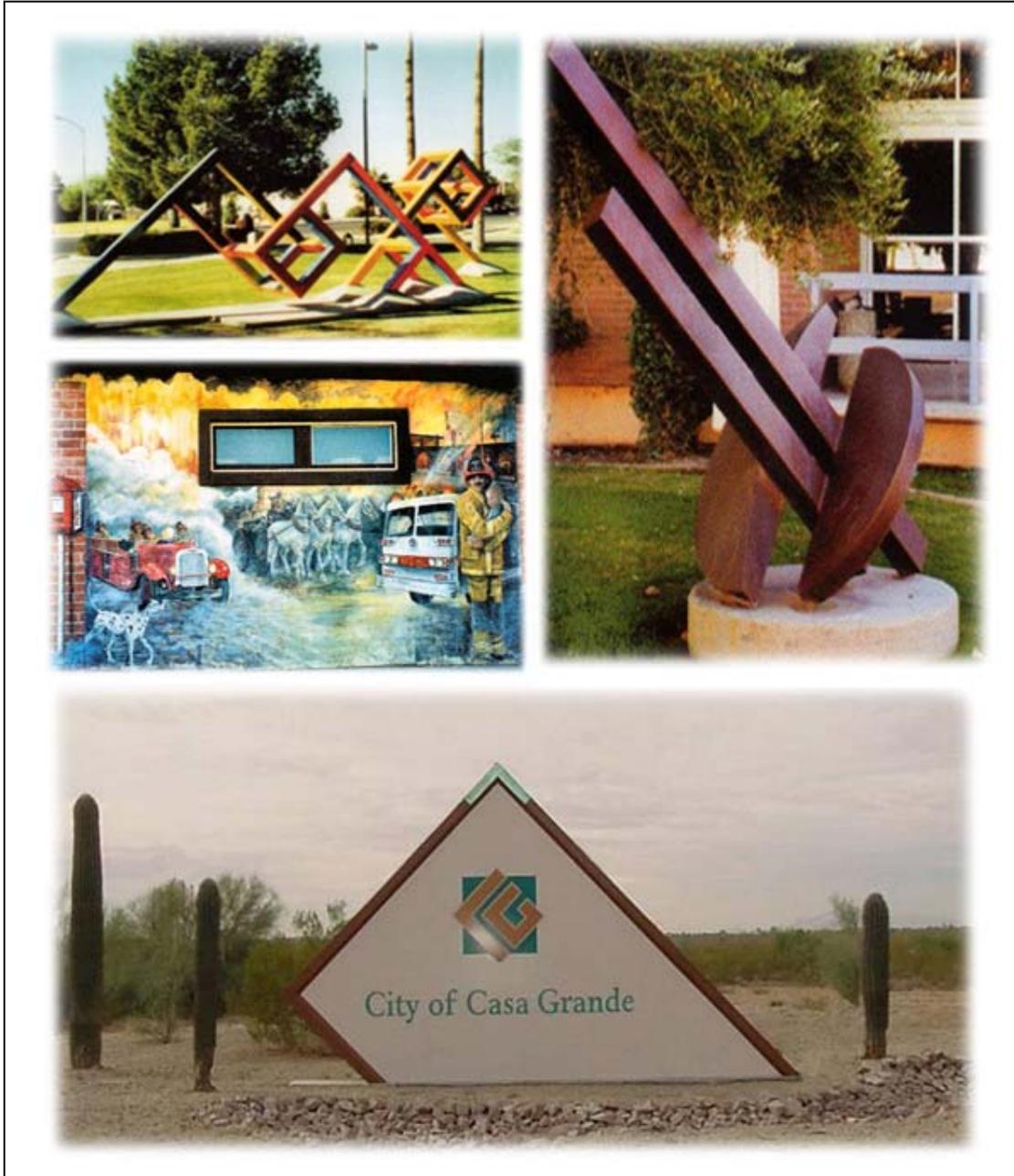




City of Casa Grande, Arizona



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008

City of Casa Grande, Arizona

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2008



Prepared by the Finance Department
Diane Archer, Finance Director

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City of Casa Grande

November 7, 2008

Honorable Mayor,
City Council,
City Manager
Citizens of Casa Grande, Arizona

We are pleased to submit to you the fiscal year ended June 30, 2008 Comprehensive Annual Financial Report (CAFR) of the City of Casa Grande, Arizona (the City). The report was prepared by the City's Finance Department.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, investors, and creditors. Copies of this report are sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies with an expressed interest in the City's financial matters. Copies of this financial report will be placed in the City library for use by the general public, and posted on the City's web page at www.casagrandeaz.gov.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the City. The City established and maintains a comprehensive internal control framework designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements are prepared in accordance with accounting principles generally accepted in the United State of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Henry & Horne, L.L.P. audits the City of Casa Grande, Arizona's financial statements. The audit report is included herein. The examination satisfies Article VI, Section 6, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. As stated in the independent auditors' report, the goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2008, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2008, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, the City is required to have an independent audit (“Single Audit”) of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards.

The results of the City’s Single Audit for the fiscal year ended June 30, 2008, found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The reports from Henry & Horne L.L.P. are available in the City of Casa Grande, Arizona’s separately issued Single Audit Report.

PROFILE OF THE CITY

The City of Casa Grande was founded in 1879 and is named for the famous Hohokam Indian Ruins. Since its incorporation in 1915, Casa Grande has grown to be the largest community in western Pinal County. Casa Grande is located in central Arizona approximately halfway between the State’s two largest metropolitan areas of Phoenix and Tucson, and is surrounded by three Indian Reservations. In addition, the City is located at the intersection of two major interstate highways, which service the Los Angeles, and San Diego markets. The City is a dynamic, involved city with a rural heritage and old-fashioned values. The economic base is a mix of retail trade, manufacturing and agriculture.

The City of Casa Grande, chartered in December 1974, has a Council-Manager form of government consisting of the Mayor and six Council members. The Mayor is elected at-large for a two-year term and cannot serve for more than four consecutive terms. Council members are elected to four-year terms. The City Council is vested with policy and legislative authority and is responsible for appointing the positions of City Manager, City Attorney and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations.

The City of Casa Grande’s legal boundaries have grown substantially over the past 3 years to just over 102 square miles. Because the City’s existing General Plan was developed in 2002 utilizing 68 square miles, as well as an area directly surrounding the City limits for planning purposes, the City will engage in a General Plan update in Fiscal Year 2009. The process will result in a new plan being submitted to voters, which includes both the existing City limits, as well as a planning area that has been established and agreed upon with neighboring municipalities. This process will be conducted in accordance with State Law as was the case when the existing General Plan went to a public vote and was overwhelmingly approved in 2002. Between 2000 and 2007 the City’s population increased by 68%, from approximately 25,224 to 42,422. The City’s growth these past seven years is attributed to affordable housing, proximity to labor opportunities in the metropolitan areas, and the rural quality of life offered to the residents. Although slowing, population growth trends are expected to continue.

The City provides a full range of municipal services, including police and fire protection, construction and maintenance of streets, recreational and cultural events, library services, planning and zoning services, sewer services, sanitation services, airport, golf course and general administration services. The City invests in its historic downtown with the administration of three downtown redevelopment districts, of which two are funded through Tax Increment Financing.

In 2002, the City completed the process of updating its Strategic Agenda. In its most fundamental form, this process provides a structure for management staff to think about the current condition of the City of Casa Grande, the issues and challenges expected to confront the City in the next five years and beyond, the appropriate role for the City Government in responding to those issues and challenges, and the resources needed by the City government to fulfill this role.

This report includes financial statements on both a government-wide and fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, *The Financial Reporting Entity*. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government.

Accordingly, the financial reporting entity consists of the City and four blended component unit, the Copper Mountain Ranch Community Facilities District, the Mission Royale Community Facilities District, the Villago Community Facilities District and the Post Ranch Community Facilities District as discussed further in Note 1 (A) on page 40 of the notes to the financial statements.

FINANCIAL CONTROLS

Internal Controls

As previously noted, the management of the City of Casa Grande is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) safeguarding of assets against loss from unauthorized use or disposition, and 2) reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Casa Grande, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City currently operates under the Alternative Expenditure Limitation – Home Rule Option. This option allows the City Council to establish the budgetary limits locally. The voters must authorize this option every four years. It was last authorized by the citizens of Casa Grande in March 2005. This alternative will be utilized by the City through Fiscal Year 2008-2009.

In May 2007, the voters approved a permanent base adjustment to the state imposed expenditure limit. This option allows a municipality to adjust the state imposed expenditure base from the original 1979-80 base of \$3,743,397 to \$18,793,221. After adjustment for inflation and population growth, the City's expenditure limitation for fiscal year 2009-10 will be \$145,266,635.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, and internal service funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund.

ECONOMIC CONDITIONS AND OUTLOOK

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

The economy of Casa Grande is a diverse combination of agriculture, manufacturing, commercial and service activities, as well as a haven for retired individuals who winter in Arizona. The community serves as the provider of many goods and services to the rural areas surrounding the City, as well as several growing communities located in the area. This combination of diverse economic activities keeps the community from becoming overly dependent on any single segment of the economy. In March 2004, the Community adopted a Strategic Plan for Community and Economic Development with the purpose of developing a process to successfully implement diverse type of businesses, attract new revenue, and expand/maintain the community revenues essential to sustaining Casa Grande and improving the quality-of-life.

Local indicators point to continued stability. Casa Grande continues to witness a sustained, but lower number of issued building permits. While the City has witnessed strong growth in residential building permits the past three years, the current fiscal year brought anticipated slowing of the residential housing construction market. However, it also brought a recognized shift to non-residential building permits. The City documented strong numbers in commercial building permits for the year. The emergence of the commercial development conveys the actuality that sufficient roof-tops have been constructed to expand the commercial markets, which in turn expands the City's economic and tax base.

The City continues to process several annexations annually. The expansion of the boundaries comes with new development activities and land entitlements. Many of these areas have development proposals submitted in conjunction with the annexation petitions. This combination of existing subdivided lots, coupled with the newly proposed, should allow Casa Grande to witness a continued positive trend in new housing starts in the near term.

During the past year, Casa Grande's economic foundation was firmly in place. Specific revenues are described in further detail in the following paragraphs.

Retail Sales. The City of Casa Grande, like all Arizona cities, places a heavy reliance on City sales tax. Overall, local sales tax revenues comprise approximately 51% of General Fund revenues. The City's sales tax is currently at 1.8%, with an additional .2% pledged as collateral for the retirement of debt obtained to complete park and recreation construction projects. This .2% component of the tax rate is scheduled to "sunset" when the debt is retired. Management is projecting the city's sales tax to decrease by 24% this next year due to a decrease in commercial development and a slow economic recovery.

State Shared Revenues. The City of Casa Grande receives revenue allocation from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax, and motor vehicle in-lieu taxes based on population formulas that are created on official census data. The majority of these revenues are placed in the General Fund, where it supports daily operations. This revenue source is expected to decrease by .31% this next year due to the economic downturn.

The State has indicated negative growth patterns in the majority of these revenue sources. One disadvantage to placing a heavy reliance on state-shared revenues is the state legislature controls the distribution to municipalities each year.

Property Tax. The City's primary property tax levy has been decreased to .8774 per \$100 of assessed valuation. The decrease in the levy is principally the result of the voter initiative which limits the growth of the maximum taxable assessed valuation to 2% each year. Despite the reduction in tax levy, the City's property tax revenue is growing due to the number of new properties being added to the tax rolls. Net secondary valuation within the City has increased by approximately 60% since fiscal year 2004. The primary levy can be used for any general government purpose, but is limited in size by State statute. The City has received voter authorization to issue \$47 million in General Obligation debt. Eleven million was issued in fiscal year 2008. The secondary tax levy beginning in fiscal year 2009 is .6308.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In 2008 the City continued to invest in programs and services that make Casa Grande a better community. The following are some of the efforts and accomplishments of the City during the year:

Police

- Maintained 5 certifications of Apartment Complexes in the Crime Free Multi-Housing Program.
- Expanded participants in our volunteer programs to assist with clerical duties, enforce disabled parking violations, monitor traffic speeds in the neighborhoods, assist with the vacation house watch program, and conduct fingerprinting.
- Held 14th annual "National Night Out" celebration.
- Received 40,539 radio calls for service.
- Officer initiated calls were 69,500.

Fire

- Responded to 5,642 emergencies of which 4,286 (76%) involved emergency medical services, averaging a response time for all incidents of 5 minutes 55 seconds.
- Maintained a department commitment for excellence in public education by initiating in excess of 19,801 public contacts.
- Secured grant funding from Office of Domestic Preparedness for equipment on the response vehicle.
- Continued advisory role in Arizona Emergency Management Systems.
- Continued mentoring of the Casa Grande Fire Explorers Program.

Public Works

- Continued annual maintenance of roadways and alleys.
- Commenced design for Water Reclamation Expansion Project.
- Cleaned 276,827 feet of the wastewater collection system.
- Replaced and installed 395 signs throughout the City.
- Installed several new handicap ramps throughout City as warranted.
- Conducted preventative maintenance on all traffic signals. .
- Added an additional residential and commercial sanitation route.
- Collected 3,628 tons of recycling material.
- Open north fueling site.

Community Services

- Provided swimming classes to 45,078 participants.
- Continued and expanded the Halloween Carnival, Desert Grande Duathlon/Triathlon, Christmas Tree Lighting Ceremony, Electric Light Parade, and Downtown Party.
- Continued and expanded recreational participation by 12%.
- Increased literacy resources through a tutoring program, a bookmobile and a 6% increase in literacy collections.
- Prepared or delivered 48,798 senior meals.
- Increased the lifelong learning materials by 20%.
- Maintained 1,376 acres of parkland.

Community Development

- Code Enforcement implemented weed abatement program.
- Deployed a centralized software system which is accessible to builders via the web.
- Created plaza area in alleyway, bringing history into the alley through a variety of artistic designs.
- Made the development application process available through the web.

OTHER MATTERS

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

Debt Administration. On June 30, 2008, the City had a number of debt issues outstanding. Total bonded debt at June 30, 2008, was \$13,030,000. This amount includes one issue of special assessment debt with government commitment. The amount also includes the \$11,000,000 in voter approved General Obligation Debt issued in June, 2008. In fiscal years 1997, 1999 and 2003 the City issued Excise Tax Revenue Obligations for the renovations of City Hall, construction of recreation facilities, and expansion of the water reclamation facility respectively. The amount of principal outstanding at June 20, 2008 for excise tax revenue obligations is \$20,054,820. The City's general credit was rated A+ by Fitch Ratings and received an A- rating from Moody's.

