services reported a \$953,453 decrease. In the prior year, the City experienced significant growth as a result of the construction market. A boom in new construction was experienced and as a result the City had passed an ordinance in prior years requiring additional fees

for new construction. The additional fees were applied in the prior year and continue to be applied in the current year. However, the economy realized a significant decrease in new construction, resulting in a reported decrease in charges for services. Operating grants and contributions increased \$66,827 over the prior year largely due to Community Development block Grants for housing and federal transportation grants. The capital grants and contributions reported a \$6,134,669 increase largely due to developer contributions to infrastructure.

General revenues, which include local taxes, impact fees, state shared revenues and investment earnings increased by \$47,587 dollars. Local taxes, including property and city sales taxes, decreased by \$1.8 million; while, state shared revenues increased by \$1.8 million. As previously discussed, the growth of the City has impacted its revenue for city sales tax as well as the impact from inflation and consumer spending. The impact fees were implemented by a City ordinance in fiscal year 2005, and are related to new construction within the City limits. As previously discussed the construction sector of the economy has experienced a downturn, resulting in a portion of the current year decrease. An additional factor contributing to the decrease was that a significant amount of impact fees were collected in previous fiscal years as construction began on several significant projects.

Expenses increased \$4.1 million dollars largely due to housing grants and street improvements to include a new traffic signal. Expenditures decreased in General Government and culture and recreation due to cuts in spending mid year.

#### Business-type Activities.

As discussed above, the City imposes 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 in prior years had been allocated to the Liquid Waste Fund. As discussed previously, the construction sector has experienced a significant decline accounting for a 43% decrease in impact fees. However, developer contributions to the sewer lines and lift stations in the amount of \$9,529,705 helped to net a 75% increase in net assets in the business-type activities. The capital grants for the airport vary from year-to-year based upon funding from various federal and state grants.

Investment earnings decreased due to the decline in interest gained on investments and decreased cash on hand.

Business-type expenses increased in the Liquid Waste and Solid Waste funds due to an increase in the number of customers and the cost of providing those services. The Municipal Airport increased due to costs of operations.

#### 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 Government

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 \$10,163,914, a decrease of \$221,943 in comparison with the prior year. Approximately 51% of this total amount (5,210,254) constitutes General Fund balance, which is available for contribution to the designated, undesignated, and reserved fund balance. At fiscal year-end 2007-2008 fund balances were as follows:

<u>Fund</u>	<u>Balance</u>	<u>Increase (Decrease) From 2007-08</u>
General Fund	\$ 5,210,254	\$ (716,731)
Grants Fund	604,478	604,478
Impact Fees	1,009,488	(495,457)
Capital Projects Fund	1,544,251	58,719
Road Tax Fund	1,618,008	1,618,008
Non-major Governmental Funds	<u>177,435</u>	<u>(1,290,960)</u>
TOTAL	<u>\$10,163,914</u>	<u>\$ (221,943)</u>

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 \$5,210,254, while total fund balance for the City reached \$10,163,914. 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 52 percent of total General Fund expenditures, while total fund balance represents 65 percent of total City expenditures.

The fund balance of the City of Coolidge, Arizona's General Fund decreased by \$716,731 during the current fiscal year. Key factors in this change are as follows:

- Decrease in local taxes and state shared revenue previously discussed.
- Current year expenditures increased largely due to increased departmental costs for operations.

The Grants Fund reported a \$604,478 increase due to Tribal grants paid in advance of expenditures and money set aside for the Randolph Road Improvements.

During the current fiscal year, the City collected impact fee revenues, however, a majority of the initial fees were collected in prior years and the economy experienced significant slowing in the construction sector. Approximately \$650,000 of impact fees were used during the fiscal year for debt service on a \$2.5 million lease agreement for the new park built in the prior year. Due to the decrease in collection of impact fees in the amount of \$495,457, the city chose to refinance the park debt for an additional five years in August, 2008 lowering the annual debt service to \$232,600.

The Capital Projects Fund reported an increase due to unspent sales tax revenues received during the fiscal year. The funds will be carried over to future years for planned construction projects.

The Road Tax Fund reported an increase due to unspent sales tax revenues received during the fiscal year. The funds will be carried over to future years for planned construction projects.

All non-major governmental funds of the City are combined into one column on the governmental fund statements, and the change in fund balance was largely due to the road tax funds being moved to a separate category. The funds will be carried forward for future projects.

### 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 27-29. 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 \$9,065,188 on a budgetary basis were less than budgeted revenues of \$18,406,704 by \$9,341,516 and budgetary basis expenditures of \$9,945,628 were less than the budget by \$7,555,990. The excess of budgeted revenues over actual revenues is primarily due to the decline in new construction.

### Capital Assets and Debt Administration

The City's capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$61,150,847 and \$23,016,493 respectively, (net of accumulated depreciation). Capital assets include land, buildings, and improvements, machinery and equipment, roads and improvements, vehicles and infrastructure. During fiscal year 2007-2008 the annual depreciation expense was \$2,642,531 and \$448,544 for the governmental and business-type capital assets, respectively. Additions to capital assets during the fiscal year totaled \$8,044,334 and \$16,433,257 for the governmental and business-type capital assets, respectively.

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

- Improvements to the wastewater treatment facility in the amount of \$1.7 million recorded as construction in progress, and 14.6 million in sewer lines and lift stations.
- Infrastructure improvements of \$7.2 million recorded in the Governmental Activities for a new traffic signal and streets, sidewalks, and curbs & gutters paid for by developers.
- Building improvements of \$95,971 to the Women's Club, Chamber of Commerce, and Growth Management modular.
- \$717,122 in furniture, equipment and vehicles, including an animal control vehicle \$49,513, the Police department mobile computing system \$117,219, Police department dispatch system \$166,594, and \$ 290,671 in new and used vehicles.

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

**Capital Assets at June 30, 2008 and 2007  
(Net of depreciation)**

	Government Activities		Business -type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,953,409	\$ 1,951,341	\$ 1,200,000	\$ 1,200,000	\$ 3,153,409	\$ 3,151,341
Construction in Progress			1,734,040	6,440,688	1,734,040	6,440,688
Airport hangar and other improvements			50,704	794,487	50,704	794,487
Buildings and improvements	10,331,358	5,472,184			10,331,358	5,472,184
Infrastructure and land improvements	46,313,159	18,263,056	1,244,578	521,278	47,557,737	18,784,334
Sewer treatment plant and collection system			18,214,517	2,405,316	18,214,517	2,405,316
Furniture, machinery, equipment and vehicles	2,552,921	2,262,294	572,654	645,693	3,125,575	2,907,987
<b>Total Capital Assets</b>	<b>\$ 61,150,847</b>	<b>\$ 27,948,875</b>	<b>\$ 23,016,493</b>	<b>\$ 12,007,462</b>	<b>\$ 84,167,340</b>	<b>\$ 39,956,337</b>

See Note 4 in the notes to the Basic Financial Statements for further information regarding capital assets.

**Long-term Debt**

At the end of the current fiscal year, the City of Coolidge, Arizona had total long-term obligations outstanding of \$6,463,431. Of the outstanding debt, \$3,664,457 represents outstanding notes payable. The remaining balance represents compensated absences, capital leases and the City's obligation related to the landfill closure and post-closure 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, 2008 and 2007. Further detail on the City's outstanding debt may be found in Note 8 on pages 58-59.

**Outstanding Debt at June 30, 2008 and 2007**

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Notes Payable	\$3,105,000	\$3,255,000	\$559,457	\$672,632	\$3,664,457	\$3,927,632
Capital leases	1,837,912	2,594,486	-	-	1,837,912	2,594,486
Landfill closure and post-closure costs	628,951	699,072			628,951	699,072
Compensated absences	295,877	263,303	36,234	31,231	332,111	294,534
<b>Total Outstanding Debt</b>	<b>\$5,867,740</b>	<b>\$6,811,861</b>	<b>\$595,691</b>	<b>\$703,863</b>	<b>\$6,463,431</b>	<b>\$7,515,724</b>

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

The City relies heavily on state shared revenues, impact fees and local sales tax. During the year, more than 80% of the City's general revenues were derived from state shared revenues, impact fees and local sales tax. The retail picture provides sufficient sales tax revenue to sustain the operational costs of the general

government. However, based on an ordinance passed in 2005, the City has supplemented its capital revenues with impact fees. The impact fees are currently used and will be used in future fiscal years to assist the City in keeping up with capital costs related to new growth. 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. The current picture, however, has shown a decrease in the state shared revenues and local sales taxes.

Other factors affecting next year's budget include:

- Declining revenues in Road Funds.
- Nationwide recession affecting all aspects of government.
- Maintaining current level of staff.

