

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

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the City Council of the
City of Coolidge, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Coolidge, Arizona (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The management's discussion and analysis on pages 3 - 13 and the Public Safety Personnel Retirement System Schedule of Funding Progress on page 54 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Cronstrom, Osuch + Company, P.C.
Cronstrom, Osuch & Company, P.C.

November 15, 2007

Management's Discussion and Analysis

The City of Coolidge, Arizona (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2007. 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 \$45,123,912 (net assets). Of this amount \$11,415,267 (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 \$10,385,857, an increase of \$2,580,892 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,926,985 or 70 percent of total General Fund expenditures.
- ◆ General Fund revenues (on a budgetary basis) were less than budgeted revenues by \$2,883,244 for fiscal year 2007. Additionally, budgetary basis expenditures were less than the budget by \$7,167,690 in the General Fund.
- ◆ General Fund revenues exceeded expenditures by \$1,780,870; a positive variance of \$4,284,446 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 31 and 32. 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, the municipal airport and the cable television station.

The government-wide financial statements can be found on pages 16 - 17 of this report.

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

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

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

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

The basic governmental fund financial statements can be found on pages 18 - 24 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the liquid waste and solid waste funds, each of which are considered to be major funds of the City of Coolidge, Arizona. The municipal airport and the cable television funds are considered to be nonmajor funds and aggregated into one column labeled nonmajor enterprise funds. Individual fund data for the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 - 28 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 29 - 30 of this report.

Notes to the basic financial statements. The notes to the basic financial statements (pages 31 - 51) 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 54.

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

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2007 showing that assets exceeded liabilities by \$45,123,912.

Condensed Statement of Net Assets June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
ASSETS						
Current and other assets	\$ 11,686,128	\$ 9,694,721	\$ 2,420,815	\$ 5,380,519	\$ 14,106,943	\$ 15,075,240
Capital assets						
Non-depreciable	1,951,341	1,870,640	7,640,688	4,043,046	9,592,029	5,913,686
Depreciable (net)	<u>25,997,534</u>	<u>21,669,484</u>	<u>4,366,774</u>	<u>4,008,952</u>	<u>30,364,308</u>	<u>25,678,436</u>
Total assets	<u>39,635,003</u>	<u>33,234,845</u>	<u>14,428,277</u>	<u>13,432,517</u>	<u>54,063,280</u>	<u>46,667,362</u>
LIABILITIES						
Other liabilities	1,285,337	1,876,247	138,307	423,206	1,423,644	2,299,453
Non-current liabilities						
Due within one year	1,169,877	488,352	172,498	155,867	1,342,375	644,219
Due in more than one year	<u>5,641,984</u>	<u>4,203,532</u>	<u>531,365</u>	<u>672,632</u>	<u>6,173,349</u>	<u>4,876,164</u>
Total liabilities	<u>8,097,198</u>	<u>6,568,131</u>	<u>842,170</u>	<u>1,251,705</u>	<u>8,939,368</u>	<u>7,819,836</u>
NET ASSETS						
Invested in capital assets, net of related debt	22,099,389	19,795,743	11,307,071	7,220,556	33,406,460	27,016,299
Restricted	302,185	291,447	-	-	302,185	291,447
Unrestricted	<u>9,136,231</u>	<u>6,579,524</u>	<u>2,279,036</u>	<u>4,960,256</u>	<u>11,415,267</u>	<u>11,539,780</u>
Total net assets	<u>\$ 31,537,805</u>	<u>\$ 26,666,714</u>	<u>\$ 13,586,107</u>	<u>\$ 12,180,812</u>	<u>\$ 45,123,912</u>	<u>\$ 38,847,526</u>

The net assets of the City are \$31,537,805 in governmental activities and \$13,586,107 in business-type activities at June 30, 2007.

Net assets consists of three components. The largest portion of the City of Coolidge, Arizona's net assets (74%) 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 the City's investment in capital assets, net of related debt increased \$6.4 million largely due to the construction of park amenities and continued construction on the wastewater expansion.

An additional portion of the City of Coolidge, Arizona's net assets (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,415,267) may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets did not significantly change from the prior year for the City as a whole; however, the governmental activities reported a \$2.6 million increase and the business-type activities reported a \$2.7 million decrease. The net increase and decrease in the governmental activities and business-type activities, respectively, are discussed in more detail following the table below. However, generally the governmental activities increased due to the City's growth and resulting increase in local sales taxes. 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, 2007 and 2006**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 2,194,320	\$ 2,571,374	\$ 1,553,334	\$ 1,346,302	\$ 3,747,654	\$ 3,917,676
Operating grants and contributions	1,611,661	1,317,004	-	-	1,611,661	1,317,004
Capital grants and contributions	1,856,872	1,281,692	-	763,704	1,856,872	2,045,396
General revenues:						
Local taxes	8,018,167	6,434,924	-	-	8,018,167	6,434,924
Impact fees	532,101	1,372,499	1,094,736	5,668,242	1,626,837	7,040,741
State shared revenues	2,218,331	2,119,892	-	-	2,218,331	2,119,892
Investment earnings	<u>437,553</u>	<u>172,420</u>	<u>160,450</u>	<u>132,483</u>	<u>598,003</u>	<u>304,903</u>
Total Revenues	<u>16,869,005</u>	<u>15,269,805</u>	<u>2,808,520</u>	<u>7,910,731</u>	<u>19,677,525</u>	<u>23,180,536</u>
Expenses						
General government	3,622,686	3,844,106	-	-	3,622,686	3,844,106
Public safety	3,877,332	3,075,765	-	-	3,877,332	3,075,765
Highways and streets	1,927,366	1,727,973	-	-	1,927,366	1,727,973
Culture and recreation	1,758,037	1,268,431	-	-	1,758,037	1,268,431
Redevelopment and housing	565,959	-	-	-	565,959	-
Interest on long-term debt	232,185	164,264	-	-	232,185	164,264
Liquid Waste	-	-	534,890	399,020	534,890	399,020
Solid Waste	-	-	790,003	674,740	790,003	674,740
Municipal Airport	-	-	75,113	114,836	75,113	114,836
Cable Television	-	-	<u>17,568</u>	<u>66,537</u>	<u>17,568</u>	<u>66,537</u>
Total Expenses	<u>11,983,565</u>	<u>10,080,539</u>	<u>1,417,574</u>	<u>1,255,133</u>	<u>13,401,139</u>	<u>11,335,672</u>
Increase in net assets before transfers	4,885,440	5,189,266	1,390,946	6,655,598	6,276,386	11,844,864
Transfers	<u>(14,349)</u>	<u>94,024</u>	<u>14,349</u>	<u>(94,024)</u>	<u>-</u>	<u>-</u>
Change in net assets	4,871,091	5,283,290	1,405,295	6,561,574	6,276,386	11,844,864
Net assets, beginning of year	<u>26,666,714</u>	<u>21,383,424</u>	<u>12,180,812</u>	<u>5,619,238</u>	<u>38,847,526</u>	<u>27,002,662</u>
Net assets, end of year	<u>\$ 31,537,805</u>	<u>\$ 26,666,714</u>	<u>\$ 13,586,107</u>	<u>\$ 12,180,812</u>	<u>\$ 45,123,912</u>	<u>\$ 38,847,526</u>

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 \$492,783. The City's fees, fines and charges for services reported a \$377,054 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 decrease in new construction, resulting in a the reported decrease in charges for services. Operating grants and contributions increased \$294,657 over the prior year and the capital grants reported a \$575,180 increase. The operating grants increased largely due to HURF exchange monies received for highways and streets during the fiscal year. The most significant capital grants received during the fiscal year were through a Community Development Block Grant for housing and federal transportation grants, as well as funds received for the City's parks and recreation amenities.

General revenues, which include local taxes, impact fees, state shared revenues and investment earnings increased by \$1.1 million dollars. Local taxes, including property and city sales taxes accounted for \$1.6 million of the net \$1.1 million increase. 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. Impact fees decreased \$840,398 over the prior fiscal year. The impact fees were implemented by a City ordinance in fiscal year 2005 and is 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 the previous fiscal year as construction began on several significant projects. Investment earnings increased as a result of the cash on hand from the impact fees received in the previous fiscal year.

Expenses increased \$1.9 million dollars. Expenditures generally increased in all governmental functions with the exception of general government. The increase is due to increased costs to operate the City during a period of growth

Business-type Activities.

As discussed above, the City imposed an impact fee to developers for new construction to assist the City in future development and operations for future growth. Although a portion of the impact fees are allocated to the governmental funds for capital outlay, a majority of the impact fees have been allocated to the Liquid Waste Fund. The funds will be used in the Liquid Waste Fund for future expansion. The impact fees accounted for more than 90% of the current year decrease in net assets in the business-type activities. As discussed previously, the construction sector has experienced a decrease and the initial impact fees and pre-paid fees collected in the prior year, accounted for a majority of the decrease in the current year. Charges for services slightly increased due to added customers during the fiscal year. The capital grants vary from year-to-year based upon funding from various federal and state grants.