The City is diligent in its efforts to maintain and improve these ratings. The ratings for the existing issues are as follows:

	Moody's Investor Service	Fitch IBCA
ID #38 Special Assessment Excise Tax Revenue Obligation	Baa3	-
Series 1997	Aaa	-
Series 1999	Aaa	AAA
Series 2003	Aaa	AAA
General Obligation Bonds	Aaa	-

In October 1997, the City issued \$3,590,000 of Excise Tax Revenue Obligations to refurbish and restore a 1921 vintage school building for use as a new City Hall. In April 1999, the City issued \$5,000,000 of Excise Tax Revenue Obligations to finance the acquisition, construction and equipping of two public recreational complexes and improvements to existing recreational facilities. In 2003, the City issued \$18,120,000 of Excise Tax Revenue Obligations for the purpose of expanding the wastewater treatment plant and refunding the 1994 and 1995 Obligations.

All Excise Tax Revenue Obligations are secured by a pledge of and first lien on all excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, fees for licenses and permits and state revenue sharing, which the City presently or in the future validly imposes or receives from other entities. As of June 30, 2008, the City had \$20,054,820 of Excise Tax Revenue Obligations outstanding.

Under State statutes the City can issue general obligation bonds for up to an amount not exceeding 20% of the secondary assessed valuation. As of June 30, 2008, the City has debt capacity of \$83,317,084 for general obligation bonds subject under the 20% limitation based on the FY 2009 secondary assessed valuation.

Cash Management. The Finance Department manages the City's investment portfolio. The City's investment strategy is to invest public funds with maximum security in a manner which will provide the highest return while meeting the daily cash flow demands of the City and conform with all applicable state and local statutes.

Idle cash is pooled into a single investment account except for the Casa Grande Part-time Firemen's Pension Plan. The City of Casa Grande is a participant in the Local Government Investment Pool operated by the State Treasurer for the benefit of counties, cities, towns and other political subdivisions of the State.

The deposits are pooled together and invested in U.S. Government securities, certificates of deposit, repurchase agreements and high-grade corporate issues. Earnings are apportioned monthly based on total "dollar days" of the participant's account balance for each day of the month. At the first of each month the earnings are automatically reinvested and a statement is sent to each participant.

The investment policy of the City is to keep risk as low as possible and then consider the yield. The majority of the City's funds are idle for less than 90 days at a time; therefore, liquidity also plays a major role. For these reasons and the fact that the pool has a diverse portfolio, the City invested all of its idle funds with the Pool during the 2007/2008 fiscal year.

The yield for the investment account averaged 3.5 percent for the fiscal year. At June 30, 2008, the Pool consisted of \$2.2 billion in total local government deposits, which included \$136 million the City had invested in the Pool.

With the issuance of GASB Statement No. 31, all investments are stated at fair value in the balance sheet. The State Treasurer's Local Governmental Investment Pool includes liquid investments which cost approximates market. The Firemen's Pension Fund is stated at fair value, which totals \$713,312.

Risk Management. The City is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's liability risks are covered by commercial insurance purchased from independent third parties. The City is fully insured with per occurrence limit at \$2 million general liability coverage with a \$10,000 deductible and a \$10 million umbrella liability policy.

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident, airport activities and fuel use bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

The City of Casa Grande has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses.

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Casa Grande, Arizona, for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the seventeenth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Casa Grande, Arizona for its annual budget for the fiscal year beginning July 1, 2007. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a plan, and as a communication device. A Distinguished Budget Presentation Award is valid for a period of one year only. This is the tenth Distinguished Budget Presentation Award the City of Casa Grande has received. We expect to continue to participate and meet the program requirements, and we will be submitting it to GFOA next budget year.

ACCOMPLISHMENT. The preparation of the City's Comprehensive Annual Financial Report was only made possible by the dedication and hard work of Janice Rutherford, Supervising Accountant, the Finance Department, and the firm of Henry and Horne, L.L.P. We give them our sincere thanks for their effort in the creation of this report.

We wish to express our appreciation to the City Manager, the Mayor and City Council for their support and leadership.

Sincerely,



Diane Archer
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Casa Grande
Arizona

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

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



Charles S. Cox

President

Jeffrey R. Emswiler

Executive Director

CITY COUNCIL
ROBERT M. JACKSON, MAYOR

DICK POWELL
STEPHEN Q. MILLER
MARY KORTSEN

RALPH VARELA
KARL MONTOYA
MATT HERMAN

CITY MANAGER

JAMES THOMPSON

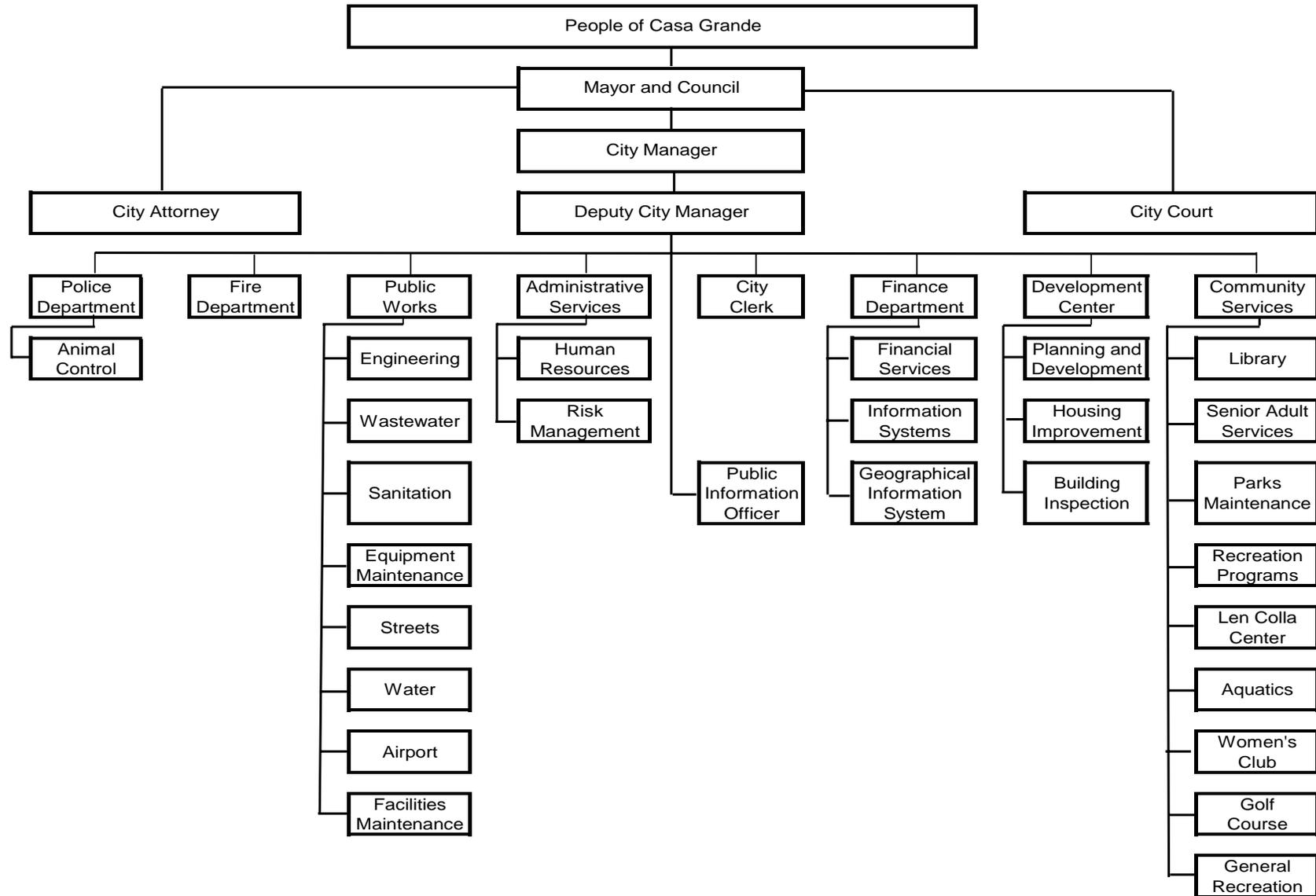


FINANCE DEPARTMENT STAFF

DIANE ARCHER
JANICE RUTHERFORD

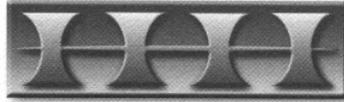
FINANCE DIRECTOR
SUPERVISING ACCOUNTANT

City of Casa Grande Organizational Chart





FINANCIAL SECTION



HENRY & HORNE, LLP
Advisors to Business

Independent Auditors' Report

The Honorable Mayor and Council
City of Casa Grande, Arizona

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

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

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

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

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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Council
City of Casa Grande, Arizona
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2008 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 read in conjunction with this report in considering the results of our audit.

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

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


November 7, 2008
Casa Grande, Arizona



MANAGEMENT'S DISCUSSION AND ANALYSIS

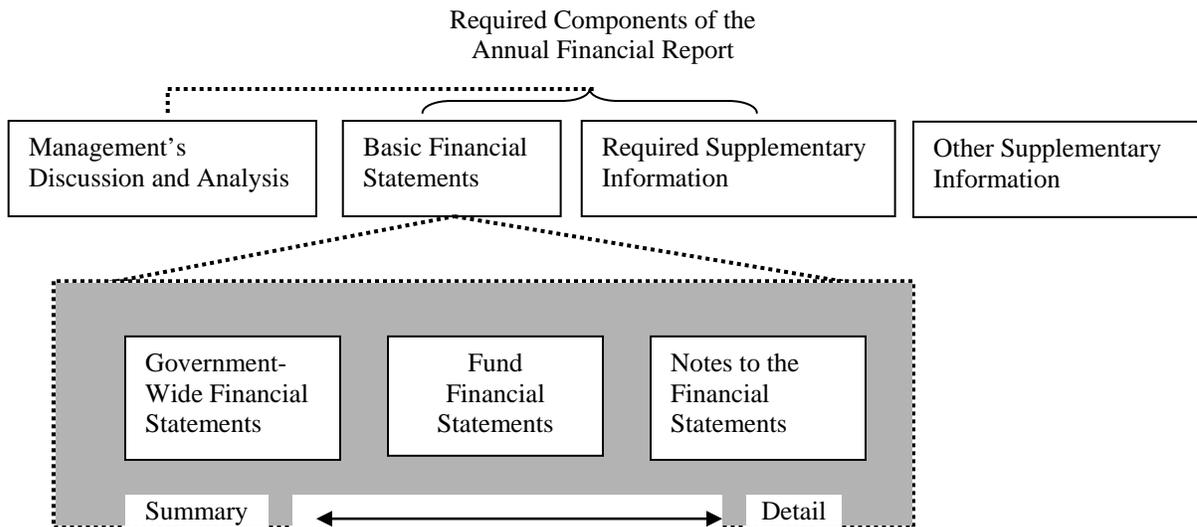
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Casa Grande, Arizona (the City), we offer this narrative overview and analysis of the financial activities of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2008. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the approved annual budget, and (5) identify individual fund issues or concerns. Please read it in conjunction with the transmittal letter presented on pages v - xi of this report as well as the City's financial statements beginning on page 12 and the accompanying notes to the financial statements.

Financial Highlights

- The City's total net assets, on the government-wide basis, totaled \$312 million at June 30, 2008, of which \$37 million is unrestricted. This was an increase of \$49 million in fiscal year 2008, \$44 million in governmental activities and \$5 million in business-type activities.
- The governmental activities revenues increased by approximately \$1.5 million over the previous year.
- The business-type activities operating revenues decreased by \$34 thousand from the previous year.
- The General Fund reported revenues in excess of expenditures and other financial sources and uses by \$7.3 million for the year.
- At June 30, 2008, unreserved fund balance for the General Fund was \$30.6 million, or 92% of General Fund expenditures for fiscal year 2008.
- At June 30, 2008, unreserved fund balance of the governmental funds was \$80.5 million, or 153% of governmental fund expenditures for fiscal year 2008.
- The governmental activities general revenues of \$71.9 million were \$19.4 million more than the \$52.5 million of expenditures before other financial sources and uses.
- The business-type activities net assets were \$59.7 million as of June 30, 2008, which is an increase of \$5.5 million from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS



Government-wide Financial Statements

The government-wide financial statements (see pages 12-14) are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The activities of the City are broken into two columns on these statements – governmental activities and business-type activities. A total column is also provided.

Governmental activities include the basic services of the City including general government (administration), parks and recreation, police, fire, planning and development and streets. Taxes and general revenues generally support these activities.

Business-type activities include the private sector type activities such as golf course, sanitation, and wastewater. These activities are primarily supported through user charges and fees.

The *statement of net assets* presents information on all of the City's assets and liabilities, both current and long-term, with the difference between assets and liabilities reported as net assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base and condition of infrastructure, should be considered.

The *statement of activities* presents information showing how the City's net assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenue for support.

Fund Financial Statements

Also presented are the traditional fund financial statements for governmental funds, proprietary funds and fiduciary funds. The fund financial statements now focus on major funds of the City, rather than fund type used prior to GASB-34. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City.

The City has three kinds of funds:

Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at the year end that are available for spending. Consequently, the governmental funds statements provided a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on page 17 and 20, respectively.

Proprietary funds – Proprietary funds are used to account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. Enterprise funds are used for activities that primarily serve customers outside the governmental unit for which fees are charged. The City has three enterprise funds: The golf course, sanitation and wastewater funds. The internal service fund is used for activities in which the City is the

customer. The equipment mechanics fund is the City's only internal service fund. Its purpose is to provide vehicle maintenance services to City departments.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support projects of the City.

Notes to the financial statements – The notes to the financial statements (pages 38-69) 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 notes. 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 in Note 8 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2008.

Net Assets

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 for the City for June 30, 2008 compared to the prior year.