#### Financial Contact

The 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:

Lisa Pannella, Finance Director/CFO  
City of Coolidge, Arizona  
Accounting Department  
130 West Central Avenue  
Coolidge, AZ 85228

**FINANCIAL SECTION**

**BASIC FINANCIAL STATEMENTS**



CITY OF COOLIDGE, ARIZONA  
STATEMENT OF NET ASSETS  
June 30, 2008

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 9,191,407	\$ 1,561,451	\$ 10,752,858
Receivables (net of allowance for uncollectibles)	422,585	142,651	565,236
Due from other governments	1,584,625	1,576	1,586,201
Internal balances	14,155	(14,155)	-
Capital assets:			
Land and construction in progress	1,953,409	2,934,040	4,887,449
Other capital assets (net of accumulated depreciation)	59,197,438	20,082,453	79,279,891
Total assets	<u>72,363,619</u>	<u>24,708,016</u>	<u>97,071,635</u>
LIABILITIES			
Accounts payable and other current liabilities	429,922	347,488	777,410
Accrued payroll and employee benefits	218,825	815	219,640
Accrued interest payable	73,461	8,194	81,655
Noncurrent liabilities:			
Due within one year:			
Compensated absences	295,877	36,234	332,111
Capital leases	739,111	-	739,111
Current portion of loans payable	155,000	150,853	305,853
Due in more than one year:			
Capital leases	1,098,801	-	1,098,801
Loans payable	2,950,000	408,604	3,358,604
Landfill closure and postclosure care payable	628,951	-	628,951
Total liabilities	<u>6,589,948</u>	<u>952,188</u>	<u>7,542,136</u>
NET ASSETS			
Invested in capital assets, net of related debt	56,207,935	22,457,036	78,664,971
Restricted for:			
Special revenue purposes	2,125,637	-	2,125,637
Debt service	-	43,177	43,177
Capital improvements	3,188,892	826,676	4,015,568
Unrestricted	4,251,207	428,939	4,680,146
Total net assets	<u>\$ 65,773,671</u>	<u>\$ 23,755,828</u>	<u>\$ 89,529,499</u>

See accompanying notes.

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,258,080	\$ 78,650	\$ 306,893	\$ 75,156
Public safety	4,795,539	57,871	631,208	371,604
Highways and streets	4,755,972	26,190	21,094	7,188,676
Culture and recreation	951,912	281,668	11,402	288,189
Redevelopment and housing	2,023,618	796,488	707,891	600,017
Interest on long-term debt	313,485	-	-	-
Total governmental activities	<u>16,098,606</u>	<u>1,240,867</u>	<u>1,678,488</u>	<u>8,523,642</u>
Business-type activities:				
Liquid waste	935,975	721,406	-	8,911,135
Solid waste	952,094	998,075	-	-
Liquid waste impact fees	18,904	-	-	574,573
Solid waste impact fees	19,064	-	-	43,997
Municipal airport	124,050	50,856	-	-
Total business-type activities	<u>2,050,087</u>	<u>1,770,337</u>	<u>-</u>	<u>9,529,705</u>
Total primary government	<u>\$ 18,148,693</u>	<u>\$ 3,011,204</u>	<u>\$ 1,678,488</u>	<u>\$ 18,053,347</u>

General revenues:

Sales taxes  
Property taxes  
Franchise taxes  
State shared revenues-not restricted to specific programs  
Investment income  
Miscellaneous

Transfers in (out)

Total general revenues and transfers

Changes in net assets

Net assets, beginning of year  
Prior period adjustment  
Net assets, beginning of year - restated

Net assets, end of year

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,797,381)	\$ -	\$ (2,797,381)
(3,734,856)	-	(3,734,856)
2,479,988	-	2,479,988
(370,653)	-	(370,653)
80,778	-	80,778
(313,485)	-	(313,485)
<u>(4,655,609)</u>	<u>-</u>	<u>(4,655,609)</u>
-	8,696,566	8,696,566
-	45,981	45,981
-	555,669	555,669
-	24,933	24,933
-	<u>(73,194)</u>	<u>(73,194)</u>
<u>-</u>	<u>9,249,955</u>	<u>9,249,955</u>
<u>(4,655,609)</u>	<u>9,249,955</u>	<u>4,594,346</u>
5,289,729	-	5,289,729
596,476	-	596,476
276,939	-	276,939
4,107,361	-	4,107,361
282,126	63,820	345,946
169,007	12,056	181,063
<u>(45,019)</u>	<u>45,019</u>	<u>-</u>
<u>10,676,619</u>	<u>120,895</u>	<u>10,797,514</u>
<u>6,021,010</u>	<u>9,370,850</u>	<u>15,391,860</u>
31,537,805	13,586,107	45,123,912
28,214,856	798,871	29,013,727
<u>59,752,661</u>	<u>14,384,978</u>	<u>74,137,639</u>
<u>\$ 65,773,671</u>	<u>\$ 23,755,828</u>	<u>\$ 89,529,499</u>

CITY OF COOLIDGE, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008

ASSETS	<u>General</u>	<u>Grants</u>	<u>Impact Fees</u>
Cash and cash equivalents	\$ 4,650,720	\$ 432,681	\$ 1,030,074
Taxes receivable	46,284	-	-
Interest receivable	-	-	-
Accounts receivable	-	43,479	-
Due from other governments	1,217,404	367,120	-
Due from other funds	14,155	-	-
Total assets	<u>\$ 5,928,563</u>	<u>\$ 843,280</u>	<u>\$ 1,030,074</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 166,476	\$ 171,699	\$ 20,586
Accrued payroll and employee benefits	218,825	-	-
Deferred revenue	333,008	67,103	-
Total liabilities	<u>718,309</u>	<u>238,802</u>	<u>20,586</u>
Fund balances:			
Unreserved, reported in:			
General fund	5,210,254	-	-
Special revenue funds	-	604,478	1,009,488
Capital improvements	-	-	-
Total fund balances	<u>5,210,254</u>	<u>604,478</u>	<u>1,009,488</u>
Total liabilities and fund balances	<u>\$ 5,928,563</u>	<u>\$ 843,280</u>	<u>\$ 1,030,074</u>

Capital Projects	Road Tax Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,351,785	\$ 1,572,142	\$ 154,005	\$ 9,191,407
-	-	65,110	111,394
-	-	-	-
201,666	64,553	1,493	311,191
-	-	101	1,584,625
-	-	-	14,155
<u>\$ 1,553,451</u>	<u>\$ 1,636,695</u>	<u>\$ 220,709</u>	<u>\$ 11,212,772</u>
\$ 9,200	\$ 18,687	\$ 43,274	\$ 429,922
-	-	-	218,825
-	-	-	400,111
<u>9,200</u>	<u>18,687</u>	<u>43,274</u>	<u>1,048,858</u>
-	-	-	5,210,254
-	-	150,802	1,764,768
1,544,251	1,618,008	26,633	3,188,892
<u>1,544,251</u>	<u>1,618,008</u>	<u>177,435</u>	<u>10,163,914</u>
<u>\$ 1,553,451</u>	<u>\$ 1,636,695</u>	<u>\$ 220,709</u>	<u>\$ 11,212,772</u>



CITY OF COOLIDGE, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2008

Total governmental fund balances		\$ 10,163,914
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 78,132,543	
Less accumulated depreciation	<u>(16,981,696)</u>	61,150,847
Certain revenues earned but not received within 60 days of year-end are deferred for the governmental statements, but are recognized as revenue for the government-wide statements.		
Grants	67,103	
Property taxes	33,008	
Developer contributions	<u>300,000</u>	400,111
Interest payable on long-term debt is not reported in the governmental funds.		
		(73,461)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(295,877)	
Capital leases	(1,837,912)	
Landfill closure and postclosure care payable	(628,951)	
Loans payable	<u>(3,105,000)</u>	<u>(5,867,740)</u>
Net assets of governmental activities		<u>\$ 65,773,671</u>

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2008

REVENUES	General	Grants	Impact Fees
Taxes	\$ 4,822,638	\$ -	\$ -
Intergovernmental	2,457,005	1,962,170	-
Fines and forfeitures	159,794	-	-
Licenses and permits	837,581	-	-
Charges for services	230,403	227,596	727,362
Investment income	160,881	219	44,107
Contributions	300,000	-	-
Miscellaneous	96,886	-	-
Total revenues	<u>9,065,188</u>	<u>2,189,985</u>	<u>771,469</u>
EXPENDITURES			
Current:			
General government	3,139,750	-	-
Public safety	4,501,120	348,159	-
Highways and streets	-	471,492	394,792
Culture and recreation	981,194	11,402	-
Redevelopment and housing	1,316,995	612,599	-
Capital outlay	6,569	141,855	185,987
Debt service:			
Principal retirement	-	-	600,400
Interest and debt cost	-	-	85,747
Total expenditures	<u>9,945,628</u>	<u>1,585,507</u>	<u>1,266,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(880,440)</u>	<u>604,478</u>	<u>(495,457)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(147,306)	-	-
Total other financing sources and (uses)	<u>(147,306)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,027,746)</u>	<u>604,478</u>	<u>(495,457)</u>
Fund balances, beginning of year	5,926,985	-	1,504,945
Prior period adjustment	311,015	-	-
Fund balances, beginning of year - restated	<u>6,238,000</u>	<u>-</u>	<u>1,504,945</u>
Fund balances , end of year	<u>\$ 5,210,254</u>	<u>\$ 604,478</u>	<u>\$ 1,009,488</u>

Capital Projects	Road Tax	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,322,432	\$ -	\$ -	\$ 6,145,070
-	797,967	874,766	6,091,908
-	-	3,792	163,586
-	-	-	837,581
-	-	26,190	1,211,551
41,544	28,261	7,114	282,126
-	-	17	300,017
2,000	-	-	98,886
<u>1,365,976</u>	<u>826,228</u>	<u>911,879</u>	<u>15,130,725</u>
-	-	-	3,139,750
-	-	-	4,849,279
-	-	1,212,333	2,078,617
-	-	-	992,596
-	-	-	1,929,594
1,030,897	216,134	4,460	1,585,902
87,550	68,624	150,000	906,574
9,443	11,795	133,039	240,024
<u>1,127,890</u>	<u>296,553</u>	<u>1,499,832</u>	<u>15,722,336</u>
<u>238,086</u>	<u>529,675</u>	<u>(587,953)</u>	<u>(591,611)</u>
-	-	385,326	385,326
(283,039)	-	-	(430,345)
<u>(283,039)</u>	<u>-</u>	<u>385,326</u>	<u>(45,019)</u>
<u>(44,953)</u>	<u>529,675</u>	<u>(202,627)</u>	<u>(636,630)</u>
1,485,532	1,088,333	380,062	10,385,857
103,672	-	-	414,687
<u>1,589,204</u>	<u>1,088,333</u>	<u>380,062</u>	<u>10,800,544</u>
<u>\$ 1,544,251</u>	<u>\$ 1,618,008</u>	<u>\$ 177,435</u>	<u>\$ 10,163,914</u>

CITY OF COOLIDGE, ARIZONA  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (636,630)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, assets contributed to the City are not reported in the fund statement and are reported in the Statement of Activities.