Investment earnings increased due to increased cash on-hand. The increased cash is largely due to unspent impact fee revenues.

Business-type expenses increased in both the Liquid Waste Fund and the Solid Waste Fund due to an increase in the number of customers and the cost of providing those services. The Municipal Airport decreased due to cutting costs and subsidizing certain operations from the General Fund. The expense reported in the Cable Television Fund was the result of a loss on the disposal of capital assets. Those assets were transferred to the governmental activities and the operations are now included in the General Fund as a result of recurring losses reported in the Cable Television Fund.

Financial Analysis of the City's Funds

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

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$10,385,857, an increase of \$2,580,892 in comparison with the prior year. Approximately 57% of this total amount (\$5,926,985) constitutes General Fund balance, which is available for contribution to the designated, undesignated and reserved fund balance. At fiscal year-end 2006-07 fund balances were as follows:

Fund	Balance	Increase (Decrease) From 2005-06
General Fund	\$ 5,926,985	\$ 1,640,544
Grants Fund	-	-
Capital Projects Fund	1,485,532	371,178
Impact Fees Fund	1,504,945	(197,641)
Nonmajor Governmental Funds	1,468,395	766,811

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 \$5,926,985, while total fund balance for the City reached \$10,385,857. 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 70 percent of total General Fund expenditures, while total fund balance represents 61 percent of total City expenditures.

The fund balance of the City of Coolidge, Arizona's General Fund increased by \$1,640,544 during the current fiscal year. Key factors in this change are as follows:

- ◆ Increase in local taxes and state shared revenue previously discussed.
- ◆ Current year expenditures increased; however, the increase was significantly less than the revenues generated during the current fiscal year. The increase was largely due to increased departmental costs for operations.

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 ordinance that enacted the charging of impact fees was implemented at the end of the fiscal year 2004-05; therefore, the revenues generated in the previous fiscal year represented a full year of charges. During the current fiscal year, the City collected impact fee revenues for a full fiscal year; however, a majority of the initial fees were collected in the prior year and the economy experienced slowing in the construction sector. Approximately \$800,000 of impact fees were used during the fiscal year for park improvements. A majority of the park improvements were funded to a \$2.5 million lease agreement.

All nonmajor 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 unspent road tax funds. 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 22 - 24. 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 \$10,227,136, on a budgetary basis, were less than budgeted revenues of \$13,110,380 by \$2,883,244 and budgetary basis expenditures of \$8,446,266 were less than the budget by \$7,167,690. The excess of budgeted revenues over actual revenues is primarily due to the decline in new construction.

Capital Asset and Debt Administration

The City's capital assets for its governmental and business-type activities as of June 30, 2007 amount to \$27,948,875 and \$12,007,462, respectively, (net of accumulated depreciation), a net increase of 19% and 49%, respectively. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental Fund financial statements record capital asset purchases as expenditures at the time of purchase. See Note 3.A.3. in the Notes to the Basic Financial Statements for further information regarding capital assets.

Capital assets include land, buildings and improvements, machinery and equipment, roads and improvements, vehicles and infrastructure. During fiscal year 2006-07 the annual depreciation expense was \$1,057,226 and \$142,660 for the governmental and business-type capital assets, respectively. Additions to capital assets during the fiscal year for totaled \$5,497,382 and \$4,115,692 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 \$3.6 million recorded as construction in progress.
- ◆ \$3.6 million of improvements to the park, funded by impact fees and a \$2.5 million lease.
- ◆ Infrastructure improvements of \$461,000 recorded in the Governmental Activities.
- ◆ \$1.2 million in furniture, equipment and vehicles, including a \$126,000 street sweeper, \$297,000 in computers and \$368,000 in new and used vehicles.

The following table provides a breakdown of the capital assets of the City at June 30, 2007 and 2006.

Capital Assets at June 30, 2007 and 2006
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,951,341	\$ 1,870,640	\$ 1,200,000	\$ 1,200,000	\$ 3,151,341	\$ 3,070,640
Construction in progress	-	-	6,440,688	2,843,046	6,440,688	2,843,046
Airport hangar and other improvements	-	-	794,487	811,480	794,487	811,480
Buildings and improvements	5,472,184	5,572,824	-	-	5,472,184	5,572,824
Infrastructure and land improvements	18,263,056	14,624,763	521,278	500,312	18,784,334	15,125,075
Sewer treatment plant and collection system	-	-	2,405,316	2,473,171	2,405,316	2,473,171
Furniture, machinery, equipment and vehicles	2,262,294	1,471,897	645,693	223,989	2,907,987	1,695,886
	<u>\$ 27,948,875</u>	<u>\$ 23,540,124</u>	<u>\$ 12,007,462</u>	<u>\$ 8,051,998</u>	<u>\$ 39,956,337</u>	<u>\$ 31,592,122</u>

Long-term Debt

At the end of the current fiscal year, the City of Coolidge, Arizona had total long-term obligations outstanding of \$7,515,724. The City entered into two new lease agreements during the fiscal year totaling \$2,866,256. Of the outstanding debt, \$3,927,632 represents outstanding notes payable. The remaining balance represents compensated absences, capital leases and the City's obligation related to the landfill closure and postclosure care costs. The City has no outstanding bonds.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2007 and 2006. Further detail on the City's outstanding debt may be found in Note 3.E. on pages 46 - 47.

Outstanding Debt at June 30, 2007 and 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Notes payable	\$ 3,255,000	\$ 3,447,250	\$ 672,632	\$ 804,687	\$ 3,927,632	\$ 4,251,937
Capital leases	2,594,486	297,131	-	-	2,594,486	297,131
Landfill closure and postclosure costs	699,072	679,238	-	-	699,072	679,238
Compensated absences	<u>263,303</u>	<u>268,265</u>	<u>31,231</u>	<u>23,812</u>	<u>294,534</u>	<u>292,077</u>
	<u>\$ 6,811,861</u>	<u>\$ 4,691,884</u>	<u>\$ 703,863</u>	<u>\$ 828,499</u>	<u>\$ 7,515,724</u>	<u>\$ 5,520,383</u>

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 67% 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 general 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. 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 an increase in the state shared revenues and local sales taxes.

Other factors affecting next year's budget include:

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

Financial contact

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

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

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Basic Financial Statements

CITY OF COOLIDGE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 9,825,977	\$ 2,235,238	\$ 12,061,215
Receivables, net			
Accounts receivable	495,315	192,285	687,600
Taxes receivable	95,741	-	95,741
Intergovernmental receivable	1,262,387	-	1,262,387
Internal balances	6,708	(6,708)	-
Capital assets			
Non-depreciable	1,951,341	7,640,688	9,592,029
Depreciable (net)	<u>25,997,534</u>	<u>4,366,774</u>	<u>30,364,308</u>
Total assets	<u>39,635,003</u>	<u>14,428,277</u>	<u>54,063,280</u>
Liabilities			
Accounts payable	713,148	77,064	790,212
Accrued wages and benefits	97,017	815	97,832
Interest payable	-	8,194	8,194
Unearned revenue	475,172	24,475	499,647
Matured debt principal payable	-	27,759	27,759
Noncurrent liabilities			
Due within one year	1,169,877	172,498	1,342,375
Due in more than one year	<u>5,641,984</u>	<u>531,365</u>	<u>6,173,349</u>
Total liabilities	<u>8,097,198</u>	<u>842,170</u>	<u>8,939,368</u>
Net assets			
Invested in capital assets, net of related debt	22,099,389	11,307,071	33,406,460
Restricted for			
Highways and streets	272,795	-	272,795
Capital outlay	29,390	-	29,390
Unrestricted	<u>9,136,231</u>	<u>2,279,036</u>	<u>11,415,267</u>
Total net assets	<u>\$ 31,537,805</u>	<u>\$ 13,586,107</u>	<u>\$ 45,123,912</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Functions/Programs							
Governmental activities							
General government	\$ 3,622,686	\$ 1,892,118	\$ 32,667	\$ 504,326	\$ (1,193,575)	\$	\$ (1,193,575)
Public safety	3,877,332	136,008	158,304	51,508	(3,531,512)		(3,531,512)
Highways and streets	1,977,366	47,621	1,253,321	282,495	(343,929)		(343,929)
Culture and recreation	1,758,037	118,573	167,369	452,584	(1,019,511)		(1,019,511)
Redevelopment and housing	565,959	-	-	565,959	-		-
Interest on long-term debt	232,185	-	-	-	(232,185)		(232,185)
Total governmental activities	<u>11,983,565</u>	<u>2,194,320</u>	<u>1,611,661</u>	<u>1,856,872</u>	<u>(6,320,712)</u>		<u>(6,320,712)</u>
Business-type activities							
Liquid Waste	534,890	568,928	-	-		\$ 34,038	34,038
Solid Waste	790,003	929,452	-	-		139,449	139,449
Municipal Airport	75,113	54,954	-	-		(20,159)	(20,159)
Cable Television	17,568	-	-	-		(17,568)	(17,568)
Total business-type activities	<u>1,417,574</u>	<u>1,553,334</u>	<u>-</u>	<u>-</u>		<u>135,760</u>	<u>135,760</u>
Totals	<u>\$ 13,401,139</u>	<u>\$ 3,747,654</u>	<u>\$ 1,611,661</u>	<u>\$ 1,856,872</u>	<u>(6,320,712)</u>		<u>(6,184,952)</u>
General revenues							
Taxes							
Sales taxes					7,374,385	-	7,374,385
Property taxes					392,270	-	392,270
Franchise taxes					251,512	-	251,512
Impact fees					532,101	1,094,736	1,626,837
State revenue sharing					928,722	-	928,722
State sales tax revenue sharing					777,488	-	777,488
Auto lieu tax revenue sharing					512,121	-	512,121
Investment earnings					437,553	160,450	598,003
Transfers					(14,349)	14,349	-
Total general revenues and transfers					<u>11,191,803</u>	<u>1,269,535</u>	<u>12,461,338</u>
Change in net assets					4,871,091	1,405,295	6,276,386
Net assets, beginning of year					26,666,714	12,180,812	38,847,526
Net assets, end of year					<u>\$ 31,537,805</u>	<u>\$ 13,586,107</u>	<u>\$ 45,123,912</u>