Condensed Statement of Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 90.6	\$120.5	\$27.2	\$29.7	\$117.8	\$150.2
Capital assets	134.0	156.1	44.4	49.0	178.4	205.1
Total assets	<u>224.6</u>	<u>276.6</u>	<u>71.6</u>	<u>78.7</u>	<u>296.2</u>	<u>355.3</u>
Other liabilities	5.0	5.2	1.4	1.6	6.4	6.8
Long-term liabilities	11.7	19.5	16.0	17.4	27.7	36.9
Total liabilities	<u>16.7</u>	<u>24.7</u>	<u>17.4</u>	<u>19.0</u>	<u>34.1</u>	<u>43.7</u>
Net assets:						
Invested Capital assets						
net of related debt	121.4	144.5	29.5	33.2	150.9	177.7
Restricted	61.6	77.4	15.3	19.3	76.9	96.7
Unrestricted	24.9	29.9	9.4	7.2	34.3	37.1
Total net assets	<u>\$207.9</u>	<u>\$251.8</u>	<u>\$54.2</u>	<u>\$59.7</u>	<u>\$262.1</u>	<u>\$ 311.5</u>

The net assets of the City increased by \$50 million (19%) from June 30, 2008. At year end June 30, 2008 the net assets of the City totaled \$311.5 million. Of this \$311.5 million, \$251.8 million was in the governmental activities, a 21% increase and \$59.7 million was in the business-type activities, a 10% increase.

Net Assets consist of three components. The largest portion of net assets (\$177.7 million or 57%) reflects the City's investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to its citizens; consequently, it is not the City's intention to sell these assets and they are therefore not available for future spending.

The second portion of the City's net assets (\$96.7 million or 31%) represents resources that are subject to external restrictions on how they may be used. This component is primarily made up of accumulated development impact fee collected by the City and funds are specifically reserved for capital improvements pertaining to growth as it relates to maintaining a consistent level of service to all citizens.

The third portion consists of unrestricted net assets (\$37.1 million or 12%), which may be used to meet the City's ongoing obligation to citizens and creditors.

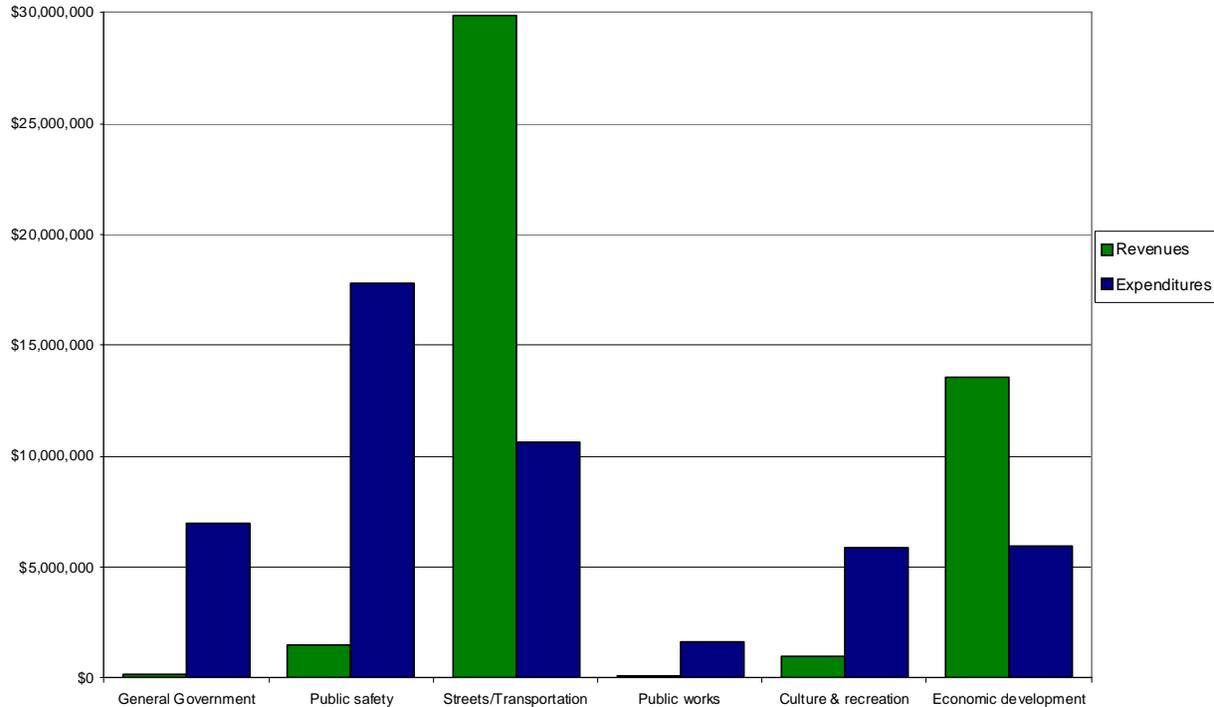
Changes in Net Assets. The City's total revenues for the year ended June 30, 2008 were \$108,492,489. The total cost of all programs and services was \$59,102,906. The following table presents a summary of the changes in net assets for the year ended June 30, 2008. **The primary increase in net assets is the result of sustained economic growth including developer investment in city infrastructure.**

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues						
Program revenues						
Charges for services	\$21,599	\$14,470	\$11,944	\$11,950	\$33,543	\$26,420
Operating grants and contributions	9,067	9,303	-	-	9,067	9,303
Capital grants and contributions	14,852	22,403	2,130	2,581	16,982	24,984
General revenues						
Property taxes	2,475	3,106	-	-	2,475	3,106
Sales taxes	22,709	28,083	2,124	14	24,833	28,097
Franchise taxes	1,512	1,687	-	-	1,512	1,687
Shared revenues	8,879	9,776	-	-	8,879	9,776
Other	5,343	4,044	1,241	1,075	6,584	5,119
Total revenues	86,436	92,872	17,439	15,620	103,875	108,492
Expenses						
General government	5,196	6,958	-	-	5,196	6,958
Public safety	14,766	17,800	-	-	14,766	17,800
Streets/Transportation	9,650	10,615	-	-	9,650	10,615
Public works	2,145	1,653	-	-	2,145	1,653
Culture and recreation	5,248	5,854	-	-	5,248	5,854
Economic development	5,565	5,932	-	-	5,565	5,932
Other	610	642	-	-	610	642
Water	-	-	115	118	115	118
Golf course	-	-	1,108	968	1,108	968
Sewer	-	-	5,413	4,522	5,413	4,522
Sanitation	-	-	3,903	4,041	3,903	4,041
Total expenses	43,180	49,454	10,539	9,649	53,719	59,103
Excess before transfer	43,256	43,418	6,900	5,971	50,156	49,389
Transfers In (Out)	450	526	(450)	(526)	-	-
Increase in Net Assets	\$43,706	\$43,944	\$6,450	\$5,445	\$50,156	\$49,389

The graph below shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. It should be noted that this is not intended to represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues.

Governmental activities account for 83.2% of the total revenues of the City and 80.3% of the total expenditures in fiscal year 2008. This compares to 80.6% of total revenues and 82.0% of expenses in fiscal year 2007.

Governmental Programs Revenues and Expenses



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

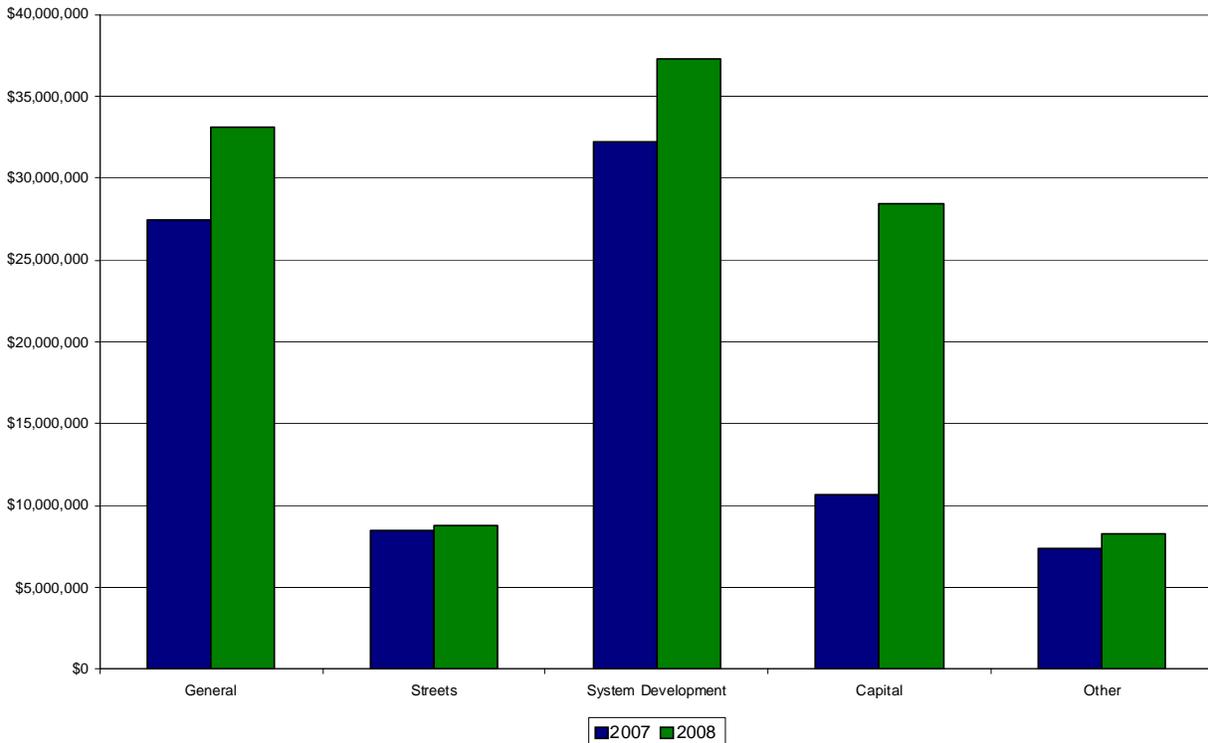
Governmental Funds

The focus of governmental fund financial statements (pages 15-27) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 70-73.

For fiscal year ended June 30, 2008, the governmental funds reflect a combined fund balance of \$115.9 million, an increase of \$29.7 million. Of this, \$35.4 million is reserved because it is not appropriate for expenditure or is legally segregated for a specific future use. The remaining \$80.5 million is classified as “Unreserved”. This balance may serve as a useful indicator of a government’s net resources available for spending at the end of the year.

The following graph indicates fund balances for select governmental funds for the past two fiscal years.

Governmental Fund Balances



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, parks and recreation, community development and general administrative services. The General Fund revenues total \$40.7 million, an increase of \$2.6 million, in fiscal year 2007-2008. The primary increase is from local sales tax revenues. The expenditures, before other financing sources and uses, totaled \$33.3 million, an increase of \$5 million. The increase in fund balance is because expenditures were greater than revenues.

The Highway User Revenue Fund is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and required to be used for transportation purposes. The City also accounts for a half-cent sales tax that is collected and distributed by Pinal County for the purposes of construction and improvements of major roadways within the City. Revenue in this fund totaled \$6.4 million, a decrease of \$.4 million, while expenses totaled \$5.3 million, an increase of \$.7 million in fiscal year ended June 30, 2008. The decrease in revenues is a result of a weaker county sales tax base and fewer investment earnings.

Another governmental fund of the City is the System Development Fee Fund which collects governmental impact fees for public safety, parks and recreational facilities, library facilities, and general government. The fund balance increased in this fund to finance planned capital improvements over the next several years.

The Capital Development and Replacement Fund accounts for accumulated proceeds and capital expenditure of those proceeds for the construction of capital projects. The fund balance increased in this fund due to the sale of General Obligation Bonds in the amount of \$9,000,000 to finance capital projects in the next couple fiscal years.

Other governmental funds include the Grants Fund which accounts for the various state and federal grants awarded to the City for the purposes of providing specific programming and services in public safety, parks and recreation, and library; the CDBG, Self Help, and Home Funds provides a variety of housing and neighborhood improvements

services ranging from housing rehab to infrastructure improvements; the Special Assessment Fund collects special assessments levied through improvement districts and services the debt on the improvement district bond; the CFD Capital Projects Fund accounts for capital construction within the CFD; all non-major governmental funds of the City are combined into the “Other Governmental Funds” column on the governmental fund statements.

Proprietary Funds

The proprietary funds financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown individually on the fund statement.

Net assets of the enterprise funds were \$59.7 million, an increase of \$5.5 million as of June 30, 2008. This increase is largely due to the increase in donations of capital assets (which do not result in spendable resources). Operating revenues in fiscal year 2007-2008 were \$12.0 million, no change from the prior fiscal year, while operating expenses totaled \$9.0 million, a decrease of \$.8 million, resulting in \$3,021,088 of operating income.

BUDGETARY HIGHLIGHTS

The City’s annual budget is the legally adopted expenditure control document of the City. A statement showing the budget amounts for the general fund is provided as required supplementary information on page 21. This statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 (F) on page 45 for more information on budget policies). Some of these include transfers from contingency to cover approved carryovers from previous budget, capital projects with budget overages, and other unanticipated costs. Also, budget amendments are processed to provide expenditure authority from unanticipated revenue sources. These include new or increased grants and intergovernmental agreements. It is generally the policy of the City to not include revenues and operational expenditure authority for these types of items in the operational budgets unless the funding is reasonably assured at the time of completion of the annual budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets of and when the funding is received.

No amendments increasing the City’s total adopted budget of \$89,932,641 occurred during fiscal year 2008. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur.

General Fund inflows (revenues and other sources) of \$40.7 million, on a budgetary basis, were less than budgeted inflows of \$40.9 million by \$.2 million (.5%) while actual outflows (expenditures and other uses) of \$33.3 million were only 82% of final budgeted outflows. The excess of General Fund inflows over budgeted amounts is primarily due to higher sales tax collections and investment earnings yield than were planned for in the budget. Local sales tax collections, especially construction sales tax, continue to exceed expectations due to a growing residential housing base. Reduced General Fund outflows resulted primarily from contingency savings and cost savings derived from Department operational efficiencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the City had \$205 million invested in various capital assets, net of accumulated depreciation, up \$48.9 million. Of the \$205 million \$156 million (76%) is invested in governmental activities and \$49 million (24%) is invested in business-type activities.