Contributions	\$ 6,578,612	
Expenditures for capitalized assets	1,465,722	
Less current year depreciation	<u>(2,642,531)</u>	5,401,803

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

Grants	67,103	
Property taxes	18,074	
Developer contributions	<u>300,000</u>	385,177

Interest expense in the Statement of Activities differs from the amount reported in governmental funds because accrued interest was calculated for loans payable for the Statement of Activities, but is expensed when due for the governmental fund statements. (73,461)

Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Debt principal retirement		906,574
Decrease in landfill closure and postclosure care costs		70,121

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (32,574)

Change in net assets of governmental activities.		<u><u>\$ 6,021,010</u></u>
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CITY OF COOLIDGE, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 5,778,800	\$ 5,778,800	\$ 4,822,638	\$ (956,162)
Intergovernmental	2,495,143	2,495,143	2,457,005	(38,138)
Fines and forfeits	100,000	100,000	159,794	59,794
License and permits	2,042,000	2,042,000	837,581	(1,204,419)
Charges for services	727,211	727,211	230,403	(496,808)
Contributions	1,200,000	1,200,000	300,000	(900,000)
Investment income	202,000	202,000	160,881	(41,119)
Miscellaneous	5,861,550	5,861,550	96,886	(5,764,664)
Total revenues	<u>18,406,704</u>	<u>18,406,704</u>	<u>9,065,188</u>	<u>(9,341,516)</u>
<b>EXPENDITURES</b>				
Current				
General government	6,750,918	6,750,918	3,139,750	3,611,168
Public safety	4,879,325	4,879,325	4,501,120	378,205
Culture and recreation	1,105,963	1,105,963	981,194	124,769
Redevelopment and housing	3,165,412	3,165,412	1,316,995	1,848,417
Capital outlay	1,600,000	1,600,000	6,569	1,593,431
Total Expenditures	<u>17,501,618</u>	<u>17,501,618</u>	<u>9,945,628</u>	<u>7,555,990</u>
Excess (deficiency) of revenues over expenditures	<u>905,086</u>	<u>905,086</u>	<u>(880,440)</u>	<u>(1,785,526)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(905,086)	(905,086)	(147,306)	757,780
Total other financing sources (uses)	<u>(905,086)</u>	<u>(905,086)</u>	<u>(147,306)</u>	<u>757,780</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>(1,027,746)</u>	<u>(1,027,746)</u>
Fund balance, beginning of year	5,926,985	5,926,985	5,926,985	-
Prior period adjustment	-	-	311,015	311,015
Fund balance, beginning of year - restated	<u>5,926,985</u>	<u>5,926,985</u>	<u>6,238,000</u>	<u>311,015</u>
Fund balances, end of year	<u>\$ 5,926,985</u>	<u>\$ 5,926,985</u>	<u>\$ 5,210,254</u>	<u>\$ (716,731)</u>

CITY OF COOLIDGE, ARIZONA  
GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 5,061,330	\$ 5,061,330	\$ 1,962,170	\$ (3,099,160)
Charges for services	3,356,445	3,356,445	227,596	(3,128,849)
Investment income	-	-	219	219
Contributions	11,185,736	11,185,736	-	(11,185,736)
Total revenues	<u>19,603,511</u>	<u>19,603,511</u>	<u>2,189,985</u>	<u>(17,413,526)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	749,723	749,723	348,159	401,564
Highways and streets	2,221,300	2,221,300	471,492	1,749,808
Culture and recreation	5,270	5,270	11,402	(6,132)
Redevelopment and housing	2,401,064	2,401,064	612,599	1,788,465
Capital outlay	<u>14,226,154</u>	<u>14,226,154</u>	<u>141,855</u>	<u>14,084,299</u>
Total expenditures	<u>19,603,511</u>	<u>19,603,511</u>	<u>1,585,507</u>	<u>18,018,004</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	604,478	604,478
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,478</u>	<u>\$ 604,478</u>

CITY OF COOLIDGE, ARIZONA  
GENERAL GOVERNMENT IMPACT FEES  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,031,622	\$ 1,031,622	\$ 727,362	\$ (304,260)
Investment income	73,000	73,000	44,107	(28,893)
Miscellaneous	240,705	240,705	-	(240,705)
Total revenues	<u>1,345,327</u>	<u>1,345,327</u>	<u>771,469</u>	<u>(573,858)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	-	-	394,792	(394,792)
Capital outlay	2,396,633	2,396,633	185,987	2,210,646
Debt service:				
Principal retirement	686,257	686,257	600,400	85,857
Interest and debt cost	-	-	85,747	(85,747)
Total expenditures	<u>3,082,890</u>	<u>3,082,890</u>	<u>1,266,926</u>	<u>1,815,964</u>
Excess (deficiency) of revenues over (under) expenditures	(1,737,563)	(1,737,563)	(495,457)	1,242,106
Fund balance, beginning of year	<u>1,737,563</u>	<u>1,737,563</u>	<u>1,504,945</u>	<u>(232,618)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009,488</u>	<u>\$ 1,009,488</u>

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2008

Business-type Activities-Enterprise Funds

ASSETS	Liquid Waste	Solid Waste	Liquid Waste Impact Fees
Current assets			
Cash and cash equivalents	\$ -	\$ 435,844	\$ 978,512
Accounts receivable, net	62,935	79,716	-
Total current assets	<u>62,935</u>	<u>515,560</u>	<u>978,512</u>
Noncurrent assets			
Capital assets:			
Non-depreciable capital assets	2,934,040	-	-
Depreciable capital assets, net	18,513,315	258,438	-
Total capital assets, net	<u>21,447,355</u>	<u>258,438</u>	<u>-</u>
Total noncurrent assets	<u>21,447,355</u>	<u>258,438</u>	<u>-</u>
Total assets	<u>21,510,290</u>	<u>773,998</u>	<u>978,512</u>
LIABILITIES			
Current liabilities:			
Accounts payable	15,436	31,417	76,500
Accrued payroll and benefits	-	-	-
Retainages payable	-	-	219,000
Accrued interest payable	8,194	-	-
Due to other funds	14,155	-	-
Compensated absences	17,082	19,152	-
Loans payable	135,234	-	-
Total current liabilities	<u>190,101</u>	<u>50,569</u>	<u>295,500</u>
Noncurrent liabilities:			
Loans payable	404,561	-	-
Total noncurrent liabilities	<u>404,561</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>594,662</u>	<u>50,569</u>	<u>295,500</u>
NET ASSETS			
Invested in capital assets, net of related debt	20,907,560	258,438	-
Restricted - Debt service	43,177	-	-
Restricted - Capital projects	-	-	683,012
Unrestricted	(35,109)	464,991	-
Total net assets	<u>\$ 20,915,628</u>	<u>\$ 723,429</u>	<u>\$ 683,012</u>

See accompanying notes.

Business-type Activities-Enterprise Funds

<u>Solid Waste Impact Fees</u>	<u>Airport</u>	<u>Total</u>
\$ 147,095	\$ -	\$ 1,561,451
-	1,576	144,227
<u>147,095</u>	<u>1,576</u>	<u>1,705,678</u>
-	-	2,934,040
-	1,310,700	20,082,453
-	1,310,700	23,016,493
-	1,310,700	23,016,493
<u>147,095</u>	<u>1,312,276</u>	<u>24,722,171</u>
3,431	1,704	128,488
-	815	815
-	-	219,000
-	-	8,194
-	-	14,155
-	-	36,234
-	15,619	150,853
<u>3,431</u>	<u>18,138</u>	<u>557,739</u>
-	4,043	408,604
-	4,043	408,604
<u>3,431</u>	<u>22,181</u>	<u>966,343</u>
-	1,291,038	22,457,036
-	-	43,177
143,664	-	826,676
-	(943)	428,939
<u>\$ 143,664</u>	<u>\$ 1,290,095</u>	<u>\$ 23,755,828</u>

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year Ended June 30, 2008

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Liquid Waste Impact Fees</u>
Operating revenues			
Charges for service	\$ 721,406	\$ 998,075	\$ 574,573
Total operating revenues	<u>721,406</u>	<u>998,075</u>	<u>574,573</u>
Operating expenses			
Costs of sales and services	530,287	909,188	18,904
Depreciation	372,763	42,906	-
Total operating expenses	<u>903,050</u>	<u>952,094</u>	<u>18,904</u>
Operating income (loss)	<u>(181,644)</u>	<u>45,981</u>	<u>555,669</u>
Nonoperating revenues (expenses)			
Investment income	2,579	10,985	42,857
Interest expense	(32,925)	-	-
Miscellaneous	2,904	242	-
Total nonoperating revenues (expenses)	<u>(27,442)</u>	<u>11,227</u>	<u>42,857</u>
Income (loss) before capital contributions and transfers	<u>(209,086)</u>	<u>57,208</u>	<u>598,526</u>
Capital contributions	8,911,135	-	-
Transfers in	3,933,063	-	-
Transfers out	-	-	(3,933,063)
Change in net assets	<u>12,635,112</u>	<u>57,208</u>	<u>(3,334,537)</u>
Net assets, beginning of year	7,483,900	666,221	4,017,549
Prior period adjustment	796,616	-	-
Net assets, beginning of year - restated	<u>8,280,516</u>	<u>666,221</u>	<u>4,017,549</u>
Net assets, end of year	<u>\$ 20,915,628</u>	<u>\$ 723,429</u>	<u>\$ 683,012</u>