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

CITY OF COOLIDGE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Grants	Capital Projects	Impact Fees	Nonmajor Governmental Funds	Totals
Assets						
Cash and cash equivalents	\$ 5,488,091	\$ -	\$ 1,367,913	\$ 1,661,213	\$ 1,308,760	\$ 9,825,977
Receivables, net						
Accounts receivable	470,121	-	-	-	25,194	495,315
Taxes receivable	21,743	-	-	-	73,998	95,741
Intergovernmental receivable	465,477	613,978	117,619	-	65,313	1,262,387
Due from other funds	118,051	-	-	-	-	118,051
Total assets	<u>\$ 6,563,483</u>	<u>\$ 613,978</u>	<u>\$ 1,485,532</u>	<u>\$ 1,661,213</u>	<u>\$ 1,473,265</u>	<u>\$ 11,797,471</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 524,547	\$ 29,819	\$ -	\$ 156,268	\$ 2,514	\$ 713,148
Accrued wages and benefits	97,017	-	-	-	-	97,017
Due to other funds	-	108,987	-	-	2,356	111,343
Deferred revenue	14,934	475,172	-	-	-	490,106
Total liabilities	<u>636,498</u>	<u>613,978</u>	<u>-</u>	<u>156,268</u>	<u>4,870</u>	<u>1,411,614</u>
Fund balances						
Unreserved	5,926,985	-	1,485,532	1,504,945	-	8,917,462
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	350,672	350,672
Capital projects funds	-	-	-	-	1,117,723	1,117,723
Total fund balances	<u>5,926,985</u>	<u>-</u>	<u>1,485,532</u>	<u>1,504,945</u>	<u>1,468,395</u>	<u>10,385,857</u>
Total liabilities and fund balances	<u>\$ 6,563,483</u>	<u>\$ 613,978</u>	<u>\$ 1,485,532</u>	<u>\$ 1,661,213</u>	<u>\$ 1,473,265</u>	<u>\$ 11,797,471</u>

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

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

Fund balances - total governmental funds	\$ 10,385,857
Amounts reported for governmental activities in the statement of net assets are different because:	
Property taxes not collected within 60 days subsequent to fiscal year-end are deferred in the governmental funds.	14,934
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	41,075,846
Less accumulated depreciation	<u>(13,126,971)</u>
Capital assets used in governmental activities	<u>27,948,875</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Notes payable	(3,255,000)
Capital leases	(2,594,486)
Landfill closure and postclosure care payable	(699,072)
Compensated absences	<u>(263,303)</u>
Net assets of governmental activities	<u>\$ 31,537,805</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Grants	Capital Projects	Impact Fees	Nonmajor Governmental Funds	Totals
Revenues						
Taxes						
Sales taxes	\$ 4,912,315	\$ -	\$ 1,637,438	\$ -	\$ 824,632	\$ 7,374,385
Property taxes	390,845	-	-	-	-	390,845
Franchise taxes	251,512	-	-	-	-	251,512
Intergovernmental	2,218,331	1,736,012	-	-	1,253,321	5,207,664
Fines and forfeitures	112,892	-	-	-	7,312	120,204
Licenses and permits	1,667,286	-	-	-	-	1,667,286
Charges for services	217,134	-	-	-	22,844	239,978
Contributions and donations	150,000	-	-	-	329,200	479,200
Impact fees	-	-	-	532,101	-	532,101
Investment earnings	205,746	6,954	59,051	115,948	49,854	437,553
Other	101,075	-	64,774	-	1,003	166,852
Total Revenues	<u>10,227,136</u>	<u>1,742,966</u>	<u>1,761,263</u>	<u>648,049</u>	<u>2,488,166</u>	<u>16,867,580</u>
Expenditures						
Current						
General government	3,705,819	58,246	-	-	2,695	3,766,760
Public safety	3,556,900	269,976	28,426	-	-	3,855,302
Highways and streets	-	282,495	-	-	1,587,315	1,869,810
Culture and recreation	1,183,547	566,290	-	-	-	1,749,837
Redevelopment and housing	-	565,959	-	-	-	565,959
Debt Service						
Principal retirement	-	-	96,853	398,600	265,698	761,151
Interest on long-term debt	-	-	14,091	70,863	147,231	232,185
Capital outlay	-	-	1,021,365	2,876,227	439,999	4,337,591
Total Expenditures	<u>8,446,266</u>	<u>1,742,966</u>	<u>1,160,735</u>	<u>3,345,690</u>	<u>2,442,938</u>	<u>17,138,595</u>
Excess (deficiency) of revenues over expenditures	<u>1,780,870</u>	<u>-</u>	<u>600,528</u>	<u>(2,697,641)</u>	<u>45,228</u>	<u>(271,015)</u>
Other financing sources (uses)						
Transfers in	-	-	47,515	-	507,958	555,473
Transfers out	(140,326)	-	(276,865)	-	(152,631)	(569,822)
Proceeds from capital leases	-	-	-	2,500,000	366,256	2,866,256
Total other financing sources (uses)	<u>(140,326)</u>	<u>-</u>	<u>(229,350)</u>	<u>2,500,000</u>	<u>721,583</u>	<u>2,851,907</u>
Net change in fund balances	1,640,544	-	371,178	(197,641)	766,811	2,580,892
Fund balances, beginning of year	<u>4,286,441</u>	<u>-</u>	<u>1,114,354</u>	<u>1,702,586</u>	<u>701,584</u>	<u>7,804,965</u>
Fund balances, end of year	<u>\$ 5,926,985</u>	<u>\$ -</u>	<u>\$ 1,485,532</u>	<u>\$ 1,504,945</u>	<u>\$ 1,468,395</u>	<u>\$ 10,385,857</u>

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

CITY OF COOLIDGE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds	\$ 2,580,892
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets	5,497,382
Less current year depreciation	<u>(1,057,226)</u>
Excess capital expenditures over depreciation	<u>4,440,156</u>
The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets.	(31,405)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.	
Property taxes	1,425
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The issuance of long-term debt increases long-term liabilities on the statement of net assets and the repayment of principal on long-term debt reduces long-term debt on the statement of net assets.	
Principal payments on long-term debt	761,151
Proceeds from long-term debt	(2,866,256)
Increase in landfill closure and postclosure care costs	(19,834)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Net increase in compensated absences	<u>4,962</u>
Change in net assets of governmental activities	<u>\$ 4,871,091</u>