Major additions to capital assets during the fiscal year include the following:

- ✓ Completed construction on a regional dog park for a total cost of \$74,300.
- ✓ Completed the downtown streets reconstruction project for a total cost of \$2,722,990.
- ✓ Purchased a fire department platform tower truck in the amount of \$1,039,653.
- ✓ Completed the Kiwanis park project for a total cost of \$220,036.
- ✓ Leased property at Central Arizona College Casa Grande location and constructed a teen center with a capital project cost of \$95,110.
- ✓ Purchased two Broom Bear street sweepers and a motor grader for the streets department for a total cost of \$629,930.
- ✓ Constructed apron design and improvement at the municipal airport using FAA funds in the amount of \$938,005.
- ✓ Began the golf course irrigation renovation project. Work in progress amounted to \$1,268,372.
- ✓ Began construction of the wastewater treatment plant expansion phase 3. Work in progress amounted to \$1,748,370.
- ✓ Began construction of three sewer projects. Work in progress amounted to \$433,942.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2008. Additional information on the City's capital assets may be found in Note 7 on pages 54-56.

	Capital Assets (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land & Const. in progress	\$ 9,979	\$ 13,089	\$ 283	\$ 3,734	\$ 10,262	\$ 16,823
Building and improvements	118,884	134,080	40,196	42,118	159,080	176,198
Machines and equipment	5,170	8,915	3,909	3,093	9,079	12,008
Total	\$134,033	\$156,084	\$44,388	\$48,945	\$178,421	\$205,029

Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, contracts, and compensated absences, was \$37.6 million at June 30, 2008, with \$2.6 million due in one year. Of this total, \$21.3 million was in governmental activities and \$16.3 million was in business-type activities. Of the outstanding debt, \$20 million is excise tax revenue obligation bond collateralized by the City's excise tax stream. An additional \$255,000 is special assessment bonds where the City is contingently liable in the event that the assessment revenue is insufficient to pay the debt payments. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The following schedule shows the outstanding debt of the City (both current and long term) as of June 30, 2008. Further details can be found in Notes 10, 11, 12, 13, & 14 on pages 61-66.

Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Compensated absences	\$ 764	\$ 881	\$ 91	\$ 112	\$ 855	\$ 993
Capital leases	3,754	3,180	296	179	4,050	3,359
Bonds payable	8,882	17,229	14,388	15,856	23,270	33,085
Notes payable	-	-	159	149	159	149
Total	<u>\$13,400</u>	<u>\$21,290</u>	<u>\$14,934</u>	<u>\$16,296</u>	<u>\$28,334</u>	<u>\$37,586</u>

ECONOMIC FACTORS

Casa Grande’s population has grown steadily since 2000. The growth rate over the course of the past 7 years has been 68% and is expected to be 2% in 2009. The unemployment rate in Casa Grande for June 2008 was 6.1%, which is slightly higher than the state (4.8%) and higher than the national average (5.5%). While the local economy witnessed a solid year, it has been largely driven by construction of residential dwellings. The Promenade in Casa Grande, a 1 million square foot retail mall opened with of 550,000 square foot of retail establishments in mid-November 2007. As of November, 2008, the mall has 883,000 square feet of retail space. It is anticipated retail sales will replace the slowing construction markets in the local tax base.

The regional economy is slow due to sluggish building activity. Population growth continues to be steady as does personal income. Within Casa Grande, the local economy remains healthy as residential and commercial activity continues to expand the City’s sales tax base. Casa Grande continues to be a potential site for industrial and manufacturing companies. Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

Total assessed value in Casa Grande has increased progressively, showing a 326% overall increase from 2000 to 2009. This is largely due to the new housing development. Residential value in 2008 represented about 40% of the total.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Casa Grande, Arizona’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 information should be addressed to the City’s Finance Director at the following address: City of Casa Grande, 510 E. Florence Blvd. Casa Grande, AZ 85222 or send an e-mail to darcher@casagrandeaz.gov.



BASIC FINANCIAL STATEMENTS

City of Casa Grande, Arizona
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,199,435	\$ 857,368	\$ 5,056,803
Investments	96,770,260	27,506,074	124,276,334
Receivables (net of allowance for uncollectibles)	7,672,956	227,080	7,900,036
Due from other governments	2,118,982	-	2,118,982
Inventories	374,251	9,883	384,134
Restricted assets:			
Restricted investments	8,993,081	785,217	9,778,298
Deferred bond costs	381,569	320,952	702,521
Capital assets:			
Land and construction in progress	13,088,756	3,733,683	16,822,439
Other capital assets (net of accumulated depreciation)	142,994,911	45,211,097	188,206,008
Total assets	276,594,201	78,651,354	355,245,555
LIABILITIES			
Accounts payable and other current liabilities	2,619,192	517,169	3,136,361
Deposits held	-	14,825	14,825
Accrued wages and benefits	492,715	66,669	559,384
Accrued interest payable	148,561	159,843	308,404
Unearned revenue	132,173	-	132,173
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	880,353	112,243	992,596
Current portion of capital leases and notes	271,195	131,549	402,744
Current portion of excise tax revenue obligations	543,900	551,100	1,095,000
Current portion of bonds payable	135,000	-	135,000
Due in more than one year:			
Noncurrent portion of capital leases	2,909,162	57,790	2,966,952
Noncurrent portion of notes payable	-	138,427	138,427
Noncurrent portion of excise tax revenue obligations	5,655,318	13,304,502	18,959,820
Noncurrent portion of bonds payable	10,895,000	2,000,000	12,895,000
Bond premium 2003/2008 issue	127,568	356,104	483,672
Less: Deferred amount on refunding	(38,303)	(196,164)	(234,467)
Closure and postclosure liability	-	1,779,961	1,779,961
Total liabilities	24,771,834	18,994,018	43,765,852
NET ASSETS			
Invested in capital assets, net of related debt	144,539,605	33,189,049	177,728,654
Restricted for:			
Highways and streets	9,045,987	-	9,045,987
Grant purposes	1,063,776	-	1,063,776
Community development	43,518,034	-	43,518,034
Debt service	3,614,535	-	3,614,535
Capital projects	20,110,100	19,276,562	39,386,662
Unrestricted	29,930,330	7,191,725	37,122,055
Total net assets	\$251,822,367	\$59,657,336	\$311,479,703

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 6,958,153	\$ 144,550	\$ 2,983	\$ -
Public safety	17,799,896	1,214,170	127,823	151,649
Streets/Transportation	10,614,899	1,345,035	6,384,928	22,121,516
Public works	1,652,940	100,784	-	-
Culture and recreation	5,853,610	378,268	501,901	129,789
Economic development	5,932,564	11,287,725	2,285,406	-
Interest on long-term debt	641,914	-	-	-
Total governmental activities	49,453,976	14,470,532	9,303,041	22,402,954
Business-type activities:				
Water	117,638	190,125	-	-
Golf course	967,750	797,501	-	-
Wastewater	4,522,025	5,972,329	-	2,580,813
Sanitation	4,041,517	4,990,169	-	-
Total business-type activities	9,648,930	11,950,124	-	2,580,813
Total primary government	\$59,102,906	\$26,420,656	\$9,303,041	\$24,983,767

General revenues:
Property taxes
Sales taxes
Franchise taxes
Shared revenues - unrestricted:
 State sales taxes
 Urban revenue sharing
 Auto-in-lieu
Investment earnings
Gain on sale of assets
Miscellaneous
Transfers in (out)
 Total general revenues and transfers
 Change in net assets
Net assets-beginning
Net assets-ending

The accompanying notes are an integral part of the financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (6,810,620)	\$ -	\$ (6,810,620)
(16,306,254)	-	(16,306,254)
19,236,580	-	19,236,580
(1,552,156)	-	(1,552,156)
(4,843,652)	-	(4,843,652)
7,640,567	-	7,640,567
(641,914)	-	(641,914)
(3,277,449)	-	(3,277,449)
-	72,487	72,487
-	(170,249)	(170,249)
-	4,031,117	4,031,117
-	948,652	948,652
-	4,882,007	4,882,007
(3,277,449)	\$4,882,007	\$1,604,558
3,105,864	-	3,105,864
28,082,890	14,203	28,097,093
1,687,014	-	1,687,014
2,984,122	-	2,984,122
4,592,697	-	4,592,697
2,199,266	-	2,199,266
3,202,760	919,273	4,122,033
452,693	-	452,693
388,409	155,834	544,243
525,942	(525,942)	-
47,221,657	563,368	47,785,025
43,944,208	5,445,375	49,389,583
207,878,159	54,211,961	262,090,120
\$251,822,367	\$59,657,336	\$311,479,703

City of Casa Grande, Arizona
Balance Sheet
Governmental Funds
June 30, 2008

ASSETS	General	Highway Users	System Development	Grants & Subsidies	CDBG
Cash	\$ 3,628,805	\$ 1,161	\$ -	\$ 1,871	\$ 168,722
Investments	25,168,457	8,133,523	37,225,519	44,080	-
Accounts receivable (less allowance for uncollectibles)	6,051,933	701,146	150,566	471	575,052
Due from other governments	-	-	-	296,350	262,822
Due from other funds	441,000	-	-	-	-
Inventories	13,532	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$35,303,727</u>	<u>\$8,835,830</u>	<u>\$37,376,085</u>	<u>\$342,772</u>	<u>\$1,006,596</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 1,553,993	\$ 28,688	\$ 59,915	\$ 110,433	\$ 450,536
Accrued wages and benefits	434,087	22,897	-	1,344	-
Due to other funds	-	-	-	-	-
Deferred revenue	189,358	-	-	251,831	-
Compensated absences	5,696	361	-	-	-
Total liabilities	<u>2,183,134</u>	<u>51,946</u>	<u>59,915</u>	<u>363,608</u>	<u>450,536</u>
Fund balances:					
Reserved for:					
Court and development	2,511,678	-	-	-	-
Special revenue	-	-	-	-	556,060
Debt service	-	-	-	-	-
Capital projects	36,443	-	-	-	-
Unreserved, reported in:					
General fund	30,572,472	-	-	-	-
Special revenue funds	-	8,783,884	37,316,170	(20,836)	-
Capital projects funds	-	-	-	-	-
Total fund balances	<u>33,120,593</u>	<u>8,783,884</u>	<u>37,316,170</u>	<u>(20,836)</u>	<u>556,060</u>
Total liabilities and fund balances	<u>\$35,303,727</u>	<u>\$8,835,830</u>	<u>\$37,376,085</u>	<u>\$342,772</u>	<u>\$1,006,596</u>

The accompanying notes are an integral part of the financial statements

Self-help Technical Assistance	Home/HUD	Special Assessments	Capital Replacement/ Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 830	\$ 4,816	\$ 31,538	\$ 32,019	\$ 10,329	\$ 295,344	\$ 4,175,435
-	-	1,084,061	18,697,271	-	6,417,349	96,770,260
-	-	30,822	87,619	1,441	73,906	7,672,956
82,732	365,460	-	823,620	-	287,998	2,118,982
-	-	-	-	-	-	441,000
-	-	-	-	-	76,619	90,151
-	-	-	8,890,992	102,089	-	8,993,081
\$83,562	\$370,276	\$1,146,421	\$28,531,521	\$113,859	\$7,151,216	\$120,261,865

\$ 2,787	\$ 276	\$ -	\$ 68,842	962	\$ 236,692	\$ 2,513,124
3,232	-	-	-	-	4,095	465,655
71,000	370,000	-	-	-	-	441,000
82,731	279,097	26,247	-	-	75,933	905,197
-	-	-	-	-	-	6,057
159,750	649,373	26,247	68,842	962	316,720	4,331,033

-	-	-	-	-	-	2,511,678
-	-	-	-	-	28,449	584,509
-	-	1,120,174	-	-	2,616,674	3,736,848
-	-	-	28,462,679	112,897	-	28,612,019
-	-	-	-	-	-	30,572,472
(76,188)	(279,097)	-	-	-	4,111,967	49,835,900
-	-	-	-	-	77,406	77,406
(76,188)	(279,097)	1,120,174	28,462,679	112,897	6,834,496	115,930,832
\$83,562	\$370,276	\$1,146,421	\$28,531,521	\$113,859	\$7,151,216	\$120,261,865

City of Casa Grande, Arizona
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2008

Fund balance - total governmental funds balance sheet		\$115,930,832
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	222,930,086	
Less accumulated depreciation	(67,009,628)	
Internal service capital assets	372,724	
Less accumulated depreciation	<u>(209,515)</u>	
		156,083,667
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(880,353)	
Capital leases	(3,180,357)	
Bonds payable	(17,229,218)	
Bond issuance costs	381,569	
Deferred Loss	38,303	
Bond premium	<u>(127,568)</u>	
		(20,997,624)
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net assets.		
Special Assessments	26,248	
Property Tax	57,185	
Grant Revenue	<u>689,594</u>	
		773,027
Interest payable on long-term debt is not reported in the governmental funds.		(148,561)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The assets and liabilities of the internal service funds (excluding capital assets) are reported with governmental activities.		<u>181,026</u>
Net assets of governmental activities - statement of net assets		<u><u>\$251,822,367</u></u>

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

REVENUES	General	Highway Users	System Development	Grants & Subsidies	CDBG
Taxes:					
Property taxes	\$ 2,520,236	\$ -	\$ -	\$ -	\$ -
City sales tax	20,861,853	-	-	-	-
Franchise tax	1,687,014	-	-	-	-
Licenses and permits	1,881,951	-	-	-	-
Intergovernmental revenues	9,776,085	6,092,742	-	1,684,186	518,761
Charges for services	1,726,480	-	8,272,278	-	-
Fines	815,081	-	-	-	-
Special assessments	-	-	-	-	-
Investment earnings	970,128	282,926	1,274,721	2,313	-
Contributions and donations	2,510	-	-	23,915	-
Rental and sale of city property	160,679	-	-	-	-
Miscellaneous	256,087	65,464	-	-	88,868
Total revenues	40,658,104	6,441,132	9,546,999	1,710,414	607,629
EXPENDITURES					
Current:					
General government	6,665,135	-	-	-	-
Public safety	16,755,693	-	-	188,680	-
Streets/Transportation	-	2,323,097	-	-	-
Public works	1,684,699	-	-	-	-
Culture and recreation	4,529,708	67,974	242,258	582,105	-
Planning and economic development	2,461,291	-	-	587,822	608,905
Capital outlay	630,453	2,805,330	2,472,452	979,523	-
Debt Service:					
Bond issuance costs	-	-	-	-	-
Principal	492,219	62,717	-	-	-
Interest and fiscal charges	124,624	58,297	-	-	-
Total expenditures	33,343,822	5,317,415	2,714,710	2,338,130	608,905
Excess (deficiency) of revenues over (under) expenditures	7,314,282	1,123,717	6,832,289	(627,716)	(1,276)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,994,677	-	-	500,731	-
Transfers out	(3,668,613)	(846,077)	(1,708,872)	-	-
Bond issuance	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of land	-	-	-	-	-
Total other financing sources and uses	(1,673,936)	(846,077)	(1,708,872)	500,731	-
Net change in fund balances	5,640,346	277,640	5,123,417	(126,985)	(1,276)
Fund balances - beginning of year	27,480,247	8,506,244	32,192,753	106,149	557,336
Fund balances - end of year	\$33,120,593	\$8,783,884	\$37,316,170	(\$20,836)	\$556,060