Business-type Activities-Enterprise Funds

<u>Solid Waste Impact Fees</u>	<u>Airport</u>	<u>Total</u>
\$ 43,997	\$ 50,856	\$ 2,388,907
<u>43,997</u>	<u>50,856</u>	<u>2,388,907</u>
19,064	89,553	1,566,996
-	32,875	448,544
<u>19,064</u>	<u>122,428</u>	<u>2,015,540</u>
<u>24,933</u>	<u>(71,572)</u>	<u>373,367</u>
3,612	3,787	63,820
-	(1,622)	(34,547)
<u>-</u>	<u>8,910</u>	<u>12,056</u>
<u>3,612</u>	<u>11,075</u>	<u>41,329</u>
<u>28,545</u>	<u>(60,497)</u>	<u>414,696</u>
-	-	8,911,135
-	45,019	3,978,082
<u>-</u>	<u>-</u>	<u>(3,933,063)</u>
<u>28,545</u>	<u>(15,478)</u>	<u>9,370,850</u>
115,119	1,303,318	13,586,107
-	2,255	798,871
<u>115,119</u>	<u>1,305,573</u>	<u>14,384,978</u>
<u>\$ 143,664</u>	<u>\$ 1,290,095</u>	<u>\$ 23,755,828</u>

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2008

	<u>Business-type Activities Enterprise Funds</u>		
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Liquid Waste Impact Fees</u>
Cash flows from operating activities:			
Received from customers	\$ 765,049	\$ 989,272	\$ 574,573
Payments to suppliers	(531,239)	(877,871)	(19,351)
Payments to employees	4,056	948	-
Net cash provided (used) by operating activities	<u>237,866</u>	<u>112,349</u>	<u>555,222</u>
Cash flows from noncapital and related financing activities			
Transfers in	-	-	-
Miscellaneous	2,904	242	-
Net cash provided (used) for noncapital and related financing activities	<u>2,904</u>	<u>242</u>	<u>-</u>
Cash flows from capital and financing activities			
Transfers in	1,731,443	-	-
Transfers out	-	-	(1,512,443)
Purchases of capital assets	(1,740,371)	(6,700)	-
Principal paid on capital debt	(109,771)	-	-
Interest paid on capital debt	(32,925)	-	-
Net cash provided (used) for capital and related financing activities	<u>(151,624)</u>	<u>(6,700)</u>	<u>(1,512,443)</u>
Cash flows from investing activities			
Investment income	2,579	10,985	42,857
Net cash provided by investing activities	<u>2,579</u>	<u>10,985</u>	<u>42,857</u>
Net change in cash and cash equivalents	91,725	116,876	(914,364)
Cash and cash equivalents, beginning of year	<u>(91,725)</u>	<u>318,968</u>	<u>1,892,876</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 435,844</u>	<u>\$ 978,512</u>

See accompanying notes.

Business-type Activities Enterprise Funds

<u>Solid Waste Impact Fees</u>	<u>Airport</u>	<u>Total</u>
\$ 43,997	\$ 53,754	\$ 2,426,645
(15,633)	(94,574)	(1,538,668)
<u>-</u>	<u>-</u>	<u>5,004</u>
<u>28,364</u>	<u>(40,820)</u>	<u>892,981</u>
-	45,019	45,019
-	8,910	12,056
<u>-</u>	<u>53,929</u>	<u>57,075</u>
-	-	1,731,443
-	-	(1,512,443)
-	(499)	(1,747,570)
-	(14,775)	(124,546)
<u>-</u>	<u>(1,622)</u>	<u>(34,547)</u>
<u>-</u>	<u>(16,896)</u>	<u>(1,687,663)</u>
<u>3,612</u>	<u>3,787</u>	<u>63,820</u>
<u>3,612</u>	<u>3,787</u>	<u>63,820</u>
31,976	-	(673,787)
<u>115,119</u>	<u>-</u>	<u>2,235,238</u>
<u>\$ 147,095</u>	<u>\$ -</u>	<u>\$ 1,561,451</u>

See accompanying notes.

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2008

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Liquid Waste Impact Fees</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (181,644)	\$ 45,981	\$ 555,669
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	372,763	42,906	-
(Increase) decrease in:			
Accounts receivable	41,979	(8,803)	-
Notes receivable	11,984	-	-
Due from other governments	-	-	-
Increase (decrease) in:			
Accounts payable	15,436	31,317	(447)
Accrued liabilities	(16,388)	-	-
Due to other funds	14,155	-	-
Compensated absences payable	4,056	948	-
Unearned revenue	(24,475)	-	-
Net cash provided (used) by operating activities	<u>\$ 237,866</u>	<u>\$ 112,349</u>	<u>\$ 555,222</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ 8,911,135	\$ -	\$ -

Business-type Activities-Enterprise Funds

Solid Waste Impact Fees	Airport	Total
----------------------------	---------	-------

\$ 24,933	\$ (71,572)	\$ 373,367
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-	32,875	448,544
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-	-	33,176
---	---	--------

-	-	11,984
---	---	--------

-	2,898	2,898
---	-------	-------

3,431	1,687	51,424
-------	-------	--------

-	-	(16,388)
---	---	----------

-	(6,708)	7,447
---	---------	-------

-	-	5,004
---	---	-------

-	-	(24,475)
---	---	----------

\$ 28,364	\$ (40,820)	\$ 892,981
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\$ -	\$ -	\$ 8,911,135
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CITY OF COOLIDGE, ARIZONA  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2008

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 330,201
Total assets	<u>330,201</u>
<b>LIABILITIES</b>	
Total liabilities	<u>-</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 330,201</u>

CITY OF COOLIDGE, ARIZONA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended June 30, 2008

	<u>Pension Trust</u>
<b>ADDITIONS</b>	
Other revenue	\$ 820
Employer contributions	2,396
Employee contributions	2,396
Total other revenue	<u>5,612</u>
Investment income	
Net increase (decrease) in fair value of investments	(41,125)
Interest	32,743
Net increase in fair value of investments	<u>3,058</u>
Other	<u>(5,324)</u>
Total additions	<u>288</u>
<b>DEDUCTIONS</b>	
Administration	5,635
Benefits	4,025
Total deductions	<u>9,660</u>
Net decrease	(9,372)
Net assets, beginning of year	<u>339,573</u>
Net assets, end of year	<u><u>\$ 330,201</u></u>



## **FINANCIAL SECTION**

NOTES TO FINANCIAL STATEMENTS



CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data from the City, the primary government.

Blended Component Units - *The City of Coolidge Municipal Property Corporation.* The Coolidge Municipal Property Corporation's (CMPC) board of directors consists of six members who are appointed by the Coolidge City Council. CMPC, 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 CMPC have been eliminated.

*The City of Coolidge Industrial Development Authority.* The Industrial Development Authority (IDA) board of directors consists 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.

*The Martin Valley Community Facilities District.* The Martin Valley Community Facilities District (MVCFD) board of directors consists of a seven-member board comprised of all members of the City of Coolidge City Council. The MVCFD, which is a political subdivision under the laws of the State of Arizona, was formed to assist the developer with financing of public infrastructure.

*The Sandia Community Facilities District.* The Sandia Community Facilities District (SCFD) board of directors consists of a seven-member board comprised of all members of the City of Coolidge City Council. The SCFD, which is a political subdivision under the laws of the State of Arizona, was formed to assist the developer with financing of public infrastructure.

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) present financial information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

Grants Fund - This fund accounts for the activity of various state and federal grants.

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

Capital Projects Fund - This fund accounts for the capital improvement, acquisitions and construction of various City projects funded by unrestricted resources.

Road Tax - Capital Projects Fund - This fund accounts for the capital improvement, acquisitions and construction of major roads through the use of county sales taxes.

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Liquid Waste Fund - This fund accounts for the costs to operate, construct and finance the City's sewer utility operations.

Solid Waste Fund - This fund is used to account for the activities of the City's sanitation operations.

Liquid Waste Impact Fees Fund - This fund is used to account for monies collected from developers for the City's sewer utility operations.

Solid Waste Impact Fees Fund - This fund is used to account for monies collected from developers for the City's sanitation operations.

Municipal Airport Fund - This fund is used to account for the activities of the City's airport operations.

The City reports the following fiduciary fund:

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

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the City follows GASB guidance as applicable to its proprietary funds, and Financial Accounting Standards Boards Statements and Interpretations, Accounting Principals Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

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

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds

Highway User Revenue Fund (HURF)  
Local Transportation Assistance Fund (LTAF)  
Court Surcharge Fund

Debt Service Fund

Capital Projects Funds

Sandia Community Facilities District Capital Projects  
Martin Valley Community Facilities District Capital Projects

Fiduciary funds are reported by fund type.

D. Cash and Cash Equivalents

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

E. Investments

Arizona Revised Statutes (ARS) authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute. The City has no formal policy relating to interest-rate risk or credit risk of investments, though in practice invests in highly liquid, low risk investments.

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans).

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivables allowance for uncollectibles.

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

G. Prepaid Items

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

H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current year.