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

CITY OF COOLIDGE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Sales taxes	\$ 5,643,750	\$ 4,912,315	\$ (731,435)
Property taxes	378,555	390,845	12,290
Franchise taxes	189,445	251,512	62,067
Intergovernmental	2,210,199	2,218,331	8,132
Fines and forfeitures	80,000	112,892	32,892
Licenses and permits	1,867,000	1,667,286	(199,714)
Charges for services	1,590,000	217,134	(1,372,866)
Contributions and donations	1,046,431	150,000	(896,431)
Investment earnings	30,000	205,746	175,746
Other	75,000	101,075	26,075
Total Revenues	<u>13,110,380</u>	<u>10,227,136</u>	<u>(2,883,244)</u>
Expenditures			
Current			
General government			
City Council	109,852	108,445	1,407
City Manager	180,964	182,391	(1,427)
City Clerk	133,767	106,260	27,507
Finance	422,491	395,588	26,903
Human Resources	93,932	56,898	37,034
Information Technology	166,744	168,078	(1,334)
Growth Management	1,114,826	872,295	242,531
Legal	312,560	195,364	117,196
Judicial	250,933	238,560	12,373
Grants/Special Projects	156,075	95,497	60,578
Vehicle Maintenance	243,601	191,929	51,672
Building Maintenance	353,106	347,857	5,249
Grounds Maintenance	345,374	398,354	(52,980)
Chamber of Commerce	35,000	35,000	-
Channel XI	112,050	108,669	3,381
Miscellaneous	700,100	204,634	495,466
Contingency	2,697,157	-	2,697,157
Total general government	<u>7,428,532</u>	<u>3,705,819</u>	<u>3,722,713</u>
Public safety			
Police Operations	3,389,784	3,286,168	103,616
Fire Operations	345,034	270,732	74,302
Total public safety	<u>3,734,818</u>	<u>3,556,900</u>	<u>177,918</u>
Culture and recreation			
Recreation Programs	765,870	763,582	2,288
Library	350,572	326,321	24,251
Swimming Pool	87,733	93,644	(5,911)
Total culture and recreation	<u>1,204,175</u>	<u>1,183,547</u>	<u>20,628</u>
Capital outlay	3,246,431	-	3,246,431
Total Expenditures	<u>15,613,956</u>	<u>8,446,266</u>	<u>7,167,690</u>
Excess (deficiency) of revenues over expenditures	<u>(2,503,576)</u>	<u>1,780,870</u>	<u>4,284,446</u>

(Continued)

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

CITY OF COOLIDGE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
(Concluded)			
Other financing sources (uses)			
Transfers out	<u>(725,215)</u>	<u>(140,326)</u>	<u>584,889</u>
Total other financing sources (uses)	<u>(725,215)</u>	<u>(140,326)</u>	<u>584,889</u>
Net change in fund balances	(3,228,791)	1,640,544	4,869,335
Fund balances, beginning of year	<u>3,228,791</u>	<u>4,286,441</u>	<u>1,057,650</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 5,926,985</u>	<u>\$ 5,926,985</u>

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

CITY OF COOLIDGE, ARIZONA
GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 20,806,004	\$ 1,736,012	\$ (19,069,992)
Investment earnings	-	6,954	6,954
Total Revenues	<u>20,806,004</u>	<u>1,742,966</u>	<u>(19,063,038)</u>
Expenditures			
Current			
General government	14,700,920	58,246	14,642,674
Public safety	504,671	269,976	234,695
Highways and streets	2,909,707	282,495	2,627,212
Culture and recreation	574,162	566,290	7,872
Redevelopment and housing	2,116,544	565,959	1,550,585
Total Expenditures	<u>20,806,004</u>	<u>1,742,966</u>	<u>19,063,038</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	
Assets				
Current assets				
Cash and cash equivalents	\$ 1,801,151	\$ 434,087	\$ -	\$ 2,235,238
Receivables, net				
Accounts receivable	<u>116,898</u>	<u>70,913</u>	<u>4,474</u>	<u>192,285</u>
Total current assets	1,918,049	505,000	4,474	2,427,523
Noncurrent assets				
Capital assets				
Non-depreciable	7,640,688	-	-	7,640,688
Depreciable (net)	<u>2,731,308</u>	<u>294,645</u>	<u>1,340,821</u>	<u>4,366,774</u>
Total assets	<u>12,290,045</u>	<u>799,645</u>	<u>1,345,295</u>	<u>14,434,985</u>
Liabilities				
Current liabilities				
Accounts payable	76,947	100	17	77,064
Accrued wages and benefits	-	-	815	815
Interest payable	8,194	-	-	8,194
Due to other funds	-	-	6,708	6,708
Unearned revenue	24,475	-	-	24,475
Compensated absences	13,026	18,205	-	31,231
Matured notes payable	27,759	-	-	27,759
Notes payable	<u>126,492</u>	<u>-</u>	<u>14,775</u>	<u>141,267</u>
Total current liabilities	276,893	18,305	22,315	317,513
Noncurrent liabilities				
Notes payable	<u>511,703</u>	<u>-</u>	<u>19,662</u>	<u>531,365</u>
Total liabilities	<u>788,596</u>	<u>18,305</u>	<u>41,977</u>	<u>848,878</u>
Net assets				
Invested in capital assets, net of related debt	9,706,042	294,645	1,306,384	11,307,071
Unrestricted	<u>1,795,407</u>	<u>486,695</u>	<u>(3,066)</u>	<u>2,279,036</u>
Total net assets	<u>\$ 11,501,449</u>	<u>\$ 781,340</u>	<u>\$ 1,303,318</u>	<u>\$ 13,586,107</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	
Operating revenues				
Charges for services	\$ 535,539	\$ 929,343	\$ 10,444	\$ 1,475,326
Total operating revenues	<u>535,539</u>	<u>929,343</u>	<u>10,444</u>	<u>1,475,326</u>
Operating expenses				
Costs of sales and services	409,945	762,053	59,236	1,231,234
Depreciation	83,686	27,950	31,024	142,660
Total operating expenses	<u>493,631</u>	<u>790,003</u>	<u>90,260</u>	<u>1,373,894</u>
Operating income (loss)	<u>41,908</u>	<u>139,340</u>	<u>(79,816)</u>	<u>101,432</u>
Nonoperating revenues (expenses)				
Impact fees	1,058,311	36,425	-	1,094,736
Investment earnings	129,481	25,011	5,958	160,450
Interest expense	(41,259)	-	(2,421)	(43,680)
Miscellaneous nonoperating revenues	33,389	109	44,510	78,008
Total nonoperating revenues (expenses)	<u>1,179,922</u>	<u>61,545</u>	<u>48,047</u>	<u>1,289,514</u>
Income (loss) before contributions and transfers	<u>1,221,830</u>	<u>200,885</u>	<u>(31,769)</u>	<u>1,390,946</u>
Transfers in	-	-	61,864	61,864
Transfers out	-	(47,515)	-	(47,515)
Change in net assets	1,221,830	153,370	30,095	1,405,295
Total net assets, beginning of year	<u>10,279,619</u>	<u>627,970</u>	<u>1,273,223</u>	<u>12,180,812</u>
Total net assets, end of year	<u>\$ 11,501,449</u>	<u>\$ 781,340</u>	<u>\$ 1,303,318</u>	<u>\$ 13,586,107</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			Totals
	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	
Cash flows from operating activities				
Receipts from customers	\$ 498,378	\$ 878,941	\$ 10,142	\$ 1,387,461
Payments to suppliers	(240,235)	(538,410)	(23,118)	(801,763)
Payments to employees	(165,221)	(221,226)	(20,203)	(406,650)
Miscellaneous revenues	33,389	109	44,510	78,008
Net cash flows from operating activities	<u>126,311</u>	<u>119,414</u>	<u>11,331</u>	<u>257,056</u>
Cash flows from noncapital financing activities				
Cash received from (paid to) other funds for interfund borrowing	-	-	(2,703)	(2,703)
Transfers in	-	-	61,864	61,864
Transfers out	-	(47,515)	-	(47,515)
Impact fees	<u>1,058,311</u>	<u>36,425</u>	<u>-</u>	<u>1,094,736</u>
Net cash flows from noncapital financing activities	<u>1,058,311</u>	<u>(11,090)</u>	<u>59,161</u>	<u>1,106,382</u>
Cash flows from capital and financing activities				
Purchases of capital assets	(4,192,089)	(162,562)	(60,053)	(4,414,704)
Principal paid on capital debt	(117,075)	-	(13,976)	(131,051)
Interest paid on capital debt	<u>(41,276)</u>	<u>-</u>	<u>(2,421)</u>	<u>(43,697)</u>
Net cash flows from capital and financing activities	<u>(4,350,440)</u>	<u>(162,562)</u>	<u>(76,450)</u>	<u>(4,589,452)</u>
Cash flows from investing activities				
Investment income	<u>129,481</u>	<u>25,011</u>	<u>5,958</u>	<u>160,450</u>
Net cash flows from investing activities	<u>129,481</u>	<u>25,011</u>	<u>5,958</u>	<u>160,450</u>
Net change in cash and cash equivalents	(3,036,337)	(29,227)	-	(3,065,564)
Cash and cash equivalents, beginning of year	<u>4,837,488</u>	<u>463,314</u>	<u>-</u>	<u>5,300,802</u>
Cash and cash equivalents, end of year	<u>\$ 1,801,151</u>	<u>\$ 434,087</u>	<u>\$ -</u>	<u>\$ 2,235,238</u>

(Continued)