The accompanying notes are an integral part of the financial statements

Self-help Technical Assistance	Home/HUD	Special Assessments	Capital Replacement/ Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$146,782	\$ 403,748	\$ 3,070,766
-	-	-	6,098,330	-	1,122,707	28,082,890
-	-	-	-	-	-	1,687,014
-	-	-	-	-	-	1,881,951
262,309	754,330	-	-	-	1,709,997	20,798,409
-	-	-	-	93,592	79,540	10,171,890
-	-	-	-	-	-	815,081
-	-	29,691	-	-	-	29,691
-	-	39,187	461,911	1,940	169,634	3,202,760
-	-	-	-	-	-	26,425
-	-	-	-	-	1,386,256	1,546,935
1,106	-	-	-	-	170,750	582,275
263,415	754,330	68,878	6,560,241	242,314	5,042,632	71,896,087
-	-	-	-	-	1,411,226	8,076,361
-	-	-	-	-	39,134	16,983,507
-	-	-	-	-	-	2,323,097
-	-	-	-	-	-	1,684,699
-	-	-	-	-	41,826	5,463,871
339,603	864,818	1,594	719	23,238	77,782	4,965,772
-	-	-	2,452,081	-	1,690,336	11,030,175
-	-	-	150,721	-	-	150,721
-	-	115,000	-	-	556,612	1,226,548
-	-	19,980	-	116,131	288,319	607,351
339,603	864,818	136,574	2,603,521	139,369	4,105,235	52,512,102
(76,188)	(110,488)	(67,696)	3,956,720	102,945	937,397	19,383,986
-	-	-	5,231,572	50,000	325,000	8,101,980
-	-	-	(500,000)	(727,077)	(33,200)	(7,483,839)
-	-	-	9,000,000	-	-	9,000,000
-	-	-	120,520	-	-	120,520
-	-	-	-	-	578,989	578,989
-	-	-	13,852,092	(677,077)	870,789	10,317,650
(76,188)	(110,488)	(67,696)	17,808,812	(574,132)	1,808,186	29,701,636
-	(168,609)	1,187,870	10,653,867	687,029	5,026,310	86,229,196
\$ (76,188)	(\$279,097)	\$1,120,174	\$28,462,679	\$112,897	\$6,834,496	\$115,930,832

City of Casa Grande, Arizona
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$29,701,636

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. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	11,030,175	
Less current year depreciation	<u>(9,448,881)</u>	1,581,294

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.

Contributed capital assets	20,593,458
Sale of capital assets	(230,046)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.

Deferred property tax	35,088
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Bond issuance costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceed bond premium received.

30,201

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 has any effect on net assets.

Issuance of bond debt	(9,000,000)	
Bond payments	605,000	
Lease payments	<u>621,101</u>	(7,773,899)

Certain revenues in the governmental funds that provide current financial resources are not included in the statement of activities because they were recognized in a prior period. However, other revenues that are deferred in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the statement of activities.

Special assessments	(27,155)
Grants	25,825

The internal service fund net revenue is reported with governmental activities

186,140

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 governmental funds.

Compensated absences	(116,461)
Interest expense on long-term debt	<u>(61,873)</u>

Change in net assets of governmental activities

\$43,944,208

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes:				
Property taxes	\$ 2,396,100	\$ 2,396,100	\$ 2,520,236	\$ 124,136
City sales tax	20,850,000	20,850,000	20,861,853	11,853
Franchise tax	1,454,000	1,454,000	1,687,014	233,014
Licenses and permits	1,995,000	1,995,000	1,881,951	(113,049)
Intergovernmental revenues	9,379,900	9,379,900	9,776,085	396,185
Charges for services	2,984,500	2,984,500	1,726,480	(1,258,020)
Fines	824,000	824,000	815,081	(8,919)
Investment earnings	710,000	710,000	970,128	260,128
Contributions and donations	-	-	2,510	2,510
Rental and sale of city property	153,000	153,000	160,679	7,679
Miscellaneous	181,300	181,300	256,087	74,787
Total revenues	40,927,800	40,927,800	40,658,104	(269,696)
EXPENDITURES				
Current:				
General government				
Mayor and Council	4,010,300	2,883,700	1,445,834	1,437,866
City manager	639,300	639,300	586,022	53,278
Attorney	587,000	587,000	532,188	54,812
Clerk	344,100	344,100	331,841	12,259
Finance	1,215,900	1,209,300	896,685	312,615
Information Technology	1,437,900	1,444,500	1,443,479	1,021
Administrative Services	1,656,400	1,656,400	1,429,086	227,314
Public safety				
Police	10,992,600	10,992,600	10,664,848	327,752
Fire	6,015,300	6,015,300	5,409,557	605,743
Court	494,100	494,100	428,745	65,355
Animal Control	284,400	284,400	252,543	31,857
Public works	2,337,900	2,342,500	1,684,699	657,801
Culture and Recreation	5,329,700	5,329,700	4,529,708	799,992
Planning and Economic Development	2,525,900	2,525,900	2,461,291	64,609
Capital Outlay	3,609,700	3,019,900	630,453	2,389,447
Debt Service:				
Principal	194,300	654,876	492,219	162,657
Interest and fiscal charges	-	124,624	124,624	-
Total expenditures	41,674,800	40,548,200	33,343,822	7,204,378
Excess (deficiency) of revenues over (under) expenditures	(747,000)	379,600	7,314,282	6,934,682
OTHER FINANCING SOURCES (USES)				
Transfers in	1,312,400	1,312,400	1,994,677	682,277
Transfers out	(3,681,500)	(3,681,500)	(3,668,613)	12,887
Total other financing sources and uses	(2,369,100)	(2,369,100)	(1,673,936)	695,164
Net change in fund balance	(3,116,100)	(1,989,500)	5,640,346	7,629,846
Fund balance - beginning of year	3,116,100	1,989,500	27,480,247	25,490,747
Fund balance - end of year	\$ -	\$ -	\$33,120,593	\$33,120,593

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Highway Users Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
REVENUES				
Taxes:				
State-shared gas tax	\$ 2,874,400	\$ 2,874,400	\$ 3,348,474	\$ 474,074
Local transportation assistance	316,000	316,000	238,125	(77,875)
County sales tax	2,000,000	2,000,000	2,506,143	506,143
Investment earnings	290,000	290,000	282,926	(7,074)
Miscellaneous	-	-	65,464	65,464
Total revenues	<u>5,480,400</u>	<u>5,480,400</u>	<u>6,441,132</u>	<u>960,732</u>
EXPENDITURES				
Culture and recreation				
Contractual services	<u>25,000</u>	<u>68,000</u>	<u>67,974</u>	<u>26</u>
Total Culture and recreation	<u>25,000</u>	<u>68,000</u>	<u>67,974</u>	<u>26</u>
Streets/Transportation				
Personal services	1,430,500	1,430,500	1,144,798	285,702
Contractual services	750,100	750,100	325,605	424,495
Materials and supplies	701,700	852,700	852,694	6
Capital outlay	6,811,500	6,246,000	2,805,330	3,440,670
Debt service	<u>162,100</u>	<u>162,100</u>	<u>121,014</u>	<u>41,086</u>
Total Streets/Transportation	<u>9,855,900</u>	<u>9,441,400</u>	<u>5,249,441</u>	<u>4,191,959</u>
Total expenditures	<u>9,880,900</u>	<u>9,509,400</u>	<u>5,317,415</u>	<u>4,191,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,400,500)</u>	<u>(4,029,000)</u>	<u>1,123,717</u>	<u>5,152,717</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(556,400)</u>	<u>(927,900)</u>	<u>(846,077)</u>	<u>81,823</u>
Total other financing sources and uses	<u>(556,400)</u>	<u>(927,900)</u>	<u>(846,077)</u>	<u>81,823</u>
Net change in fund balance	<u>(4,956,900)</u>	<u>(4,956,900)</u>	<u>277,640</u>	<u>5,234,540</u>
Fund balance - beginning of year	<u>4,956,900</u>	<u>4,956,900</u>	<u>8,506,244</u>	<u>3,549,344</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,783,884</u>	<u>\$8,783,884</u>

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
System Development Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$9,935,000	\$9,935,000	\$8,272,278	(\$1,662,722)
Investment earnings	700,000	700,000	1,274,721	574,721
Total revenues	10,635,000	10,635,000	9,546,999	(1,088,001)
EXPENDITURES				
Culture and recreation	980,000	980,000	242,258	737,742
Capital outlay	13,592,200	12,297,200	2,472,452	9,824,748
Total expenditures	14,572,200	13,277,200	2,714,710	10,562,490
Excess (deficiency) of revenues over (under) expenditures	(3,937,200)	(2,642,200)	6,832,289	9,474,489
OTHER FINANCING SOURCES (USES)				
Transfers out	(375,000)	(1,670,000)	(1,708,872)	(38,872)
Total other financing sources and uses	(375,000)	(1,670,000)	(1,708,872)	(38,872)
Net change in fund balance	(4,312,200)	(4,312,200)	5,123,417	9,435,617
Fund balance - beginning of year	4,312,200	4,312,200	32,192,753	27,880,553
Fund balance - end of year	\$ -	\$ -	\$37,316,170	\$37,316,170

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Grants and Subsidies Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$3,443,200	\$3,443,200	\$1,684,186	(\$1,759,014)
Investment earnings	-	-	2,313	2,313
Contributions and donations	11,500	11,500	23,915	12,415
Total revenues	3,454,700	3,454,700	1,710,414	(1,744,286)
EXPENDITURES				
Public safety				
Personal services	318,600	318,600	119,090	199,510
Contractual services	10,000	10,000	6,593	3,407
Materials and supplies	917,000	917,000	62,997	854,003
Capital outlay	80,000	80,000	65,206	14,794
Total Public Safety	1,325,600	1,325,600	253,886	1,071,714
Culture and recreation				
Personal services	121,700	121,700	105,867	15,833
Contractual services	250,600	250,600	157,215	93,385
Materials and supplies	166,800	320,000	319,023	977
Capital outlay	-	179,100	178,484	616
Total Culture and Recreation	539,100	871,400	760,589	110,811
Community Development				
Contractual services	1,735,200	711,700	587,822	123,878
Capital outlay	-	736,000	735,833	167
Total Community Development	1,735,200	1,447,700	1,323,655	124,045
Total expenditures	3,599,900	3,644,700	2,338,130	1,306,570
Excess (deficiency) of revenues over (under) expenditures	(145,200)	(190,000)	(627,716)	(437,716)
OTHER FINANCING SOURCES (USES)				
Transfers in	190,000	190,000	500,731	310,731
Transfers out	(44,800)	-	-	-
Total other financing sources and uses	145,200	190,000	500,731	310,731
Net change in fund balance	-	-	(126,985)	(126,985)
Fund balance - beginning of year	-	-	106,149	106,149
Fund balance - end of year	\$ -	\$ -	(\$20,836)	(\$20,836)

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Community Development Block Grant Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 752,000	\$ 752,000	\$518,761	(\$233,239)
Program income	-	-	88,868	88,868
Total revenues	<u>752,000</u>	<u>752,000</u>	<u>607,629</u>	<u>(144,371)</u>
EXPENDITURES				
Community development				
Personal services	-	28,000	27,433	567
Contractual services	752,000	712,300	571,808	140,492
Materials and supplies	-	9,700	9,664	36
Total expenditures	<u>752,000</u>	<u>750,000</u>	<u>608,905</u>	<u>141,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,000</u>	<u>(1,276)</u>	<u>(3,276)</u>
Fund balance - beginning of year	<u>-</u>	<u>(2,000)</u>	<u>557,336</u>	<u>559,336</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$556,060</u>	<u>\$556,060</u>

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Self-Help Technical Assistance Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$400,000	\$400,000	\$262,309	(\$137,691)
Miscellaneous	7,000	7,000	1,106	(5,894)
Total revenues	407,000	407,000	263,415	(143,585)
EXPENDITURES				
Community development				
Personal services	328,000	310,400	243,066	67,334
Contractual services	39,500	94,250	94,187	63
Materials and supplies	39,500	2,350	2,350	-
Total expenditures	407,000	407,000	339,603	67,397
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(76,188)</u>	<u>(76,188)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,188)</u>	<u>\$ (76,188)</u>

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Home/HUD Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$1,075,000	\$1,075,000	\$754,330	(\$320,670)
Total revenues	1,075,000	1,075,000	754,330	(320,670)
EXPENDITURES				
Community development				
Personal services	-	31,000	30,934	66
Contractual services	1,075,000	1,043,100	833,000	210,100
Materials and supplies	-	900	884	16
Total expenditures	1,075,000	1,075,000	864,818	210,182
Excess (deficiency) of revenues over (under) expenditures	-	-	(110,488)	(110,488)
Fund balance - beginning of year	-	-	(168,609)	(168,609)
Fund balance - end of year	\$ -	\$ -	(\$279,097)	(\$279,097)