CITY OF COOLIDGE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20-50
Buildings and improvements	20-50
Sewer collection system	20-50
Land improvements	20
Furniture, vehicles, machinery and equipment	5-20

I. Compensated Absences

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

J. Long-term Obligations

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of the fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management's intended use of resources and reflect actual plans approved by the government's senior management. At June 30, 2008, the City reserved fund balance for several various purposes.

L. Interfund Activity

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Estimates

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

N. Budgetary Data

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

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

Prior to June 30, the City Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. There were no supplemental appropriations made during fiscal year 2008.

The maximum legal expenditure permitted for the year is the total budget as adopted. All funds of the City have legally adopted budgets except for the Court Surcharge. The City adopts the budget by fund for all funds.

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

The City Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation and between departments within the same fund. Any budget revisions requiring a transfer between funds must be approved by the City Council.

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

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

CITY OF COOLIDGE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 2 CASH AND INVESTMENTS

At June 30, 2008, cash and cash equivalents are presented in the funds as follows:

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 9,191,407	\$ 1,561,451	\$ 330,201	\$ 11,083,059

Deposits

At June 30, 2008, the City had \$3,839 of cash on hand. The bank balance of the City's cash was \$372,789 on June 30, 2008. The City's deposits at June 30, 2008 were covered by Federal Depository Insurance to the extent of \$137,640. Deposits of \$235,149 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the depositor-government's name. The City has entered into an agreement with their bank in which idle funds in their deposit accounts are swept into overnight investment purchases. Deposits of \$9,812,154 were held in a sweep account, which purchases investments nightly.

Investments

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 2 CASH AND INVESTMENTS (Continued)

The City invests in the Local Government Investment Pool 7 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years. The dollar weighted average portfolio maturity is less than 240 days. The net asset value per share of the pool at June 30, 2008 was \$1.00. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2008, the City's funds invested with the State Treasurer totaled \$1,084,157.

The City also owns investments that belong to the City's Volunteer Fire Department. These funds are held by JPMorgan Chase Bank and consist of multiple money market funds and mutual funds. The maturities of these investments are usually less than 30 days. The Fiduciary Fund investments have a value of \$292,561 at June 30, 2008.

Interest Rate Risk

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

Credit Risk

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 2 CASH AND INVESTMENTS (Continued)

Governmental funds		Ratings as of Year-End	
Investment Type	Total	Unrated	
LGIP	\$ 921,533	\$ 921,533	
Repurchase agreement	8,340,330	8,340,330	
	<u>\$ 9,261,863</u>	<u>\$ 9,261,863</u>	

Proprietary funds		Ratings as of Year-End	
Investment Type	Total	Unrated	
LGIP	\$ 162,624	\$ 162,624	
Repurchase agreement	1,471,824	1,471,824	
	<u>\$ 1,634,448</u>	<u>\$ 1,634,448</u>	

Fiduciary funds		Ratings as of Year-End	
Investment Type	Total	Unrated	
Money market funds	\$ 5,813	\$ 5,813	
Mutual funds	286,748	286,748	
	<u>\$ 292,561</u>	<u>\$ 292,561</u>	

NOTE 3 RECEIVABLES

Receivables, net of allowance for uncollectibles, as of year-end for the City's individual major governmental funds and nonmajor governmental funds in the aggregate are as follows:

Governmental Activities:

	General Fund	Grants	Capital Projects Fund	Road Tax Capital Projects	Non-Major Governmental Fund	Total
Receivables:						
Taxes	\$ 46,284	\$ -	\$ -	\$ -	\$ 65,110	\$ 111,394
Accounts	-	43,479	201,666	64,553	1,493	311,191
	<u>46,284</u>	<u>43,479</u>	<u>201,666</u>	<u>64,553</u>	<u>66,603</u>	<u>422,585</u>
Less:						
Allowance	-	-	-	-	-	-
Net receivables	<u>\$ 46,284</u>	<u>\$ 43,479</u>	<u>\$ 201,666</u>	<u>\$ 64,553</u>	<u>\$ 66,603</u>	<u>\$ 422,585</u>

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 3 RECEIVABLES (Continued)

The following table summarizes the City's receivables for the enterprise funds as of June 30, 2008.

Business-type Activities:

	Liquid Waste Fund	Solid Waste Fund	Liquid Waste Impact Fees Fund	Solid Waste Impact Fees Fund	Airport Fund	Total
Receivables:						
Accounts	\$ 321,935	\$ 422,716	\$ -	\$ -	\$ -	\$ 744,651
Less:						
Allowance	(259,000)	(343,000)	-	-	-	(602,000)
Net receivables	<u>\$ 62,935</u>	<u>\$ 79,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,651</u>

Revenues of the Liquid Waste Fund and Solid Waste Fund are reported net of uncollectible amounts. Total uncollectible amounts related to solid waste revenues of the current period are \$57,787.

NOTE 4 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2008 follows:

<b>Governmental Activities</b>	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,953,409	\$ -	\$ -	\$ 1,953,409
Total capital assets not being depreciated	<u>1,953,409</u>	<u>-</u>	<u>-</u>	<u>1,953,409</u>
Capital assets, being depreciated:				
Infrastructure	50,471,309	7,237,571	-	57,708,880
Buildings and improvements	12,806,473	95,971	-	12,902,444
Vehicles, furniture and equipment	5,064,343	710,792	(207,325)	5,567,810
Total capital assets being depreciated	<u>68,342,125</u>	<u>8,044,334</u>	<u>(207,325)</u>	<u>76,179,134</u>
Less accumulated depreciation for:				
Infrastructure	(9,442,928)	(1,952,793)	-	(11,395,721)
Buildings and improvements	(2,300,678)	(270,408)	-	(2,571,086)
Vehicles, furniture and equipment	(2,802,884)	(419,330)	207,325	(3,014,889)
Total accumulated depreciation	<u>(14,546,490)</u>	<u>(2,642,531)</u>	<u>207,325</u>	<u>(16,981,696)</u>
Total capital assets, being depreciated, net	<u>53,795,635</u>	<u>5,401,803</u>	<u>-</u>	<u>59,197,438</u>
Governmental activities capital assets, net	<u>\$ 55,749,044</u>	<u>\$ 5,401,803</u>	<u>\$ -</u>	<u>\$ 61,150,847</u>

\*restated for prior period adjustment

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 4 CAPITAL ASSETS (Continued)

<b>Business-Type Activities</b>	Beginning Balance*	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000
Construction in progress	5,775,052	1,734,040	(5,775,052)	1,734,040
Total capital assets not being depreciated	6,975,052	1,734,040	(5,775,052)	2,934,040
Capital assets, being depreciated:				
Land improvements	1,490,317	6,700	-	1,497,017
Airport hangar and improvements	115,160	-	-	115,160
Sewer treatment plant and collection system	5,116,913	14,686,187	-	19,803,100
Vehicles, machinery and equipment	1,067,936	6,330	-	1,074,266
Total capital assets being depreciated	7,790,326	14,699,217	-	22,489,543
Less accumulated depreciation for:				
Land improvements	(224,218)	(28,221)	-	(252,439)
Airport hangar and improvements	(62,737)	(1,719)	-	(64,456)
Sewer treatment plant and collection system	(1,253,401)	(335,182)	-	(1,588,583)
Vehicles, machinery and equipment	(418,190)	(83,422)	-	(501,612)
Total accumulated depreciation	(1,958,546)	(448,544)	-	(2,407,090)
Total capital assets, being depreciated, net	5,831,780	14,250,673	-	20,082,453
Business-Type activities capital assets, net	\$ 12,806,832	\$ 15,984,713	\$ (5,775,052)	\$ 23,016,493

\*restated for prior period adjustment

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 239,592
Public safety	340,610
Highway and streets	2,045,095
Public works	17,234
Total depreciation expense	<u>\$ 2,642,531</u>
Business-type activities	
Wastewater	\$ 372,763
Sanitation	42,906
Airport	32,875
Total depreciation expense	<u>\$ 448,544</u>

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 5 LOANS PAYABLE

The City issued long-term loans payable to provide funds for the acquisition and construction of major capital facilities. The loans payable at June 30, 2008, are as follows:

Description	Interest Rate (Including Fees)	Maturity	Outstanding Principal June 30, 2008	Due Within One Year
Governmental activities:				
Greater Arizona Development Authority Note	2.00%	08/01/03 - 22	\$ 3,105,000	\$ 155,000
Total Governmental activities			<u>\$ 3,105,000</u>	<u>\$ 155,000</u>
Business-type activities:				
Arizona Department of Transportation	5.60%	08/01/99 - 09	\$ 19,662	\$ 15,619
Water Infrastructure Finance Authority Note	3.75%	07/01/98 - 18	383,407	28,800
Industrial Development Note	8.00%	03/01/00 - 10	108,091	58,137
Industrial Development Note	8.00%	03/01/00 - 09	48,297	48,297
Total Business-type activities			<u>\$ 559,457</u>	<u>\$ 150,853</u>
Total			<u>\$ 3,664,457</u>	<u>\$ 305,853</u>

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

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 155,000	\$ 129,369	\$ 150,853	\$ 24,341	\$ 305,853	\$ 153,710
2010	160,000	124,050	83,877	17,175	243,877	141,225
2011	165,000	117,950	31,000	11,596	196,000	129,546
2012	175,000	111,150	32,163	10,411	207,163	121,561
2013	180,000	104,050	33,369	9,183	213,369	113,233
2014-2018	1,015,000	402,181	186,578	25,809	1,201,578	427,990
2019-2023	1,255,000	152,566	41,617	780	1,296,617	153,346
Total	<u>\$3,105,000</u>	<u>\$1,141,316</u>	<u>\$ 559,457</u>	<u>\$ 99,295</u>	<u>\$3,664,457</u>	<u>\$1,240,611</u>