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Liquid Waste</u>	<u>Solid Waste</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
(Concluded)				
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 41,908	\$ 139,340	\$ (79,816)	\$ 101,432
Depreciation expense	83,686	27,950	31,024	142,660
Loss on disposal of capital assets	-	-	17,568	17,568
Miscellaneous receipts	33,389	109	44,510	78,008
Change in assets/liabilities:				
Receivables, net	(52,453)	(50,402)	(302)	(103,157)
Accounts payable	-	(513)	(1,654)	(2,167)
Accrued wages and benefits	-	-	1	1
Compensated absences	4,489	2,930	-	7,419
Unearned revenue	<u>15,292</u>	<u>-</u>	<u>-</u>	<u>15,292</u>
Net cash flows from operating activities	<u>\$ 126,311</u>	<u>\$ 119,414</u>	<u>\$ 11,331</u>	<u>\$ 257,056</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Pension Trust</u>
Assets	
Cash and cash equivalents	\$ 332,311
Receivables, net	
Intergovernmental receivable	<u>7,262</u>
Total assets	<u>339,573</u>
Net Assets	
Held in trust for pension benefits	\$ <u>339,573</u>

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

CITY OF COOLIDGE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$ 6,788
Employee	6,789
State fire insurance premiums	<u>7,262</u>
Total contributions	<u>20,839</u>
Investment earnings	
Interest	164
Net increase in fair value of investments	<u>42,253</u>
Other	<u>(6,348)</u>
Total additions	<u>56,908</u>
Deductions	
Administration	4,525
Benefits	<u>102,947</u>
Total deductions	<u>107,472</u>
Change in net assets	(50,564)
Net assets, beginning of year	<u>390,137</u>
Net assets, end of year	<u>\$ 339,573</u>

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying 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 applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

A. Reporting entity

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Included within the reporting entity:

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

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

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.

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

B. Government-wide and fund financial statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Funds.

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

The City also reports the following fund type:

The *Volunteer Firefighters' Pension Trust Fund* is a fiduciary fund used to account for the activity of the volunteer firefighters' pension benefits.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

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

2. Receivables

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

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

3. Short-term interfund receivables/payables

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

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures at the time of purchase, and because the amounts on hand at June 30, 2007 were immaterial, they are not included in the government-wide and fund financial statements.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

5. Capital assets

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

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

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

Buildings and improvements	20 - 50 years
Infrastructure	20 - 50 years
Sewer collection system	20 - 50 years
Land improvements	20 years
Furniture, machinery, equipment and vehicles	5 - 20 years

6. Compensated absences

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

7. Long-term obligations

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

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

8. Net assets

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

9. Fund equity

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited general-purpose financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

4. Expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds (except for the Court Surcharge Fund and Community Facilities Districts). The City Manager, subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.

5. Formal budgetary integration is employed as a management control device during the year for all funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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

No supplementary budgetary appropriations were necessary during the year.

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
General Fund:	
City Manager	\$ 1,427
Information Technology	1,334
Grounds Maintenance	52,980
Swimming Pool	5,911

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and investments

Deposits and investments at June 30, 2007 consist of the following:

Deposits	
Cash on hand	\$ 3,789
Cash in bank	(258,292)
Investments	
Money Market Mutual Fund	301,993
State Treasurer's Investment Pool	1,043,634
Repurchase agreements	<u>11,302,402</u>
Total deposits and investments	12,393,526
Less: Fiduciary Fund cash	<u>(332,311)</u>
Total cash and cash equivalents	<u>\$ 12,061,215</u>

Deposits - The City's deposits at June 30, 2007, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. The deposits were not subject to custodial credit risk.

The cash in bank was negative at June 30, 2007 because the City invested funds pending clearance of outstanding checks in a Corporate Cash Management Account. Under the terms of the Corporate Cash Management Account agreement, excess funds in the City's checking account are invested in a repurchase agreement.

Investments - The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. The money market mutual fund and the repurchase agreement are on deposit with a local financial institution and are collateralized by securities held by the trustee in the City's name. The City's investments did not receive a credit quality rating from a national rating agency.

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

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

2. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 14,934	\$ -
Unearned grant revenues (Grants Fund)	<u> -</u>	<u> 475,172</u>
	<u>\$ 14,934</u>	<u>\$ 475,172</u>

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

3. Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>1,870,640</u>	\$ <u>112,106</u>	\$ <u>(31,405)</u>	\$ <u>1,951,341</u>
Total capital assets, not being depreciated	<u>1,870,640</u>	<u>112,106</u>	<u>(31,405)</u>	<u>1,951,341</u>
Capital assets being depreciated:				
Buildings and improvements	6,610,721	35,357	-	6,646,078
Infrastructure and land improvements	23,275,367	4,110,475	-	27,385,842
Furniture, equipment and vehicles	<u>3,853,141</u>	<u>1,239,444</u>	<u>-</u>	<u>5,092,585</u>
Total capital assets being depreciated	<u>33,739,229</u>	<u>5,385,276</u>	<u>-</u>	<u>39,124,505</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,037,897)	(135,997)	-	(1,173,894)
Infrastructure and land improvements	(8,650,604)	(472,182)	-	(9,122,786)
Furniture, equipment and vehicles	<u>(2,381,244)</u>	<u>(449,047)</u>	<u>-</u>	<u>(2,830,291)</u>
Total accumulated depreciation	<u>(12,069,745)</u>	<u>(1,057,226)</u>	<u>-</u>	<u>(13,126,971)</u>
Total capital assets, being depreciated, net	<u>21,669,484</u>	<u>4,328,050</u>	<u>-</u>	<u>25,997,534</u>
Governmental activities capital assets, net	<u>\$ 23,540,124</u>	<u>\$ 4,440,156</u>	<u>\$ (31,405)</u>	<u>\$ 27,948,875</u>

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,200,000	\$ -	\$ -	\$ 1,200,000
Construction in progress	<u>2,843,046</u>	<u>3,597,642</u>	<u>-</u>	<u>6,440,688</u>
Total capital assets, not being depreciated	<u>4,043,046</u>	<u>3,597,642</u>	<u>-</u>	<u>7,640,688</u>
Capital assets being depreciated:				
Land improvements	678,569	34,688	-	713,257
Airport hangar and other improvements	878,862	-	-	878,862
Sewer treatment plant and collection system	3,540,375	-	-	3,540,375
Machinery, equipment and vehicles	<u>572,932</u>	<u>483,362</u>	<u>(25,465)</u>	<u>1,030,829</u>
Total capital assets being depreciated	<u>5,670,738</u>	<u>518,050</u>	<u>(25,465)</u>	<u>6,163,323</u>
Less accumulated depreciation for:				
Land improvements	(178,257)	(13,722)	-	(191,979)
Airport hangar and other improvements	(67,382)	(16,993)	-	(84,375)
Sewer treatment plant and collection system	(1,067,204)	(67,855)	-	(1,135,059)
Machinery, equipment and vehicles	<u>(348,943)</u>	<u>(44,090)</u>	<u>7,897</u>	<u>(385,136)</u>
Total accumulated depreciation	<u>(1,661,786)</u>	<u>(142,660)</u>	<u>7,897</u>	<u>(1,796,549)</u>
Total capital assets, being depreciated, net	<u>4,008,952</u>	<u>375,390</u>	<u>(17,568)</u>	<u>4,366,774</u>
Business-type activities capital assets, net	<u>\$ 8,051,998</u>	<u>\$ 3,973,032</u>	<u>\$ (17,568)</u>	<u>\$ 12,007,462</u>

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

Governmental activities:	
General government	\$ 55,259
Public safety	252,062
Highways and streets	673,341
Culture and recreation	<u>76,564</u>
Total depreciation expense - governmental activities	<u>\$ 1,057,226</u>
Business-type activities:	
Liquid Waste	\$ 83,686
Solid Waste	27,950
Municipal Airport	31,024
Cable Television	<u>-</u>
Total depreciation expense - business-type activities	<u>\$ 142,660</u>

B. Interfund receivables, payables and transfers

As of June 30, 2007 interfund receivables and payables were as follows:

	Due from			
Due To	Grants Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds	Total
General Fund	\$ <u>108,987</u>	\$ <u>2,356</u>	\$ <u>6,708</u>	\$ <u>118,051</u>

The above interfund receivables and payables are recorded to eliminate cash short-falls at year end. Funds were received subsequent to June 30, 2007 to cover the cash short-falls.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

Interfund transfers for the year ended June 30, 2007 consisted of the following:

Transfers Out	Transfers In			Total
	Capital Projects Fund	Nonmajor Governmental Funds	Nonmajor Business-type Funds	
General Fund	\$ -	\$ 78,462	\$ 61,864	\$ 140,326
Capital Projects Fund	-	276,865	-	276,865
Nonmajor Governmental Funds	-	152,631	-	152,631
Solid Waste Fund	<u>47,515</u>	<u>-</u>	<u>-</u>	<u>47,515</u>
	<u>\$ 47,515</u>	<u>\$ 507,958</u>	<u>\$ 61,864</u>	<u>\$ 617,337</u>

The transfer from the General Fund to the Nonmajor Governmental Funds was to fund salaries and related salary expenses in the LTAF Fund. The transfer from the General Fund to the Nonmajor Business-type Funds was recorded to subsidize the Airport operations and close-out the Cable Television Fund. The transfer from the Capital Projects Fund to the Nonmajor Governmental Funds was recorded to meet the debt service requirements on the GADA loan. The transfer out of the Nonmajor Governmental Funds to the Nonmajor Governmental Funds was recorded to fund salary expenses in the HURF fund for capital related projects. The transfer out of the Solid Waste Fund to the Capital Projects Fund was recorded to fund capital expenses.