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
ASSETS			
Current assets:			
Cash	\$ 821,994	\$ 30,656	\$ -
Cash with fiscal agent	-	1,476	-
Investments	-	6,082,902	18,611,272
Receivables, net of uncollectibles	18,367	67,898	71,391
Restricted assets - investments	-	-	-
Inventories	-	-	-
Total current assets	840,361	6,182,932	18,682,663
Noncurrent assets:			
Deferred bond costs	-	287,458	-
Capital assets:			
Land	-	-	-
Buildings and improvements	1,036,504	52,551,940	-
Machinery and equipment	-	1,039,095	150,256
Construction in progress	-	1,748,369	433,942
Less accumulated depreciation	(334,918)	(11,855,661)	(3,005)
Total capital assets, net	701,586	43,483,743	581,193
Total noncurrent assets	701,586	43,771,201	581,193
Total assets	1,541,947	49,954,133	19,263,856
LIABILITIES			
Current liabilities:			
Accounts payable	10,723	94,413	191,318
Deposits held	14,825	-	-
Accrued wages and benefits	-	14,268	-
Accrued interest payable	2,724	152,604	-
Compensated absences	-	28,096	-
Capital leases	-	-	-
Notes payable	10,216	-	-
Excise tax revenue obligations	-	551,100	-
Total current liabilities	38,488	840,481	191,318
Noncurrent liabilities:			
Capital leases	-	-	-
Notes payable	138,427	-	-
General obligation bond	-	-	-
Excise tax revenue obligations	-	13,304,502	-
Bond premium 2003 issue	-	329,321	-
Deferred amount on refunding	-	(196,164)	-
Closure and postclosure liability	-	-	-
Total noncurrent liabilities	138,427	13,437,659	-
Total liabilities	176,915	14,278,140	191,318
NET ASSETS			
Invested in capital assets, net of related debt	552,943	29,298,820	581,193
Restricted for:			
Construction	-	1,476	18,491,345
Unrestricted	812,089	6,375,697	-
Total net assets	\$1,365,032	\$35,675,993	\$19,072,538

The accompanying notes are an integral part of the financial statements

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Sanitation	Golf Course	Total	
\$ 1,977	\$ 2,741	\$ 857,368	\$ 24,000
-	-	1,476	-
2,795,018	16,882	27,506,074	-
63,086	6,338	227,080	-
-	783,741	783,741	-
-	9,883	9,883	284,101
<u>2,860,081</u>	<u>819,585</u>	<u>29,385,622</u>	<u>308,101</u>
-	33,494	320,952	-
-	283,000	283,000	-
138,496	483,137	54,210,077	52,354
4,459,443	469,335	6,118,129	320,369
-	1,268,372	3,450,683	-
<u>(2,202,204)</u>	<u>(721,321)</u>	<u>(15,117,109)</u>	<u>(209,515)</u>
<u>2,395,735</u>	<u>1,782,523</u>	<u>48,944,780</u>	<u>163,208</u>
<u>2,395,735</u>	<u>1,816,017</u>	<u>49,265,732</u>	<u>163,208</u>
<u>5,255,816</u>	<u>2,635,602</u>	<u>78,651,354</u>	<u>471,309</u>
78,721	141,994	517,169	106,068
-	-	14,825	-
45,119	7,282	66,669	8,572
-	4,515	159,843	-
70,582	13,565	112,243	12,435
121,333	-	121,333	-
-	-	10,216	-
-	-	551,100	-
<u>315,755</u>	<u>167,356</u>	<u>1,553,398</u>	<u>127,075</u>
57,790	-	57,790	-
-	-	138,427	-
-	2,000,000	2,000,000	-
-	-	13,304,502	-
-	26,783	356,104	-
-	-	(196,164)	-
1,779,961	-	1,779,961	-
<u>1,837,751</u>	<u>2,026,783</u>	<u>17,440,620</u>	<u>-</u>
<u>2,153,506</u>	<u>2,194,139</u>	<u>18,994,018</u>	<u>127,075</u>
2,216,612	539,481	33,189,049	-
-	783,741	19,276,562	-
885,698	(881,759)	7,191,725	344,234
<u>\$3,102,310</u>	<u>\$441,463</u>	<u>\$59,657,336</u>	<u>\$344,234</u>

City of Casa Grande, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
Operating revenues:			
Service fees	\$ 190,125	\$ 2,639,680	\$ -
Connection fees	-	201,668	3,130,981
Rental	-	-	-
Green fees	-	-	-
Miscellaneous	-	24,738	-
Total operating revenue	190,125	2,866,086	3,130,981
Operating expenses:			
Personal services	-	682,750	-
Contractual services	23,294	648,231	-
Materials and supplies	44,525	834,322	-
Depreciation	44,540	1,687,419	3,005
Closure and postclosure costs	-	-	-
Total operating expenses	112,359	3,852,722	3,005
Operating income (loss)	77,766	(986,636)	3,127,976
Nonoperating revenues (expense):			
Gain on sale of assets	-	-	-
Investment earnings	-	240,177	587,176
Interest expense	(5,279)	(666,298)	-
City sales tax	-	-	-
Total nonoperating revenues (expense)	(5,279)	(426,121)	587,176
Income (loss) before contributions and transfers	72,487	(1,412,757)	3,715,152
Capital contributions	-	2,580,813	-
Transfers in	-	-	-
Transfers out	(21,900)	(153,600)	(83,942)
Change in net assets	50,587	1,014,456	3,631,210
Total net assets-beginning of year	1,314,445	34,661,537	15,441,328
Total net assets-end of year	\$1,365,032	\$35,675,993	\$19,072,538

The accompanying notes are an integral part of the financial statements

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Sanitation	Golf Course	Total	
\$4,524,729	\$ -	\$7,354,534	\$1,416,108
301,798	-	3,634,447	-
-	133,217	133,217	-
-	664,284	664,284	-
166,331	6,581	197,650	30
4,992,858	804,082	11,984,132	1,416,138
2,201,099	509,559	3,393,408	448,062
535,791	57,486	1,264,802	169,699
843,045	350,045	2,071,937	498,995
426,420	46,226	2,207,610	21,041
25,287	-	25,287	-
4,031,642	963,316	8,963,044	1,137,797
961,216	(159,234)	3,021,088	278,341
121,826	-	121,826	-
83,815	8,105	919,273	-
(9,875)	(4,434)	(685,886)	-
-	14,203	14,203	-
195,766	17,874	369,416	-
1,156,982	(141,360)	3,390,504	278,341
-	-	2,580,813	-
500,000	300,000	800,000	-
(961,200)	(105,300)	(1,325,942)	(92,200)
695,782	53,340	5,445,375	186,141
2,406,528	388,123	54,211,961	158,093
\$3,102,310	\$441,463	\$59,657,336	\$344,234

City of Casa Grande, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$193,186	\$3,100,595	\$3,158,481
Payments to suppliers	(59,149)	(1,660,484)	180,410
Payments to employees	-	(670,191)	-
Net cash provided (used) by operating activities	134,037	769,920	3,338,891
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
City sales tax	-	-	-
Transfers to other funds	(21,900)	(153,600)	(83,942)
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(21,900)	(153,600)	(83,942)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	-	-
Proceeds from bond sales / lease purchase	-	-	-
Purchases of capital assets	-	(1,822,168)	(433,945)
Principal paid on capital debt	(9,877)	(532,730)	-
Interest paid on capital debt	(5,279)	(646,127)	-
Net cash provided (used) by capital and related financing activities	(15,156)	(3,001,025)	(433,945)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	-	252,115	587,176
Net cash provided by investing activities	-	252,115	587,176
Net increase (decrease) in cash	96,981	(2,132,590)	3,408,180
Cash and cash equivalents at beginning of year	725,013	8,247,624	15,203,092
Cash and cash equivalents at end of year	\$ 821,994	\$ 6,115,034	\$ 18,611,272
Cash	\$ 821,994	\$ 30,656	\$ -
Cash with fiscal agent	-	1,476	-
Investments	-	6,082,902	18,611,272
	\$821,994	\$6,115,034	\$18,611,272

The accompanying notes are an integral part of the financial statements

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Fund
Sanitation	Golf Course	Total	
\$5,003,993	\$799,177	\$12,255,432	\$1,416,138
(1,384,213)	(448,677)	(3,372,113)	(729,407)
<u>(2,172,678)</u>	<u>(505,322)</u>	<u>(3,348,191)</u>	<u>(447,256)</u>
1,447,102	(154,822)	5,535,128	239,475
-	14,203	14,203	-
(961,200)	(105,300)	(1,325,942)	(92,200)
<u>500,000</u>	<u>300,000</u>	<u>800,000</u>	<u>-</u>
(461,200)	208,903	(511,739)	(92,200)
24,691	-	24,691	-
-	2,000,000	2,000,000	-
(560,990)	(1,268,372)	(4,085,475)	(127,173)
(116,776)	-	(659,383)	-
<u>(9,875)</u>	<u>(6,713)</u>	<u>(667,994)</u>	<u>-</u>
(662,950)	724,915	(3,388,161)	(127,173)
83,815	8,105	931,211	-
<u>83,815</u>	<u>8,105</u>	<u>931,211</u>	<u>-</u>
406,767	787,101	2,566,439	20,102
<u>2,390,228</u>	<u>16,263</u>	<u>26,582,220</u>	<u>3,898</u>
\$ 2,796,995	\$ 803,364	\$ 29,148,659	\$ 24,000
\$ 1,977	\$ 2,741	\$ 857,368	\$ 24,000
-	-	1,476	-
2,795,018	800,623	28,289,815	-
\$2,796,995	\$803,364	\$29,148,659	\$24,000

City of Casa Grande, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 77,766	\$ (986,636)	\$ 3,127,976
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Closure and postclosure costs	-	-	-
Depreciation expense	44,540	1,687,419	3,005
(Increase) decrease in accounts receivable	3,541	234,509	27,503
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	8,670	(177,931)	180,407
Increase (decrease) in deposits held	(480)	-	-
Increase (decrease) in accrued wages	-	5,346	-
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	-	7,213	-
Total adjustments	<u>56,271</u>	<u>1,756,556</u>	<u>210,915</u>
Net cash provided (used) by operating activities	<u>\$ 134,037</u>	<u>\$ 769,920</u>	<u>\$ 3,338,891</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	-	<u>\$2,580,813</u>	-

The accompanying notes are an integral part of the financial statements

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Fund
Sanitation	Golf Course	Total	
<u>\$ 961,216</u>	<u>\$ (159,234)</u>	<u>\$ 3,021,088</u>	<u>\$ 278,341</u>
25,287	-	25,287	-
426,420	46,226	2,207,610	21,041
11,135	(4,905)	271,783	-
-	82	82	(101,516)
(5,377)	108,772	114,541	60,803
-	-	(480)	-
17,592	1,463	24,401	1,505
-	(150,000)	(150,000)	(20,000)
10,829	2,774	20,816	(699)
<u>485,886</u>	<u>4,412</u>	<u>2,514,040</u>	<u>(38,866)</u>
<u>\$ 1,447,102</u>	<u>\$ (154,822)</u>	<u>\$ 5,535,128</u>	<u>\$ 239,475</u>
-	-	<u><u>\$2,580,813</u></u>	

City of Casa Grande, Arizona
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Agency Funds	Part-Time Firemen's Pension
ASSETS		
Cash	\$ 20,365	\$ 2,884
Interest receivable	6,430	-
Investments, at fair value		
Money market	1,687,083	13,097
Mutual funds	-	700,215
	1,713,878	716,196
LIABILITIES		
Other liabilities	1,713,878	-
	1,713,878	-
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ -	\$ 716,196

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	Part-Time Firemen's Pension
ADDITIONS	
Contributions:	
Employer	\$ -
Plan members	-
Total contributions	-
Investment earnings:	
Interest	18,372
Change in the fair value of investments	(90,902)
Total investment earnings	(72,530)
Less investment expense	(6,200)
Net investment earnings	(78,730)
Total additions	(78,730)
DEDUCTIONS	
Pension payments	30,000
Administrative expenses	1,837
Total deductions	31,837
Change in net assets	(110,567)
Net assets-beginning of year	826,763
Net assets-end of year	\$ 716,196

The accompanying notes are an integral part of the financial statements

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies**

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(A) **Reporting Entity**

The reporting entity of the City includes the following services as authorized by its charter: general government, public safety (police, court and fire), streets/transportation, public works, culture and recreation and economic development. In addition, the City owns and operates four major enterprise activities: wastewater system, sanitation operations, golf course and water system.

Individual Component Unit – Blended

The Mission Royale Community Facilities District, Villago Community Facilities District, Copper Mountain Community Facilities District and Post Ranch Community Facilities District (the Districts) were formed for the purpose of acquiring or constructing public infrastructure in specified areas of the City. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes, and thus for the costs of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the District's debt. For reporting purposes, the transactions of the Districts are combined together and included as governmental type funds as if they were part of the City's operations.

No separate financial statements were prepared for the Districts.

(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. Governmental activities, which normally are 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 for 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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(B) **Government-wide and Fund Financial Statements** (continued)

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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The “doubling up” effect of internal service fund activity has been removed from the government-wide statements with the expenses shown in the various functions and segments on the Statement of Activities.

(C) **Basis of Presentation – Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the combined financial statements. The City uses the following fund types:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operation fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. City Ordinances or Federal and State Statutes specify the uses and limitations of each special revenue fund. The Special Revenue Funds presented as major funds in the basic financial statement are as follows:

Highway Users Fund, used to account for the City’s share of tax revenues that are legally restricted to the maintenance of highways within the City’s boundaries;

Systems Development Fund, used for fees collected to help defray the costs of development of general government;

Grants and Subsidies Fund, used to account for various grants;

Community Development Block Grant Fund (CDBG), used to account for intergovernmental grants, which are used to improve and develop neighborhoods by developing housing;

Self-help Technical Assistance Fund, used to account for the activity related to the Rural Development Self-Help Technical Assistance Grant;

Home/HUD Fund, used to account for intergovernmental grants used to rehabilitate owner occupied homes and to provide counseling services.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(C) **Basis of Presentation – Fund Accounting** (continued)

GOVERNMENTAL FUNDS (continued)

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for and the payment of general obligation long-term debt principal, interest and related costs. The Special Assessment Debt Service Fund is a major fund presented in the basic financial statements. This fund accounts for the receipts of revenues from special assessment districts and the payment of special assessment bonds.

Capital Project Funds - Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Capital Replacement Fund is a major fund presented in the basic financial statements. This fund is used to account for the replacement of various capital items or development of infrastructure. The Construction Sales Tax Capital account will use revenue from construction sales tax for infrastructure. The Community Facilities Districts (CFD) Capital Projects Fund accounts for capital construction activities within the CFDs.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise funds presented as major funds in the basic financial statement are as follows:

Water Fund - Used to account for water related activities.