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 6 CAPITAL LEASES

Leases at June 30, 2008, included the following:

Governmental activities:

Lease with option to purchase a fire truck. Semiannual installments of \$24,395 including interest of 3.480%, due through November 15, 2008.	\$ 23,978
Lease with option to purchase fire truck. Annual installments of \$48,202 including interest of 5.70%, due through September 1, 2009.	88,750
Lease with option to purchase equipment. Semiannual installments of \$40,209 including interest of 4.276%, due through April 15, 2011.	224,184
Lease with option to purchase the Kenilworth Sports Complex. Semiannual payments of \$300,200 including interest of 4.40%, due through September 30, 2010. On August 29, 2008, the City amended the terms of this lease agreement. The new terms of the agreement requires semiannual payments of approximately \$116,338 including interest of 4.15%, due through March 30, 2016.	<u>1,501,000</u>
Total Governmental Activities Capital Lease Obligation	<u><u>\$ 1,837,912</u></u>

The minimum lease payments by year are:

Fiscal year ending June 30,	Governmental Activities
2009	\$ 812,856
2010	762,043
2011	<u>387,223</u>
Total minimum lease payments	1,962,122
Less: amount representing interest	<u>(124,210)</u>
Present value of future minimum lease payments	1,837,912
Less: current portion	<u>(739,111)</u>
Noncurrent portion	<u><u>\$ 1,098,801</u></u>

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 6 CAPITAL LEASES (Continued)

Leased Capital Assets

The following is an analysis of the leased assets included in capital assets:

Asset	<u>Governmental Activities</u>
Land	\$ 2,500,000
Vehicles	634,000
Equipment	<u>366,256</u>
Subtotal	3,500,256
Less accumulated depreciation	<u>(541,953)</u>
 Total	 <u><u>\$ 2,958,303</u></u>

NOTE 7 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City 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 post closure care are \$401,024 and \$227,927, 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, 2008. However, the actual costs of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 8 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 263,303	\$ 561,569	\$ (528,995)	\$ 295,877	\$ 295,877
Loans payable	3,255,000	-	(150,000)	3,105,000	155,000
Capital leases	2,594,486	-	(756,574)	1,837,912	739,111
Landfill closure and postclosure costs	699,072	-	(70,121)	628,951	-
Governmental activities long-term liabilities	<u>\$ 6,811,861</u>	<u>\$ 561,569</u>	<u>\$ (1,505,690)</u>	<u>\$ 5,867,740</u>	<u>\$ 1,189,988</u>

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 8 CHANGES IN LONG-TERM LIABILITIES (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	\$ 31,231	\$ 54,400	\$ (49,397)	\$ 36,234	\$ 36,234
Loans payable	672,632	-	(113,175)	559,457	150,853
Business-type activities long-term liabilities	<u>\$ 703,863</u>	<u>\$ 54,400</u>	<u>\$ (162,572)</u>	<u>\$ 595,691</u>	<u>\$ 187,087</u>

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Interfund receivable/payable:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 14,155	\$ -
Liquid Waste Fund	-	14,155
Total	<u>\$ 14,155</u>	<u>\$ 14,155</u>

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

Interfund transfers:

Fund	Transfers Out	Transfers In
General Fund	\$ 147,306	\$ -
Capital Projects	283,039	-
Non-Major Governmental Funds	-	385,326
Liquid Waste Fund	-	3,933,063
Liquid Waste Impact Fees Fund	3,933,063	-
Airport	-	45,019
Total	<u>\$ 4,363,408</u>	<u>\$ 4,363,408</u>

All transfers made during the year were to cover operations or debt service as approved during budget development or were necessary to transfer capital assets.

NOTE 10 CONTINGENT LIABILITIES

Federal and State grants and loans- The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2008; however, the City expects no material disallowances of expenditures.

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 10 CONTINGENT LIABILITIES (Continued)

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

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has authority to assess its members additional premiums should reserve and annual premiums be insufficient to meet the pool's obligations. The maximum liability for the City for the fiscal year is \$10,000 and the deductible is \$5,000 per occurrence.

The City is insured by the Workers' Compensation Insurance Fund for potential worker-related accidents.

NOTE 12 RETIREMENT PLANS

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

Arizona State Retirement Plan

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

CITY OF COOLIDGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 12 RETIREMENT PLANS (Continued)

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2008, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and .50 percent long-term disability) of the member's annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2008, 2007, and 2006 were \$444,812, \$362,203, and \$135,474, respectively, which were equal to the required contributions for the year.

Arizona Public Safety Personnel Retirement System

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

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2008, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 14.83% and 7.53% of the covered payroll to the Plan for the Police and Firefighters, respectively.

CITY OF COOLIDGE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

NOTE 12 RETIREMENT PLANS (Continued)

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

Contribution Rates:	<u>PSPRS – Police</u>	<u>PSPRS - Fire</u>
City	14.83%	7.53%
Plan members	7.65%	7.65%
Annual pension cost	\$236,833	\$13,903
Contributions made	\$236,833	\$13,903
Actuarial valuation date	June 30, 2008	June 30, 2008
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Credit		
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Includes inflation at cost-of-living adjustment	5.0%	5.0%
Amortization method	Level Percent	Level Percent
Open	Open	Open
Remaining amortization period	Open 20 Years	Open 20 Years
Asset valuation method	Smoothed Market	Smoothed Market
Post retirement benefit increases	Based on Income	Based on Income

Trend Information – The City joined the PSPRS for firefighters in 2007. Information for the PSPRS plan as of the most recent actuarial valuations follows:

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS - Police	2008	\$ 236,833	100.0%	-
	2007	170,750	100.0%	-
	2006	128,319	100.0%	-
PSPRS - Fire	2008	13,903	100.0%	-
	2007	4,143	100.0%	-

Funding Progress - An analysis of funding progress for each of the agent plan as most recent actuarial valuations, June 30, 2008 follows:

PSPR - Coolidge Police Plan:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percent of Covered Payroll ((b-a)/c)</u>
2008	\$3,884,227	\$5,612,257	\$ 1,728,030	69.2%	\$1,734,347	99.6%
2007	3,633,892	5,789,982	2,156,090	62.8%	1,594,868	135.2%
2006	3,561,173	4,999,975	1,438,802	71.2%	1,267,740	113.5%

CITY OF COOLIDGE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

NOTE 12 RETIREMENT PLANS (Continued)

PSPR - Coolidge Fire Plan:

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)
2008	\$ 37,115	\$ 27,481	\$ (9,634)	135.1%	\$ 189,428	-5.1%
2007	8,279	870	(7,409)	951.6%	185,182	-4.0%

City of Coolidge Volunteer Fireman's Pension Plan

The City of Coolidge Part-time Firemen's Pension Plan is a single-employer defined contribution plan, which was approved by the City Council on January 1, 1988. The authority to establish and amend benefit provisions rests with the City Council.

The assets of the plan are valued annually and the earnings or loss is distributed among the participant's accounts in the plan. The only expenditures being made from this fund are administration fees, retirement payments, and refunds to those firefighters who leave the service of the Fire Department before becoming eligible for pension benefits. The cost of administering the plan is financed from investment earnings. Retirement with full benefits can be at age sixty-two (62) or twenty years of credited service. Volunteer fire fighters are 50% vested after 20 years of service with a 10% increase for each additional year. Fire fighters are fully vested after 25 years of service. As of June 30, 2008, there were 21 eligible employees participating in the plan. The plan is administered by the City and a board of trustees for the City's volunteer fire fighters.

Each participant must contribute 5% of covered compensation, which is equally matched by the City. Total covered compensation to volunteer fire fighters for the year ended June 30, 2008, was \$47,924 and the City's required and actual contributions amounted to \$2,396.

As of June 30, 2008, the plan's assets consisted of the following:

Money market funds	\$ 37,640
Mutual funds	292,561
	<u>\$ 330,201</u>

The plan has never had an actuarial valuation; however, benefits cannot exceed plan assets. The market values of mutual funds are determined from readily available market quotations.

The fund uses the accrual basis of accounting. Contributions are recognized when earned; benefits and refunds are expensed when incurred.

CITY OF COOLIDGE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

NOTE 13 PRIOR PERIOD ADJUSTMENTS

The July 1, 2007 fund balance of the following funds does not agree to the prior year financial statements due to the correction of errors noted below.