C. Obligations under capital leases

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

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Land	\$ 2,500,000
Vehicles	582,017
Equipment	366,256
Less: accumulated depreciation	<u>(251,596)</u>
Total	<u>\$ 3,196,677</u>

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30,	<u>Governmental Activities</u>
2008	\$ 863,669
2009	812,856
2010	762,043
2011	<u>387,223</u>
Total minimum lease payments	2,825,791
Less: amount representing interest	<u>(231,305)</u>
Present value of minimum lease payments	\$ <u><u>2,594,486</u></u>

D. Closure and postclosure care costs

State and federal laws and regulations require that the City of Coolidge, Arizona place a final cover on its landfill, which was closed in 1992, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liabilities for landfill closure and postclosure care are \$305,329 and \$393,743, 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, 2007. However, the actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Coolidge, Arizona is required to file certain information relating to the landfill closure, postclosure and monitoring with the State of Arizona Department of Environmental Quality. The required information was filed with the State subsequent to June 30, 2007. The City did not have any significant changes in estimate.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

E. Long-term obligations

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

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

The City has the following notes payable at June 30, 2007:

Governmental Activities

A note payable due to the Greater Arizona Development Authority (GADA). Annual principal payments are due through fiscal year 2023 at a rate of 2.00%.	\$ <u>3,255,000</u>
--	---------------------

Business-type Activities

A note payable due to the Arizona Department of Transportation. Quarterly principal and interest payments are required through fiscal year 2010 at a rate of 5.60%.	\$ 34,437
---	-----------

A note payable due to the Water Infrastructure Authority of Arizona. Semi-annual interest and annual interest payments are required through fiscal year 2018 at 1.88%.	383,407
--	---------

An Industrial Development Authority note payable due to an individual for the purchase of farmland. Annual principal and interest payments are required through fiscal 2009 at an imputed interest rate of 8%.	93,016
--	--------

An Industrial Development Authority note payable due to an individual for the purchase of land. Monthly principal and interest payments are required through fiscal year 2010 at an imputed interest rate of 8%.	<u>161,772</u>
--	----------------

\$ 672,632

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

Changes in long-term obligations for the year ended June 30, 2007 are as follows:

	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable	\$ 3,447,250	\$ -	\$ (192,250)	\$ 3,255,000	\$ 150,000
Other liabilities:					
Capital leases	297,131	2,866,256	(568,901)	2,594,486	756,574
Landfill closure and postclosure costs	679,238	19,834	-	699,072	-
Compensated absences	<u>268,265</u>	<u>277,367</u>	<u>(282,329)</u>	<u>263,303</u>	<u>263,303</u>
Governmental activities long-term liabilities	<u>\$ 4,691,884</u>	<u>\$ 3,163,457</u>	<u>\$ (1,043,480)</u>	<u>\$ 6,811,861</u>	<u>\$ 1,169,877</u>
Business-type Activities:					
Notes payable	\$ 804,687	\$ -	\$ (132,055)	\$ 672,632	\$ 141,267
Other liabilities:					
Compensated absences	<u>23,812</u>	<u>33,228</u>	<u>(25,809)</u>	<u>31,231</u>	<u>31,231</u>
Business-type activities long-term liabilities	<u>\$ 828,499</u>	<u>\$ 33,228</u>	<u>\$ (157,864)</u>	<u>\$ 703,863</u>	<u>\$ 172,498</u>

Debt service requirements on long-term debt at June 30, 2007 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2008	\$ 150,000	\$ 134,138	\$ 141,267	\$ 34,468
2009	155,000	129,369	151,166	24,569
2010	160,000	124,050	86,472	14,139
2011	165,000	117,950	32,163	11,014
2012	175,000	111,150	33,369	9,808
2013-17	975,000	443,226	186,578	29,308
2018-22	1,200,000	209,041	41,617	1,560
2023	<u>275,000</u>	<u>6,531</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,255,000</u>	<u>\$ 1,275,455</u>	<u>\$ 672,632</u>	<u>\$ 124,866</u>

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

NOTE 4 - OTHER INFORMATION

A. Risk management

The City of Coolidge, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$5,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

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

The City is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

B. Contingent liabilities

Accumulated sick leave - Sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees and, therefore, are not accrued. Unvested accumulated sick leave of City employees at June 30, 2007, totaled \$703,467.

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

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

C. Subsequent events

Subsequent to June 30, 2007, the City entered into an IGA with the State of Arizona for the replacement of the existing bridge over the Pima Lateral Canal. The estimated construction costs are \$1,200,000 of which the City pays \$200,000. Should the actual cost of the project exceed \$1,200,000 the State will invoice the City the difference. The State is designated as the authorized agent for the City. The City also entered into an IGA with the State for Rural Public Transportation. The agreement changed the FTA grant number to AZ18-X026, and the funding time period to October 1, 2007 through September 30, 2009. The funding amount changed to \$506,685, the City will contribute a local match of \$185,266.

D. Retirement plans

Defined Contribution Pension Plan

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

All full-time employees of the City, except participants in the Arizona Public Safety Personnel Retirement System, participate in a defined contribution pension plan administered by the ICMA Retirement Corporation as a 401(a) plan. The payroll for the City employees covered by this plan the year ended June 30, 2007 was \$646,195. The City's total payroll was \$5,870,230.

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

Each volunteer must contribute 5% of his or her gross earnings. The City must contribute 5% of covered earnings. During fiscal year 2006-07, the City's required and actual contributions amounted to \$6,788. The employees' contributions totaled \$6,789.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

Arizona State Retirement System

Plan Description - The City contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The system is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rate. For the year ended June 30, 2007, active plan members and the City were each required by statute to contribute at the actuarially determined rate of 9.10 percent (8.60 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The City's contributions to the System for the years ended June 30, 2007, 2006, and 2005 were \$362,203, \$208,893, and \$135,474, respectively, which were equal to the required contributions for the year.

Public Safety Personnel Retirement System (PSPRS)

Plan Description - The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

CITY OF COOLIDGE, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2007

Funding Policy - Covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS. The City is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 10.26 percent of annual covered payroll.

Annual Pension Cost - During the year ended June 30, 2006 (the most recent information available), the City of Coolidge, Arizona's annual pension cost of \$128,319 for police was equal to the City of Coolidge, Arizona's required and actual contributions.

The required contribution was determined as part of the June 30, 2006 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 5.5% to 9.0% (including inflation at .5%) per year compounded annually, and (c) additional projected salary increases of 0.0% to 3.0% per year attributable to seniority/merit.

The actuarial value of the City of Coolidge, Arizona's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The City of Coolidge, Arizona's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006, was 30 years.

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

Three-Year Trend Information

Police

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2004	\$ 106,103	100.0 %	\$ -
2005	109,330	100.0	-
2006	128,319	100.0	-

Additional historical trend information for the City's PSPRS is disclosed on page 54.

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

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Required Supplementary Information

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

City of Coolidge Police

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	Over(Under) funded AAL as a Percentage of Covered Payroll
1999	\$ 1,962,947	\$ 2,048,115	95.8 %	\$ (85,168)	\$ 776,491	(11.0)%
2000	2,198,799	2,282,722	96.3	(83,923)	976,235	(8.6)
2001	2,705,307	2,231,277	121.2	474,030	1,163,239	40.8
2002	2,921,388	2,509,868	116.4	411,520	1,153,793	35.7
2003	3,100,258	3,033,585	102.2	66,673	1,229,240	5.4
2004	3,206,970	3,327,227	96.4	(120,257)	1,051,876	(11.4)
2005	3,436,121	4,208,773	81.6	(772,652)	1,162,873	(66.4)
2006	3,561,173	4,999,975	71.2	1,438,802)	1,267,740	(113.5)

* Information prior to 1999 is not available.

**Combining and Individual Fund
Statements and Schedules**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECTS FUND

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

Martin Valley Community Facilities District (CFD) - accounts for contributions from developers for community development through capital projects.