Wastewater Fund – This fund is used to account for the activities of the sewer (wastewater) operations and maintenance.

Wastewater Development Fees Fund – Fees collected to help defray the costs of development of the wastewater system.

Sanitation Fund – This fund is used to account for the operations of the City’s trash and landfill services.

Golf Course Fund – This fund is used to account for the operations of the City’s public golf course.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items like investment income and interest expense that are not a result of the direct operations of the activity.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(C) **Basis of Presentation – Fund Accounting** (continued)

PROPRIETARY FUNDS (continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursement basis. The City has one internal services fund, Equipment Mechanics. This fund is used to account for the maintenance and operations of City owned vehicles.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee or agency capacity on behalf of others and therefore are not available to support City programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary Funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans. The City has one Pension Trust Fund to account for the activities of the part-time firemen's pension plan.

Agency Funds account for assets the City holds as an agent for individuals, private organizations, other governments or other funds in a temporary custodial capacity. The City currently maintains two agency funds, one to account for deposits received from various businesses in order to conduct business within the City, and the other to account for employee deposits into a flexible spending plan. The two agency funds are aggregated in the statements.

NON-CURRENT GOVERNMENTAL ASSETS AND LIABILITIES

Non-Current Governmental Assets and Liabilities - GASB Statement #34 eliminates the presentation of account groups in the financial statements (formerly the general fixed asset account group and the general long-term debt account group). The governmental long-term assets and liabilities continue to be maintained in a separate fund for tracking purposes, but are presented with the governmental activities in the government-wide Statement of Net Assets.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(D) **Implementation of GASB Statement No.34**

1. Governmental Accounting Standards Board Statement No. 34

In fiscal year 2002/2003 the City adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the City records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private sector financial reports. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments.

The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions and include the following sections, which were not previously included in the Comprehensive Annual Financial Statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

- a. *Management’s Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City’s financial activities in the form of “management’s discussion and analysis” (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.
- b. *Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the City’s activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Assets – The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of “using up” capital assets – in the statement of activities. The net assets of the City are broken down into three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(D) **Implementation of GASB Statement No.34** (continued)

1. Governmental Accounting Standards Board Statement No. 34 (continued)

b. *Statement of Net Assets* (continued)

Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Statement of Activities – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City’s functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

2. Governmental Accounting Standards Board Statement No. 36

The City adopted the provisions of GASB Statement No. 36, *Receipt Reporting for Certain Shared Nonexchange Revenues*. This statement amends GASB Statement No. 33 with respect to the manner in which shared nonexchange revenues are accounted for by recipient governments.

3. Governmental Accounting Standards Board Statement No. 37

The City adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*. This statement amends GASB Statement No. 34 to either 1) clarify certain provisions or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the City considered the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

4. Governmental Accounting Standards Board Statement No. 38

The City adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(D) **Implementation of GASB Statement No.34** (continued)

5. Governmental Accounting Standards Board Statement No. 40

The City adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement amends GASB Statement No. 3 and establishes more comprehensive disclosure requirements addressing common risks of the deposits and investments of state and local governments.

6. Governmental Accounting Standards Board Statement No. 44

The City adopted the provisions of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This statement amends National Council on Governmental Accounting Statement 1 and establishes and modifies requirements related to the supplementary information presented in a Statistical section in order to improve the understandability and usefulness of the information.

7. Governmental Accounting Standards Board Statement No. 50

The City adopted the provisions of GASB Statement No. 50, *Pension Disclosures*. This statement amends GASB Statements No. 25 and No. 27 and establishes more comprehensive disclosure requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

(E) **Measurement Focus and Basis of Accounting**

Different measurement focuses are applied to governmental, proprietary and fiduciary funds. The governmental fund measurement focus is on determination of financial position and changes in financial position. Governmental funds focus on the flow of resources. The proprietary and pension fund measurement focus is on determination of net income, financial position, and changes in financial position. Agency funds are custodial in nature and do not measure results of operation or have a measurement focus.

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.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are earned by June 30 and the revenue is expected to be collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

In applying the susceptible to accrual concept to intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on specific purpose of the project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(E) **Basis of Accounting** (continued)

In the other, monies are virtually unrestricted as to purpose of expenditures and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

Licenses and permits, charges for services, fines, forfeitures and miscellaneous revenues are recorded as revenues when received. Investment interest is recorded as earned since they are measurable and available. City sales tax, collected by the State of Arizona and property taxes are accrued in the accounting period they become both measurable and available.

The portion of property tax levies available on June 30, 2008, are recorded as receivable, net of allowance for uncollectibles. The balance of the tax levy not collected within 60 days after year-end are reflected as deferred revenue.

Special assessments and notes receivables are recorded as revenue as installments are received. The balances of these receivables are reflected as deferred revenue. Direct loans made through Community Development Block Grants are reflected as a reserve in fund balance.

All proprietary and pension funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

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

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(F) **Budgetary Data**

- (1) In the spring of each year, the City Manager submits to City Council an estimate of the expenditures necessary to conduct the affairs of the City for the fiscal year commencing July 1st.
- (2) The Council holds open work sessions relating to budget preparation.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(F) **Budgetary Data** (continued)

- (3) After required public hearings are held, budget for all governmental and proprietary funds (excluding internal service and pension funds) are legally enacted prior to the third Monday of July as required by Arizona Revised Statutes. The budget specifies expenditure amounts by activity.
- (4) Transfers of budgeted amounts within a department can be authorized by the Director of Finance upon the City Manager's approval unless the transfer involves a transfer from personal services. This type of budgetary transfer requires Council approval. Council approval is required for transfers of budgeted amounts from one department or fund to another. The original budget has been amended for the year ending 2007-2008.
- (5) All funds except internal service funds are subject to the comprehensive appropriated budget except as provided under state law.
- (6) Encumbrances are not used by the City. All appropriations lapse at fiscal year-end. Invoices for goods and services received on or before June 30 must be paid within 60 days of the fiscal year-end.
- (7) The budget for the City is adopted on a basis consistent with generally accepted accounting principles.
- (8) Under State statutes, there are certain annual expenditure limitations to which the City adheres.
- (9) Several supplemental appropriations were necessary during the year.
- (10) Expenditures may not legally exceed budgeted appropriations at the department level.

GASB #34 requires that budgetary comparison statements for the general fund and major special revenue funds be presented in the annual financial statements. These statements must display original budget, final budget and actual results. The City has also shown this information as supplementary schedules for other governmental funds as well as enterprise funds.

(G) **Cash and Cash Equivalents**

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

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(H) Investments

The City adheres to the Arizona Revised Statutes (A.R.S. §35-323) that governs the investment of City funds. Eligible investments include certificate of deposits in eligible depositories, interest bearing accounts in qualified banks, repurchase agreements, pooled investments by the State Treasurer, bonds of the U.S. Government that are guaranteed as to principal and interest, and bonds of the state, county, city, town or school district. All investments except for the Part-time Firemen's Pension funds are invested in the State's Local Government Investment Pool.

The State's investment pool is managed by the State Treasurer's office. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and External Investment Pools," the City records all its investments at fair value as defined in the statement. The Part-time Firemen's Pension investments are valued from quoted market prices at year-end.

(I) Inventories

Inventories for governmental and proprietary funds consist primarily of expendable supplies. Governmental funds maintain inventories using the consumption method of accounting. All inventories are valued at cost, which approximates market, using the first-in/first-out method. Physical inventories are conducted at year-end for financial statements purposes.

(J) Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Assets contributed (donated) to those funds are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt. General government infrastructure capital assets include those assets acquired or constructed since 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(J) **Capital Assets** (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the 2007-2008 fiscal year.

Depreciation of all assets is recorded and calculated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Sewer system.....	20 to 50 years
Street system	20 to 30 years
Building and facility improvements	20 years
Streetlights and traffic control devices	20 years
Other Improvements and landscaping	15 years
Vehicles.....	3 to 15 years
Equipment	5 to 10 years
Furniture and fixtures	5 to 10 years
Computers/software.....	3 years

(K) **Compensated Absences**

City employees are granted one day of vacation leave per month. Employees are entitled to accumulate vacation to a maximum allowable limit depending on the number of years of service. In the event of termination, an employee is reimbursed for the accumulated vacation leave.

Different measurement focuses for governmental and proprietary funds were considered when determining the compensated absences liability. Because the measurement focus for proprietary funds is the determination of net income, current and long-term liabilities are recorded in the accounting records. The measurement focus for governmental funds is the flow of financial resources; expenditures for vacation time are accrued as current liabilities only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

City employees with less than ten years of service are granted nonvesting sick leave. Employees with ten or more years of service will be paid the unused accrued sick leave as follows:

- 10 – 15 years of service will receive 30% up to a maximum of 128 hours
- 15 – 19 years of service will receive 40% up to a maximum of 218 hours
- 20 or more years of service will receive 50% up to a maximum of 640 hours.

Sick leave compensation is accounted for in the period in which the event takes place.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1: **Summary of Significant Accounting Policies** (continued)

(L) Long-term Obligations

A distinction is made between proprietary fund long-term liabilities and governmental long-term debt. Governmental funds' long-term obligations are recognized as a liability in the governmental funds when due and expected to be financed from expendable available financial resources. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

(M) Interfund Transactions

Interfund transactions are categorized as loans, reimbursements, interfund services provided and used or transfers. Loans between funds are reported in the balance sheet of the borrowing and lending funds as a liability and receivable, respectively. Reimbursements are expenditures or expenses of one fund but are attributable to another fund. An example of this type of transaction is when one fund purchases a supply in which another fund uses, thus reimbursing the original funds expenditure/ expense. An interfund services provided and used transaction is a revenue or expenditure/expense if the transaction involved an outside party. Utility receipts and payments are examples of transactions where the fund receiving the service records an expenditure/expense and the fund supplying the service records a revenue. Other interfund transactions are classified as transfers. Transfers usually reflect ongoing operating subsidies between funds.

(N) Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2: **Cash and Investments**

At year-end, the City had the following cash and investments:

Cash	\$ 5,080,052
Investments	126,676,729
Restricted investments	<u>9,778,298</u>
Total cash and investments	<u>\$141,535,079</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2: **Cash and Investments** (continued)

Custodial Credit Risk (continued)

The carrying amount of the City's cash in bank totaled \$5,077,168 and the bank balance was \$5,395,126. Federal Depository Insurance covered the City's deposits at June 30, 2008, to the extent of \$200,000. Deposits of \$5,195,126 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name. Casa Grande does not have a deposit policy for custodial credit risk.

Cash and cash equivalents include restricted and unrestricted amounts and are included in the financial statements as follows:

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash	\$ 4,199,435	\$ 857,368	\$ 23,249	\$ 5,080,052
Investments	96,770,260	27,506,074	2,400,395	126,676,729
Restricted investments	8,993,081	785,217	-	9,778,298
	<u>\$109,962,776</u>	<u>\$29,148,659</u>	<u>\$2,423,644</u>	<u>\$141,535,079</u>

Investments

The City's policy is to invest unrestricted cash in the Local Government Investment Pool (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 24 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years. The dollar weighted average portfolio maturity is less than 180 days. Only securities backed by the full faith and credit of the U.S. Government may be purchased for this pool. The fair value balance of the pool at June 30, 2008 was \$2,177,226,000.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments have a remaining maturity of 12 months or less. Casa Grande does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2: **Cash and Investments** (continued)

Credit Risk

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

Issuer	Investment Type	Amount	Ratings as of Year-End	
			AAA	Unrated
LGIP	State Investment Pool	\$135,638,150	\$ -	\$135,638,150
Firefighter Pension:				
American Funds	Money Market	13,097	-	13,097
Linsco	Money Market/Mut Fnds	700,215	-	700,215
Bank of New York	Money Market	1,476	-	1,476
Wells Fargo	Money Market	102,089	-	102,089
		<u>\$136,455,027</u>	<u>\$ -</u>	<u>\$136,455,027</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer are as follows:

Issuer	Investment Type	Reported Amount
LGIP	State Investment Pool	\$135,638,150
Fire Fighter Pension Plan:		
American Funds	Money Market	13,097
Linsco/Private Ledger	Money Market & Mutual Funds	700,215
Bank of New York	Money Market	1,476
Wells Fargo	Money Market	102,089
		<u>\$136,455,027</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3: **Cash with Fiscal Agent/Restricted Investments**

In November 2006, the Villago Community Facilities District issued long-term revenue obligations in which the funds received were placed with a third party trustee in an interest bearing escrow account. The purpose of the funds is to finance construction.

Fund Type	Description of Designated Capital	Balance at June 30, 2008
Capital - CFD	Infrastructure	<u>\$33,512</u>

In April 2005, the Mission Royale Community Facilities District issued long-term revenue obligations in which the funds received were placed with a third party trustee in an interest bearing escrow account. The purpose of the funds is to finance the construction of sewer line.

Fund Type	Description of Designated Capital	Balance at June 30, 2008
Capital - CFD	Sewer Line	<u>\$68,577</u>

In January 2003, the City issued long-term revenue obligations in which the funds received were placed with a third party trustee in an interest bearing escrow account. The funds are being used to finance the Wastewater Treatment Plant.

Fund Type	Description of Designated Capital	Balance at June 30, 2008
Enterprise - Wastewater	Wastewater Treatment Plant	<u>\$1,476</u>

In June 2008, the City issued a general obligation bond in the amount of \$11,000,000. A portion of the bond has been spent on infrastructure and the balance is a restricted investment.