	Government-Wide Financial Statements		Fund Financial Statements			
	Governmental Activities	Business- type Activities	General	Capital Projects	Liquid Waste	Airport
To correct capital assets	\$27,800,169	\$ 809,972	\$ -	\$ -	\$ 796,616	\$ 2,255
To recognize sales tax in correct period	414,687	-	311,015	103,672	-	-
	<u>\$28,214,856</u>	<u>\$ 809,972</u>	<u>\$ 311,015</u>	<u>\$103,672</u>	<u>\$ 796,616</u>	<u>\$ 2,255</u>

**OTHER SUPPLEMENTARY INFORMATION**

**COMBINING FUND FINANCIAL STATEMENTS**

CITY OF COOLIDGE, ARIZONA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	Special Revenue		
	Highway User Fund	LTAF	Court Surcharge
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,013	\$ 14,495	\$ 95,864
Taxes receivable	65,110	-	-
Accounts receivable	-	1,493	-
Due from other governments	101	-	-
Total assets	<u>\$ 82,224</u>	<u>\$ 15,988</u>	<u>\$ 95,864</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 16,723	\$ 15,988	\$ 10,563
Total liabilities	<u>16,723</u>	<u>15,988</u>	<u>10,563</u>
Fund balances			
Unreserved, reported in:			
Special revenue	65,501	-	85,301
Capital Improvements	-	-	-
Total fund balances	<u>65,501</u>	<u>-</u>	<u>85,301</u>
Total liabilities and fund balances	<u>\$ 82,224</u>	<u>\$ 15,988</u>	<u>\$ 95,864</u>

Debt Service	Capital Projects		Total Non-Major Governmental Funds
	Sandia CFD	Martin Valley CFD	
\$ -	\$ 4,483	\$ 22,150	\$ 154,005
-	-	-	65,110
-	-	-	1,493
-	-	-	101
<u>\$ -</u>	<u>\$ 4,483</u>	<u>\$ 22,150</u>	<u>\$ 220,709</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,274</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>43,274</u>
-	-	-	150,802
-	4,483	22,150	26,633
-	4,483	22,150	177,435
<u>\$ -</u>	<u>\$ 4,483</u>	<u>\$ 22,150</u>	<u>\$ 220,709</u>

CITY OF COOLIDGE, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue			
	Highway User Fund	LTAF	Court Surcharge	Debt Service
<b>REVENUES</b>				
Intergovernmental	\$ 811,870	\$ 61,613	\$ 1,283	\$ -
Fines and forfeitures	-	-	3,792	-
Charges for services	4,941	21,249	-	-
Investment income	4,081	-	2,349	-
Contributions	-	-	-	-
Total revenues	<u>820,892</u>	<u>82,862</u>	<u>7,424</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Highway and streets	1,028,186	184,147	-	-
Capital outlay	-	1,002	-	-
Debt service:				
Principal retirement	-	-	-	150,000
Interest and debt costs	-	-	-	133,039
Total expenditures	<u>1,028,186</u>	<u>185,149</u>	<u>-</u>	<u>283,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,294)</u>	<u>(102,287)</u>	<u>7,424</u>	<u>(283,039)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	102,287	-	283,039
Total other financing sources (uses)	<u>-</u>	<u>102,287</u>	<u>-</u>	<u>283,039</u>
Net change in fund balances	(207,294)	-	7,424	-
Fund balances, beginning of year	<u>272,795</u>	<u>-</u>	<u>77,877</u>	<u>-</u>
Fund balances, end of year	<u>\$ 65,501</u>	<u>\$ -</u>	<u>\$ 85,301</u>	<u>\$ -</u>

<u>Capital Projects</u>		Total Non-Major Government Funds
<u>Sandia CFD</u>	<u>Martin Valley CFD</u>	
\$ -	\$ -	\$ 874,766
-	-	3,792
-	-	26,190
272	412	7,114
17	-	17
<u>289</u>	<u>412</u>	<u>911,879</u>
-	-	1,212,333
2,552	906	4,460
-	-	150,000
-	-	133,039
<u>2,552</u>	<u>906</u>	<u>1,499,832</u>
<u>(2,263)</u>	<u>(494)</u>	<u>(587,953)</u>
-	-	385,326
-	-	385,326
(2,263)	(494)	(202,627)
<u>6,746</u>	<u>22,644</u>	<u>380,062</u>
<u>\$ 4,483</u>	<u>\$ 22,150</u>	<u>\$ 177,435</u>



**OTHER SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**MAJOR GOVERNMENTAL FUNDS**

CITY OF COOLIDGE, ARIZONA  
CAPITAL IMPROVEMENT PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,860,938	\$ 1,860,938	\$ 1,322,432	\$ (538,506)
Investment income	50,000	50,000	41,544	(8,456)
Miscellaneous	40,000	40,000	2,000	(38,000)
Total revenues	<u>1,950,938</u>	<u>1,950,938</u>	<u>1,365,976</u>	<u>(584,962)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	2,511,256	2,511,256	1,030,897	1,480,359
Debt service:				
Principal retirement	96,993	96,993	87,550	9,443
Interest and debt cost	-	-	9,443	(9,443)
Total expenditures	<u>2,608,249</u>	<u>2,608,249</u>	<u>1,127,890</u>	<u>1,480,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(657,311)</u>	<u>(657,311)</u>	<u>238,086</u>	<u>895,397</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(590,614)</u>	<u>(590,614)</u>	<u>(283,039)</u>	<u>307,575</u>
Total other financing sources (uses)	<u>(590,614)</u>	<u>(590,614)</u>	<u>(283,039)</u>	<u>307,575</u>
Net change in fund balance	<u>(1,247,925)</u>	<u>(1,247,925)</u>	<u>(44,953)</u>	<u>1,202,972</u>
Fund balance, beginning of year	1,247,925	1,247,925	1,485,532	237,607
Prior period adjustment	-	-	103,672	103,672
Fund balance, beginning of year - restated	<u>1,247,925</u>	<u>1,247,925</u>	<u>1,589,204</u>	<u>341,279</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,544,251</u>	<u>\$ 1,544,251</u>

CITY OF COOLIDGE, ARIZONA  
ROAD TAX CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 935,762	\$ 935,762	\$ 797,967	\$ (137,795)
Investment income	25,000	25,000	28,261	3,261
Total revenues	<u>960,762</u>	<u>960,762</u>	<u>826,228</u>	<u>(134,534)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	1,656,308	1,656,308	216,134	1,440,174
Debt service:				
Principal retirement	80,418	80,418	68,624	11,794
Interest and debt cost	-	-	11,795	(11,795)
Total expenditures	<u>1,736,726</u>	<u>1,736,726</u>	<u>296,553</u>	<u>1,440,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,964)</u>	<u>(775,964)</u>	<u>529,675</u>	<u>1,305,639</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(193,552)</u>	<u>(193,552)</u>	<u>-</u>	<u>193,552</u>
Total other financing sources (uses)	<u>(193,552)</u>	<u>(193,552)</u>	<u>-</u>	<u>193,552</u>
Net change in fund balance	(969,516)	(969,516)	529,675	1,499,191
Fund balance, beginning of year	<u>969,516</u>	<u>969,516</u>	<u>1,088,333</u>	<u>118,817</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618,008</u>	<u>\$ 1,618,008</u>

CITY OF COOLIDGE, ARIZONA  
HIGHWAY USER FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 724,114	\$ 724,114	\$ 811,870	87,756
Charges for services	-	-	4,941	4,941
Investment income	301,500	301,500	4,081	(297,419)
Miscellaneous	464,184	464,184	-	(464,184)
Total revenues	<u>1,489,798</u>	<u>1,489,798</u>	<u>820,892</u>	<u>(668,906)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	1,039,798	1,039,798	1,028,186	11,612
Capital outlay	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Total expenditures	<u>1,489,798</u>	<u>1,489,798</u>	<u>1,028,186</u>	<u>461,612</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(207,294)	(207,294)
Fund balance, beginning of year	-	-	272,795	272,795
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,501</u>	<u>\$ 65,501</u>

CITY OF COOLIDGE, ARIZONA  
 LTAF FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
 AND ACTUAL  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 45,675	\$ 45,675	\$ 61,613	\$ 15,938
Fines and forfeitures	306,476	306,476	-	(306,476)
Charges for Services	49,648	49,648	21,249	(28,399)
Total revenues	<u>401,799</u>	<u>401,799</u>	<u>82,862</u>	<u>(318,937)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>546,367</u>	<u>546,367</u>	<u>184,147</u>	<u>362,220</u>
Total expenditures	<u>561,907</u>	<u>561,907</u>	<u>185,149</u>	<u>376,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(160,108)</u>	<u>(160,108)</u>	<u>(102,287)</u>	<u>57,821</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>160,108</u>	<u>160,108</u>	<u>102,287</u>	<u>(57,821)</u>
Total other financing sources (uses)	<u>160,108</u>	<u>160,108</u>	<u>102,287</u>	<u>(57,821)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COOLIDGE, ARIZONA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt Service:				
Principal retirement	150,000	150,000	150,000	-
Interest and debt costs	134,138	134,138	133,039	1,099
Total expenditures	284,138	284,138	283,039	1,099
Excess (deficiency) of revenues over (under) expenditures	(284,138)	(284,138)	(283,039)	(1,099)
OTHER FINANCING SOURCES (USES)				
Transfers in	284,138	284,138	283,039	(1,099)
Total other financing sources (uses)	284,138	284,138	283,039	(1,099)
Net change in fund balance	-	-	-	(2,198)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ (2,198)

CITY OF COOLIDGE, ARIZONA  
SANDIA COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 500	\$ 500	\$ 272	\$ (228)
Contributions	50,000	50,000	17	(49,983)
Total revenues	<u>50,500</u>	<u>50,500</u>	<u>289</u>	<u>(50,211)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	50,500	50,500	2,552	47,948
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>2,552</u>	<u>47,948</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(2,263)	(2,263)
Fund balance, beginning of year	-	-	6,746	6,746
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,483</u>	<u>\$ 4,483</u>

CITY OF COOLIDGE, ARIZONA  
MARTIN VALLEY COMMUNITY FACILITIES DISTRICT CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET  
AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 500	\$ 500	\$ 412	\$ (88)
Contributions	50,000	50,000	-	(50,000)
Total revenues	<u>50,500</u>	<u>50,500</u>	<u>412</u>	<u>(50,088)</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	50,500	50,500	906	49,594
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>906</u>	<u>49,594</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(494)	(494)
Fund balances, beginning of year	-	-	22,644	22,644
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,150</u>	<u>\$ 22,150</u>