Sandia Community Facilities District (CFD) - accounts for contributions from developers for community development through capital projects.

CITY OF COOLIDGE, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Special Revenue			Total	Debt Service	Capital Projects
	HURF	LTAF	Court Surcharge		Debt Service	Road Tax
Assets						
Cash and cash equivalents	\$ 200,740	\$ 377	\$ 77,877	\$ 278,994	\$ -	\$ 1,023,020
Receivables, net						
Accounts receivable	-	194	-	194	-	-
Taxes receivable	73,998	-	-	73,998	-	-
Intergovernmental receivable	-	-	-	-	-	65,313
Total assets	<u>\$ 274,738</u>	<u>\$ 571</u>	<u>\$ 77,877</u>	<u>\$ 353,186</u>	<u>\$ -</u>	<u>\$ 1,088,333</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 1,943	\$ 571	\$ -	\$ 2,514	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>1,943</u>	<u>571</u>	<u>-</u>	<u>2,514</u>	<u>-</u>	<u>-</u>
Fund balances						
Unreserved	<u>272,795</u>	<u>-</u>	<u>77,877</u>	<u>350,672</u>	<u>-</u>	<u>1,088,333</u>
Total fund balances	<u>272,795</u>	<u>-</u>	<u>77,877</u>	<u>350,672</u>	<u>-</u>	<u>1,088,333</u>
Total liabilities and fund balances	<u>\$ 274,738</u>	<u>\$ 571</u>	<u>\$ 77,877</u>	<u>\$ 353,186</u>	<u>\$ -</u>	<u>\$ 1,088,333</u>

Capital Projects

Martin Valley CFD	Sandia CFD	Total	Total Nonmajor Governmental Funds
\$ -	\$ 6,746	\$ 1,029,766	\$ 1,308,760
25,000	-	25,000	25,194
-	-	-	73,998
<u>-</u>	<u>-</u>	<u>65,313</u>	<u>65,313</u>
<u>\$ 25,000</u>	<u>\$ 6,746</u>	<u>\$ 1,120,079</u>	<u>\$ 1,473,265</u>
\$ -	\$ -	\$ -	\$ 2,514
<u>2,356</u>	<u>-</u>	<u>2,356</u>	<u>2,356</u>
<u>2,356</u>	<u>-</u>	<u>2,356</u>	<u>4,870</u>
<u>22,644</u>	<u>6,746</u>	<u>1,117,723</u>	<u>1,468,395</u>
<u>22,644</u>	<u>6,746</u>	<u>1,117,723</u>	<u>1,468,395</u>
<u>\$ 25,000</u>	<u>\$ 6,746</u>	<u>\$ 1,120,079</u>	<u>\$ 1,473,265</u>

CITY OF COOLIDGE, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue			Debt Service	Capital Projects	
	HURF	LTAF	Court Surcharge	Total	Debt Service	Road Tax
Revenues						
Taxes						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824,632
Intergovernmental	1,189,933	63,388	-	1,253,321	-	-
Fines and forfeitures	-	-	7,312	7,312	-	-
Charges for services	-	22,844	-	22,844	-	-
Contributions and donations	-	-	-	-	-	-
Investment earnings	6,403	-	3,270	9,673	5,500	33,564
Other	-	1,003	-	1,003	-	-
Total Revenues	<u>1,196,336</u>	<u>87,235</u>	<u>10,582</u>	<u>1,294,153</u>	<u>5,500</u>	<u>858,196</u>
Expenditures						
Current						
General government	-	-	2,695	2,695	-	-
Highways and streets	1,316,724	165,697	-	1,482,421	-	104,894
Debt Service						
Principal retirement	47,250	-	-	47,250	145,000	73,448
Interest on long-term debt	3,645	-	-	3,645	137,365	6,221
Capital outlay	-	-	-	-	-	139,072
Total Expenditures	<u>1,367,619</u>	<u>165,697</u>	<u>2,695</u>	<u>1,536,011</u>	<u>282,365</u>	<u>323,635</u>
Excess (deficiency) of revenues over expenditures	<u>(171,283)</u>	<u>(78,462)</u>	<u>7,887</u>	<u>(241,858)</u>	<u>(276,865)</u>	<u>534,561</u>
Other financing sources (uses)						
Transfers in	152,631	78,462	-	231,093	276,865	-
Transfers out	-	-	-	-	-	(152,631)
Proceeds from capital leases	-	-	-	-	-	366,256
Total other financing sources (uses)	<u>152,631</u>	<u>78,462</u>	<u>-</u>	<u>231,093</u>	<u>276,865</u>	<u>213,625</u>
Net change in fund balances	(18,652)	-	7,887	(10,765)	-	748,186
Fund balances, beginning of year	<u>291,447</u>	<u>-</u>	<u>69,990</u>	<u>361,437</u>	<u>-</u>	<u>340,147</u>
Fund balances, end of year	<u>\$ 272,795</u>	<u>\$ -</u>	<u>\$ 77,877</u>	<u>\$ 350,672</u>	<u>\$ -</u>	<u>\$ 1,088,333</u>

Capital Projects

Martin Valley CFD	Sandia CFD	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ 824,632	\$ 824,632
-	-	-	1,253,321
-	-	-	7,312
-	-	-	22,844
35,000	294,200	329,200	329,200
132	985	34,681	49,854
-	-	-	1,003
<u>35,132</u>	<u>295,185</u>	<u>1,188,513</u>	<u>2,488,166</u>
-	-	-	2,695
-	-	104,894	1,587,315
-	-	73,448	265,698
-	-	6,221	147,231
<u>12,488</u>	<u>288,439</u>	<u>439,999</u>	<u>439,999</u>
<u>12,488</u>	<u>288,439</u>	<u>624,562</u>	<u>2,442,938</u>
<u>22,644</u>	<u>6,746</u>	<u>563,951</u>	<u>45,228</u>
-	-	-	507,958
-	-	(152,631)	(152,631)
-	-	<u>366,256</u>	<u>366,256</u>
-	-	<u>213,625</u>	<u>721,583</u>
22,644	6,746	777,576	766,811
-	-	340,147	701,584
<u>\$ 22,644</u>	<u>\$ 6,746</u>	<u>\$ 1,117,723</u>	<u>\$ 1,468,395</u>

CITY OF COOLIDGE, ARIZONA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes			
Sales taxes	\$ 1,800,000	\$ 1,637,438	\$ (162,562)
Investment earnings	20,000	59,051	39,051
Other	<u>40,000</u>	<u>64,774</u>	<u>24,774</u>
Total Revenues	<u>1,860,000</u>	<u>1,761,263</u>	<u>(98,737)</u>
Expenditures			
Current			
General government	243,695	-	243,695
Public safety	25,867	28,426	(2,559)
Debt Service			
Principal retirement	96,853	96,853	-
Interest on long-term debt	14,091	14,091	-
Capital outlay	<u>2,494,700</u>	<u>1,021,365</u>	<u>1,473,335</u>
Total Expenditures	<u>2,875,206</u>	<u>1,160,735</u>	<u>1,714,471</u>
Excess (deficiency) of revenues over expenditures	<u>(1,015,206)</u>	<u>600,528</u>	<u>1,615,734</u>
Other financing sources (uses)			
Transfers in	47,515	47,515	-
Transfers out	<u>(283,381)</u>	<u>(276,865)</u>	<u>6,516</u>
Total other financing sources (uses)	<u>(235,866)</u>	<u>(229,350)</u>	<u>6,516</u>
Net change in fund balances	(1,251,072)	371,178	1,622,250
Fund balances, beginning of year	<u>1,251,072</u>	<u>1,114,354</u>	<u>(136,718)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,485,532</u>	<u>\$ 1,485,532</u>

CITY OF COOLIDGE, ARIZONA
IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Impact fees	\$ 2,079,320	\$ 532,101	\$ (1,547,219)
Investment earnings	<u>47,800</u>	<u>115,948</u>	<u>68,148</u>
Total Revenues	<u>2,127,120</u>	<u>648,049</u>	<u>(1,479,071)</u>
Expenditures			
Debt Service			
Principal retirement	459,150	398,600	60,550
Interest on long-term debt	-	70,863	(70,863)
Capital outlay	<u>5,970,915</u>	<u>2,876,227</u>	<u>3,094,688</u>
Total Expenditures	<u>6,430,065</u>	<u>3,345,690</u>	<u>3,084,375</u>
Excess (deficiency) of revenues over expenditures	<u>(4,302,945)</u>	<u>(2,697,641)</u>	<u>1,605,304</u>
Other financing sources (uses)			
Proceeds from capital leases	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Net change in fund balances	(1,802,945)	(197,641)	1,605,304
Fund balances, beginning of year	<u>1,802,945</u>	<u>1,702,586</u>	<u>(100,359)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,504,945</u>	<u>\$ 1,504,945</u>

CITY OF COOLIDGE, ARIZONA
HURF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,146,742	\$ 1,189,933	\$ 43,191
Investment earnings	4,000	6,403	2,403
Other	8,000	-	(8,000)
Total Revenues	<u>1,158,742</u>	<u>1,196,336</u>	<u>37,594</u>
Expenditures			
Current			
Highways and streets	1,574,310	1,316,724	257,586
Debt Service			
Principal retirement	70,918	47,250	23,668
Interest on long-term debt	4,082	3,645	437
Total Expenditures	<u>1,649,310</u>	<u>1,367,619</u>	<u>281,691</u>
Excess (deficiency) of revenues over expenditures	<u>(490,568)</u>	<u>(171,283)</u>	<u>319,285</u>
Other financing sources (uses)			
Transfers in	152,631	152,631	-
Total other financing sources (uses)	<u>152,631</u>	<u>152,631</u>	<u>-</u>
Net change in fund balances	(337,937)	(18,652)	319,285
Fund balances, beginning of year	<u>337,937</u>	<u>291,447</u>	<u>(46,490)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 272,795</u>	<u>\$ 272,795</u>

CITY OF COOLIDGE, ARIZONA
 LTAF FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 39,222	\$ 63,388	\$ 24,166
Charges for services	49,148	22,844	(26,304)
Other	500	1,003	503
Total Revenues	<u>88,870</u>	<u>87,235</u>	<u>(1,635)</u>
Expenditures			
Current			
Highways and streets	335,600	165,697	169,903
Total Expenditures	<u>335,600</u>	<u>165,697</u>	<u>169,903</u>
Excess (deficiency) of revenues over expenditures	<u>(246,730)</u>	<u>(78,462)</u>	<u>168,268</u>
Other financing sources (uses)			
Transfers in	246,730	78,462	(168,268)
Total other financing sources (uses)	<u>246,730</u>	<u>78,462</u>	<u>(168,268)</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COOLIDGE, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ -	\$ 5,500	\$ 5,500
Total Revenues	<u>-</u>	<u>5,500</u>	<u>5,500</u>
Expenditures			
Debt Service			
Principal retirement	145,000	145,000	-
Interest on long-term debt	<u>138,381</u>	<u>137,365</u>	<u>1,016</u>
Total Expenditures	<u>283,381</u>	<u>282,365</u>	<u>1,016</u>
Excess (deficiency) of revenues over expenditures	<u>(283,381)</u>	<u>(276,865)</u>	<u>6,516</u>
Other financing sources (uses)			
Transfers in	<u>283,381</u>	<u>276,865</u>	<u>(6,516)</u>
Total other financing sources (uses)	<u>283,381</u>	<u>276,865</u>	<u>(6,516)</u>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF COOLIDGE, ARIZONA
ROAD TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Sales taxes	\$ 747,500	\$ 824,632	\$ 77,132
Investment earnings	<u>12,000</u>	<u>33,564</u>	<u>21,564</u>
Total Revenues	<u>759,500</u>	<u>858,196</u>	<u>98,696</u>
Expenditures			
Current			
Highways and streets	245,000	104,894	140,106
Debt Service			
Principal retirement	-	73,448	(73,448)
Interest on long-term debt	-	6,221	(6,221)
Capital outlay	<u>1,059,812</u>	<u>139,072</u>	<u>920,740</u>
Total Expenditures	<u>1,304,812</u>	<u>323,635</u>	<u>981,177</u>
Excess (deficiency) of revenues over expenditures	<u>(545,312)</u>	<u>534,561</u>	<u>1,079,873</u>
Other financing sources (uses)			
Transfers out	(399,361)	(152,631)	246,730
Proceeds from capital leases	<u>373,953</u>	<u>366,256</u>	<u>(7,697)</u>
Total other financing sources (uses)	<u>(25,408)</u>	<u>213,625</u>	<u>239,033</u>
Net change in fund balances	(570,720)	748,186	1,318,906
Fund balances, beginning of year	<u>570,720</u>	<u>340,147</u>	<u>(230,573)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,088,333</u>	<u>\$ 1,088,333</u>

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ENTERPRISE FUNDS

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

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

CITY OF COOLIDGE, ARIZONA
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2007

	Municipal Airport	Cable Television	Totals
Assets			
Current assets			
Receivables, net			
Accounts receivable	\$ 4,474	\$ -	\$ 4,474
Noncurrent assets			
Capital assets			
Depreciable (net)	<u>1,340,821</u>	<u>-</u>	<u>1,340,821</u>
Total assets	<u>1,345,295</u>	<u>-</u>	<u>1,345,295</u>
Liabilities			
Current liabilities			
Accounts payable	17	-	17
Accrued wages and benefits	815	-	815
Due to other funds	6,708	-	6,708
Notes payable	<u>14,775</u>	<u>-</u>	<u>14,775</u>
Total current liabilities	22,315	-	22,315
Noncurrent liabilities			
Notes payable	<u>19,662</u>	<u>-</u>	<u>19,662</u>
Total liabilities	<u>41,977</u>	<u>-</u>	<u>41,977</u>
Net assets			
Invested in capital assets, net of related debt	1,306,384	-	1,306,384
Unrestricted	<u>(3,066)</u>	<u>-</u>	<u>(3,066)</u>
Total net assets	<u>\$ 1,303,318</u>	<u>\$ -</u>	<u>\$ 1,303,318</u>

CITY OF COOLIDGE, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Municipal Airport</u>	<u>Cable Television</u>	<u>Totals</u>
Operating revenues			
Charges for services	\$ 10,444	\$ -	\$ 10,444
Total operating revenues	<u>10,444</u>	<u>-</u>	<u>10,444</u>
Operating expenses			
Costs of sales and services	41,668	17,568	59,236
Depreciation	<u>31,024</u>	<u>-</u>	<u>31,024</u>
Total operating expenses	<u>72,692</u>	<u>17,568</u>	<u>90,260</u>
Operating loss	<u>(62,248)</u>	<u>(17,568)</u>	<u>(79,816)</u>
Nonoperating revenues			
Investment earnings	5,958	-	5,958
Interest expense	(2,421)	-	(2,421)
Miscellaneous nonoperating revenues	<u>44,510</u>	<u>-</u>	<u>44,510</u>
Total nonoperating revenues	<u>48,047</u>	<u>-</u>	<u>48,047</u>
Income (loss) before contributions and transfers	<u>(14,201)</u>	<u>(17,568)</u>	<u>(31,769)</u>
Transfers in	<u>57,204</u>	<u>4,660</u>	<u>61,864</u>
Change in net assets	43,003	(12,908)	30,095
Total net assets, beginning of year	<u>1,260,315</u>	<u>12,908</u>	<u>1,273,223</u>
Total net assets, end of year	<u>\$ 1,303,318</u>	<u>\$ -</u>	<u>\$ 1,303,318</u>

CITY OF COOLIDGE, ARIZONA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Municipal Airport	Cable Television	Totals
Cash flows from operating activities			
Receipts from customers	\$ 10,142	\$ -	\$ 10,142
Payments to suppliers	(23,118)	-	(23,118)
Payments to employees	(20,203)	-	(20,203)
Miscellaneous receipts	<u>44,510</u>	<u>-</u>	<u>44,510</u>
Net cash flows from operating activities	<u>11,331</u>	<u>-</u>	<u>11,331</u>
Cash flows from noncapital financing activities			
Cash received from (paid to) other funds for interfund borrowing	1,957	(4,660)	(2,703)
Transfers in	<u>57,204</u>	<u>4,660</u>	<u>61,864</u>
Net cash flows from noncapital financing activities	<u>59,161</u>	<u>-</u>	<u>59,161</u>
Cash flows from capital and financing activities			
Purchases of capital assets	(60,053)	-	(60,053)
Principal paid on capital debt	(13,976)	-	(13,976)
Interest paid on capital debt	<u>(2,421)</u>	<u>-</u>	<u>(2,421)</u>
Net cash flows from capital and financing activities	<u>(76,450)</u>	<u>-</u>	<u>(76,450)</u>
Cash flows from investing activities			
Investment earnings	<u>5,958</u>	<u>-</u>	<u>5,958</u>
Net cash flows from investing activities	<u>5,958</u>	<u>-</u>	<u>5,958</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating loss	\$ (62,248)	\$ (17,568)	\$ (79,816)
Depreciation	31,024	-	31,024
Miscellaneous nonoperating revenues	44,510	-	44,510
Loss on disposal of capital assets	-	17,568	17,568
Receivables, net	(302)	-	(302)
Accounts payable	(1,654)	-	(1,654)
Accrued wages and benefits	<u>1</u>	<u>-</u>	<u>1</u>
Net cash provided by operating activities	<u>\$ 11,331</u>	<u>\$ -</u>	<u>\$ 11,331</u>