CITY OF COOLIDGE, ARIZONA  
LIQUID WASTE ENTERPRISE FUND  
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for service	\$ 1,071,880	\$ 1,071,880	\$ 721,406	(350,474)
Total operating revenues	<u>1,071,880</u>	<u>1,071,880</u>	<u>721,406</u>	<u>(350,474)</u>
Operating expenses				
Costs of sales and services	894,305	894,305	530,287	364,018
Depreciation	-	-	372,763	(372,763)
Total operating expenses	<u>894,305</u>	<u>894,305</u>	<u>903,050</u>	<u>(8,745)</u>
Operating income (loss)	<u>177,575</u>	<u>177,575</u>	<u>(181,644)</u>	<u>(359,219)</u>
Nonoperating revenues (expenses)				
Investment income	1,800	1,800	2,579	779
Interest expense	(282,538)	(282,538)	(32,925)	249,613
Miscellaneous	10,000	10,000	2,904	(7,096)
Total nonoperating revenues (expenses)	<u>(270,738)</u>	<u>(270,738)</u>	<u>(27,442)</u>	<u>243,296</u>
Income (loss) before capital contributions and transfers	<u>(93,163)</u>	<u>(93,163)</u>	<u>(209,086)</u>	<u>(115,923)</u>
Capital contributions	-	-	8,911,135	8,911,135
Transfers in	-	-	3,933,063	3,933,063
Change in net assets	<u>(93,163)</u>	<u>(93,163)</u>	<u>12,635,112</u>	<u>12,728,275</u>
Net assets, beginning of year	-	-	7,483,900	7,483,900
Prior period adjustment	-	-	796,616	796,616
Net assets, beginning of year - restated	<u>-</u>	<u>-</u>	<u>8,280,516</u>	<u>8,280,516</u>
Net assets, end of year	<u>\$ (93,163)</u>	<u>\$ (93,163)</u>	<u>\$ 20,915,628</u>	<u>\$ 21,008,791</u>

CITY OF COOLIDGE, ARIZONA  
SOLID WASTE ENTERPRISE FUND  
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for service	\$ 1,338,486	\$ 1,338,486	\$ 998,075	(340,411)
Total operating revenues	<u>1,338,486</u>	<u>1,338,486</u>	<u>998,075</u>	<u>(340,411)</u>
Operating expenses				
Costs of sales and services	1,401,281	1,401,281	909,188	492,093
Depreciation	-	-	42,906	(42,906)
Total operating expenses	<u>1,401,281</u>	<u>1,401,281</u>	<u>952,094</u>	<u>449,187</u>
Operating income (loss)	<u>(62,795)</u>	<u>(62,795)</u>	<u>45,981</u>	<u>108,776</u>
Nonoperating revenues (expenses)				
Investment income	10,000	10,000	10,985	985
Miscellaneous	-	-	242	242
Total nonoperating revenues (expenses)	<u>10,000</u>	<u>10,000</u>	<u>11,227</u>	<u>1,227</u>
Change in net assets	(52,795)	(52,795)	57,208	110,003
Net assets, beginning of year	-	-	666,221	666,221
Net assets, end of year	<u>\$ (52,795)</u>	<u>\$ (52,795)</u>	<u>\$ 723,429</u>	<u>\$ 776,224</u>

CITY OF COOLIDGE, ARIZONA  
LIQUID WASTE IMPACT FEES ENTERPRISE FUND  
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating revenues				
Charges for service	\$ 910,350	\$ 910,350	\$ 574,573	(335,777)
Total operating revenues	<u>910,350</u>	<u>910,350</u>	<u>574,573</u>	<u>(335,777)</u>
Operating expenses				
Costs of sales and services	1,888,577	1,888,577	18,904	1,869,673
Total operating expenses	<u>1,888,577</u>	<u>1,888,577</u>	<u>18,904</u>	<u>1,869,673</u>
Operating income (loss)	<u>(978,227)</u>	<u>(978,227)</u>	<u>555,669</u>	<u>1,533,896</u>
Nonoperating revenues (expenses)				
Investment income	50,000	50,000	42,857	7,143
Total nonoperating revenues (expenses)	<u>50,000</u>	<u>50,000</u>	<u>42,857</u>	<u>7,143</u>
Income (loss) before capital contributions and transfers	(928,227)	(928,227)	598,526	1,541,039
Transfers out	-	-	(3,933,063)	(3,933,063)
Change in net assets	(928,227)	(928,227)	(3,334,537)	(2,392,024)
Net assets, beginning of year	-	-	4,017,549	4,017,549
Net assets, end of year	<u>\$ (928,227)</u>	<u>\$ (928,227)</u>	<u>\$ 683,012</u>	<u>\$ 1,625,525</u>

CITY OF COOLIDGE, ARIZONA  
SOLID WASTE IMPACT FEES ENTERPRISE FUND  
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for service	\$ 141,682	\$ 141,682	\$ 43,997	(97,685)
Total operating revenues	<u>141,682</u>	<u>141,682</u>	<u>43,997</u>	<u>(97,685)</u>
Operating expenses				
Costs of sales and services	<u>265,875</u>	<u>265,875</u>	<u>19,064</u>	<u>246,811</u>
Total operating expenses	<u>265,875</u>	<u>265,875</u>	<u>19,064</u>	<u>246,811</u>
Operating income (loss)	<u>(124,193)</u>	<u>(124,193)</u>	<u>24,933</u>	<u>149,126</u>
Nonoperating revenues (expenses)				
Investment income	<u>4,500</u>	<u>4,500</u>	<u>3,612</u>	<u>(888)</u>
Total nonoperating revenues (expenses)	<u>4,500</u>	<u>4,500</u>	<u>3,612</u>	<u>(888)</u>
Change in net assets	(119,693)	(119,693)	28,545	148,238
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>115,119</u>	<u>115,119</u>
Net assets, end of year	<u>\$ (119,693)</u>	<u>\$ (119,693)</u>	<u>\$ 143,664</u>	<u>\$ 263,357</u>

CITY OF COOLIDGE, ARIZONA  
AIRPORT ENTERPRISE FUND  
SCHEDULE OF OPERATIONS-BUDGET AND ACTUAL  
Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operating revenues				
Charges for service	\$ 46,492	\$ 46,492	\$ 50,856	\$ 4,364
Total operating revenues	<u>46,492</u>	<u>46,492</u>	<u>50,856</u>	<u>4,364</u>
Operating expenses				
Costs of sales and services	807,970	807,970	89,553	718,417
Depreciation	-	-	32,875	(32,875)
Total operating expenses	<u>807,970</u>	<u>807,970</u>	<u>122,428</u>	<u>685,542</u>
Operating income (loss)	<u>(761,478)</u>	<u>(761,478)</u>	<u>(71,572)</u>	<u>689,906</u>
Nonoperating revenues (expenses)				
Investment income	5,000	5,000	3,787	(1,213)
Interest expense	(16,397)	(16,397)	(1,622)	14,775
Miscellaneous	<u>27,897</u>	<u>27,897</u>	<u>8,910</u>	<u>(18,987)</u>
Total nonoperating revenues (expenses)	<u>16,500</u>	<u>16,500</u>	<u>11,075</u>	<u>(5,425)</u>
Income (loss) before capital contributions and transfers	<u>(744,978)</u>	<u>(744,978)</u>	<u>(60,497)</u>	<u>684,481</u>
Transfers in	<u>744,978</u>	<u>744,978</u>	<u>45,019</u>	<u>(699,959)</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>(15,478)</u>	<u>(15,478)</u>
Net assets, beginning of year	-	-	1,303,318	1,303,318
Prior period adjustment	-	-	<u>2,255</u>	<u>2,255</u>
Net assets, beginning of year - restated	<u>-</u>	<u>-</u>	<u>1,305,573</u>	<u>1,305,573</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,290,095</u>	<u>\$ 1,290,095</u>



**SINGLE AUDIT SECTION**





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

The Honorable Mayor and Council  
City of Coolidge, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Coolidge, Arizona (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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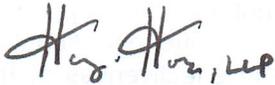
The Honorable Mayor and Council  
City of Coolidge, Arizona  
Page Two

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

Compliance and Other Matters

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

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



Casa Grande, Arizona  
February 11, 2009



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

The Honorable Mayor and Council  
City of Coolidge, Arizona

Compliance

We have audited the compliance of the City of Coolidge, Arizona (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Coolidge, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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CITY OF COOLIDGE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2008

	Grant Number	Federal CFDA Number	Expenditures
		<u>Number</u>	<u></u>
U.S. Department of Housing and Urban Development:			
Passed through the Arizona Department of Housing:			
HOME	323-07	14.239	\$ 214,466
Housing Trust	309-08	14.228	14,057
CDBG 2005	166-06	14.228	124,097
CDBG 2006	122-07	14.228	17,931
CDBG 2005	167-06	14.228	36,524
CDBG 2006	158-07	14.228	158,670
CDBG 2007	106-08	14.228	30,584
CDBG 2007	114-08	14.228	5,202
CDBG 2005	144-06	14.228	11,019
Total Department of Housing and Urban Development			<u>612,550</u>
U.S. Department of Transportation:			
Passed through Arizona Department of Transportation:			
Transit 2007	AZ-18-X025FY2007	20.507	59,736 *
Transit 2007	AZ-18-X026FY2007	20.507	180,319 *
Total U.S. Department of Transportation			<u>240,055</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u>\$ 852,605</u>

\*Denotes major program

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

NOTE 1 BASIS OF ACCOUNTING

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

CITY OF COOLIDGE, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2008

Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Coolidge.
2. No significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Coolidge were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for U.S. Department of Transportation Transit grants passed through the Arizona Department of Transportation expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include the U.S. Department of Transportation Transit grants passed through the Arizona Department of Transportation (CFDA 20.507).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Coolidge qualified as a low-risk auditee.
10. There were no prior year findings.