Fund Type	Description of Designated Capital	Balance at June 30, 2008
Capital Projects	Infrastructure	\$8,890,992
Enterprise – Golf Course	Irrigation System	\$ 783,741
		<u>\$9,674,733</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4: **Receivables**

The following table summarizes the City's governmental activities receivables as of June 30, 2008:

	General	Special Revenue	Debt Service	Capital	Total
Receivables:					
Taxes	\$4,655,770	\$ 694,558	\$ -	\$ 1,441	\$5,351,769
Accounts	1,299,924	592,216	26,247	-	1,918,387
Interest	107,641	206,225	12,717	87,619	414,202
Gross Receivables	6,063,335	1,492,999	38,964	89,060	7,684,358
Less: allowance for uncollectible	(11,402)	-	-	-	(11,402)
Net total receivables	\$6,051,933	\$1,492,999	\$38,964	\$89,060	\$7,672,956

The following table summarizes the City's business-type activities receivables as of June 30, 2008

	Water	Wastewater	Wastewater Dev Fees	Sanitation	Golf Course	Total
Receivables:						
Accounts	18,367	713,480	-	861,740	856	1,594,443
Interest	-	22,831	71,391	8,655	5,482	108,359
Gross Receivables	18,367	736,311	71,391	870,395	6,338	1,702,802
Less: allowance for uncollectible	-	(668,413)	-	(807,309)	-	(1,475,722)
Net total receivables	\$18,367	\$67,898	\$71,391	\$63,086	\$6,338	\$227,080

Revenues of wastewater and sanitation are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to wastewater	\$ 127,642
Uncollectibles related to sanitation	67,761
Total uncollectibles of the current fiscal year	<u>\$ 195,403</u>

NOTE 5: **Direct Loans**

The City issues loans to provide housing for low-income families, which are funded by Community Development Block Grants from the U.S. Department of Housing and Urban Development through the Arizona Department of Commerce. These loans are paid back on a monthly basis and have varying terms and maturity dates. At June 30, 2008, there were 67 of these loans outstanding, totaling \$564,128.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6: **Property Taxes**

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

The primary tax levy is limited to a 2% increase over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year. The primary levy is further limited in that the primary tax from all jurisdictions may not exceed 1% of the homeowner's market value of the home. Secondary taxes are levied to retire voter approved general obligation bonds.

The City's 2007-2008 maximum primary levy limit was \$2,926,370. The primary tax levy was \$2,206,034. The City did not have a secondary tax levy.

Using the modified accrual basis of accounting, property tax revenue is recognized when it becomes both measurable and available to finance expenditures as of June 30, and expected to be collected within 60 days after year-end. Available means taxes due or past due at the end of the fiscal year. Deferred revenue includes the balance of the property tax levy that does not meet the accrual criteria. Property tax receivable and deferred revenue at June 30, 2008, are \$36,464 and \$57,185 respectively.

NOTE 7: **Capital Assets**

A summary of business-type activities property, plant and equipment at June 30, 2008 follows:

	Balance 6/30/07	Additions & Adjustments	Disposals & Adjustments	Balance 6/30/08
Capital assets not being depreciated:				
Land	\$ 283,000	\$ 3,450,683	\$ -	\$ 3,733,683
Capital assets being depreciated:				
Building & Improvements	50,747,516	3,462,561	-	54,210,077
Machinery & Equipment	8,509,402	45,214	(2,436,487)	6,118,129
Total Capital Assets	59,539,918	6,958,458	(2,436,487)	64,061,889
Less: accumulated depreciation	(15,151,801)	(2,207,610)	2,242,302	(15,117,109)
Net Capital Assets	\$44,388,117	\$4,750,848	\$(194,185)	\$48,944,780

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7: **Capital Assets** (continued)

Business-type capital assets changes in Accumulated Depreciation by class:

	Balance June 30, 2007	Additions	Disposals	Balance June 30, 2008
Buildings	\$ 108,090	\$ 3,142	\$ -	\$ 111,232
Improvements	10,443,455	1,537,770	-	11,981,225
Machinery & equipment	4,600,256	666,698	(2,242,302)	3,024,652
Total Accumulated Depreciation	\$15,151,801	\$2,207,610	\$(2,242,302)	\$15,117,109

A summary of changes in governmental activities capital assets follows:

	Balance June 30, 2007	Adjustments & Additions	Adjustments & Disposals	Balance June 30, 2008
Capital assets not being depreciated:				
Land & construction in progress	\$ 9,979,192	\$ 6,855,685	\$(3,746,123)	\$13,088,754
Capital assets being depreciated:				
Buildings	14,459,417	3,350,504	-	17,809,921
Improvements	153,686,719	19,959,417	-	173,646,136
Heavy machinery & equipment	1,430,671	519,715	(214,158)	1,736,228
Operational equipment	5,876,116	798,584	(33,629)	6,641,071
Vehicles	6,779,610	3,826,024	(224,934)	10,380,700
Total General Capital Assets	\$192,211,725	\$35,309,929	\$(4,218,844)	\$223,302,810

Less Accumulated Depreciation for:

Buildings	\$ 5,734,941	\$ 727,596	\$ -	\$ 6,462,537
Improvements	43,528,039	7,385,220	-	50,913,259
Heavy machinery & equipment	968,149	461,712	(247,190)	1,182,671
Operational equipment	4,172,701	135,835	-	4,308,536
Vehicles	3,775,068	759,559	(182,487)	4,352,140
Total Accumulated Depreciation	58,178,898	9,469,922	(429,677)	67,219,143
Total General Capital Assets	\$134,032,827	\$25,840,007	\$(3,789,167)	\$156,083,667

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7: **Capital Assets** (continued)

The City had additions to contributed capital assets during the fiscal year 2007-2008. The Governmental Activities Capital Assets include a total of \$23,174,271 in contributed capital assets received in fiscal year 2007-2008.

Depreciation Expense was charged to the functions/programs of the government as follows:

Governmental Activities:

General Government	\$ 252,513
Public Safety	855,318
Streets/Transportation	7,008,387
Public Works	56,249
Culture and Recreation	551,282
Economic Development	725,132
Internal Service	<u>21,041</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$9,469,922</u></u>

Business-type Activities:

Water	\$ 44,540
Wastewater	1,690,424
Sanitation	426,420
Golf Course	<u>46,226</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$2,207,610</u></u>

NOTE 8: **Retirement and Pension Plans**

All full-time City employees are covered by one of two contributory retirement and pension plans, which are administered by the State of Arizona under State Statute. Part-time firefighters participate in the Casa Grande Part-time Firemen's Pension Plan. The following summarizes each plan.

(A) **Arizona State Retirement Plan**

Plan Description. The Arizona State Retirement System (ASRS) administers a cost sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS issues a publicly available report that includes financial statements and required supplementary information. The report may be obtained in writing at ASRS, 3300 N. Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling 602-240-2200 or 1-800-621-3778.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8: **Retirement and Pension Plans** (continued)

(A) Arizona State Retirement Plan (continued)

Funding Policy. The Arizona State Legislature has the authority to establish and amend benefits provisions and contributions for active plan members. For the year ended June 30, 2008, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2008, 2007 and 2006 were \$1,142,516, \$976,996 and \$717,228, respectively, which were equal to the required contributions for those years. Prior year's rates are 9.1% for 2007 and 7.4% for 2006.

(B) Arizona Public Safety Personnel Retirement System

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

Funding Policy - The Arizona State Legislature has the authority to establish and amend benefits provisions and contributions for active plan members. For the year ended June 30, 2007 active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 20.98 percent and 19.44 percent for covered payroll totaling \$4,264,393 and \$2,918,183 to the plan for police and fire respectively. The City contributed the required amount.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8: **Retirement and Pension Plans** (continued)

(B) **Arizona Public Safety Personnel Retirement System** (continued)

Annual Pension Cost - The City's pension cost for the year ended June 30, 2007, the date of the most recent actuarial valuation, and related information follow.

Contribution rates:	PSPRS - Police	PSPRS - Fire
City	20.98%	19.44%
Plan members	7.65%	7.65%
Annual pension cost	572,490	342,549
Contributions made	572,490	342,549
Actuarial valuation date	June 30, 2007	June 30, 2007
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.5% - 8.5%	5.5% - 8.5%
Includes inflation at cost-of-living adjustments	5.0%	5.0%
Amortization method	Level Percentage Open	Level Percentage Open
Remaining amortization period from 7/1/00	Open 20 Years	Open 20 Years
Asset valuation method	Smoothed Market	Smoothed Market
Post retirement benefit increases	Based on Inv. Income	Based on Inv. Income

Trend Information - Information of the PSPRS plan as of the most recent actuarial valuation follows:

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
PSPRS - Police	2007	\$572,490	100%	-
	2006	534,794	100%	-
	2005	397,049	100%	-
PSPRS - Fire	2007	\$342,549	100%	-
	2006	303,654	100%	-
	2005	253,646	100%	-

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8: **Retirement and Pension Plans** (continued)

(B) Arizona Public Safety Personnel Retirement System (continued)

Required Supplementary Information (unaudited)

Schedule of Funding progress - An analysis of funding progress for each of the plans as of the most recent actuarial valuations, June 30, 2007, follows:

PSPRS - Police

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
6/30/07	\$13,287,359	\$22,057,218	\$8,769,859	60.2%	\$4,264,393	205.7%
6/30/06	13,392,641	19,728,857	6,336,216	67.9%	3,739,428	169.4%
6/30/05	13,126,047	18,198,459	5,072,412	72.1%	3,481,906	145.7%

PSPRS – Fire

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
6/30/07	\$7,581,685	\$12,800,685	\$5,219,000	59.2%	\$2,918,183	178.8%
6/30/06	7,751,453	11,192,351	3,440,898	69.3%	2,544,227	135.2%
6/30/05	7,585,122	10,213,654	2,628,532	74.3%	2,231,531	117.8%

(C) Casa Grande Part-time Firemen's Pension Plan

The Casa Grande Part-time Firemen's Pension Plan is a single-employer defined contribution plan, which was approved by the City Council on August 21, 1989, under Arizona Revised Statutes Section 9-981. The authority to establish and amend benefit provisions rests with the City Council. In December 1999, the council revised the pension and benefit program for the part-time firefighters.

The City discontinued using part-time firefighters as of December 31, 2005.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8: **Retirement and Pension Plans** (continued)

(C) Casa Grande Part-time Firemen's Pension Plan (continued)

The assets of the plan are valued annually and the earnings or loss is distributed among the participant's accounts in the plan. The only expenditures being made from this fund are administration fees, retirement payments, and refunds to those firefighters who leave the service of the Fire Department before becoming eligible for pension benefits. The cost of administering the plan is financed from investment earnings. Retirement with full benefits can be at age fifty-five (55) or twenty years of credited service. This plan was fully vested as of June 30, 2005. As of June 30, 2008, there were 15 eligible employees participating in the plan. The plan is administered by The Innes Associates.

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

Cash	\$ 2,884
Money Market Funds	13,097
Mutual Funds	<u>700,215</u>
Total Assets	<u><u>\$716,196</u></u>

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

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

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9: Risk Management

The City is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's liability risks are covered through membership in the Arizona Municipal Risk Retention Pool. The City is responsible for the first \$10,000 of all insured claims inclusive of all loss adjustment expenses. Settled claims from these risks have not exceeded insurance coverage for the past five years. The City has \$2 million general liability coverage with \$10,000 deductible and a \$10 million umbrella liability policy.

The City continues to carry commercial insurance for all other risks of loss, including workers' compensation, employee health and accident, airport activities and fuel use bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

NOTE 10: Capital Leases

Leases at June 30, 2008, included the following:

Governmental activities:

Lease with option to purchase Public Works Facility. Quarterly installments of \$74,375 including interest of 4.887%, due through May 9, 2020.	\$2,690,020
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Lease with option to purchase 2 fuel trucks (\$32,383 Airport) and 1 street sweeper (\$37,365 Streets). Quarterly installments of \$8,189 including interest of 4.461%, due through August 20, 2010.	69,748
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Lease with option to purchase Airport T-hangers. Quarterly installments of \$22,944 including interest of 5.081%, due through August 20, 2013.	<u>420,588</u>
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Total Governmental Activities Capital Lease Obligation	<u>\$3,180,356</u>
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Business-Type Activities:

Sanitation:

Lease with option to purchase Tractor and Compactor. Quarterly installments of \$24,795, including interest at 3.685%, due through September 3, 2009.	\$120,619
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Lease with option to purchase a garbage truck. Quarterly installments of \$6,868, including interest at 4.461%, due through August 20, 2010.	<u>58,503</u>
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Total Business-type Activities Capital Lease Obligation	<u>179,122</u>
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Total Long-Term Lease Payable	<u>\$3,359,478</u>
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(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 10: **Capital Leases** (continued)

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities	Business-type Activities	Total
2009	\$ 422,031	\$ 126,651	\$ 548,682
2010	422,032	52,267	474,299
2011	397,466	6,869	404,335
2012	389,278	-	389,278
2013	389,278	-	389,278
2014-2018	1,510,448	-	1,510,448
2019-2020	595,002	-	595,002
<hr/>			
Total minimum lease payments	4,125,535	185,787	4,311,322
Less: amount representing interest	(945,179)	(6,665)	(951,844)
Present value of future minimum lease payments	3,180,356	179,122	3,359,478
Less: current portion	(271,195)	(121,333)	(392,528)
Noncurrent portion	<u>\$2,909,161</u>	<u>\$ 57,789</u>	<u>\$2,966,950</u>

Leased Capital Assets

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

	Cost	Accumulated Depreciation	Net Balance
Building and Improvements:			
Governmental Activities Assets	\$4,016,939	\$(327,594)	\$3,689,345
Total Building and Improvement	<u>4,016,939</u>	<u>(327,594)</u>	<u>3,689,345</u>
Machinery and Equipment			
Governmental Activities Assets	201,169	(108,390)	92,779
Business-type Activities Assets:			
Sanitation	743,265	(338,814)	404,451
Total Machinery and Equipment	<u>944,434</u>	<u>(447,204)</u>	<u>497,230</u>
Total Leased Capital Assets	<u>\$4,961,373</u>	<u>\$(774,798)</u>	<u>\$4,186,575</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11: **Bond Debt**

A summary of long-term bond debt transactions for the year ended June 30, 2008, follows:

	Balance July 1, 2007	Issued	Retired	Balance June 30, 2008
Governmental Activities				
General obligation bonds	\$1,790,000	\$9,000,000	\$ (15,000)	\$10,775,000
Special assessment bonds	370,000	-	(115,000)	255,000
Total Bonds Outstanding	<u>\$2,160,000</u>	<u>\$9,000,000</u>	<u>\$(130,000)</u>	<u>\$11,030,000</u>
Business-type Activities				
General obligation bonds	-	\$2,000,000	-	\$2,000,000
Total Bonds Outstanding	<u>-</u>	<u>\$2,000,000</u>	<u>-</u>	<u>\$2,000,000</u>

Summarization of the long-term bond debt payable at June 30, 2008, follows:

Bond Description	Original Issue Amount	Amount of Installment	Interest Rate	Date of Final Payment	Balance June 30, 2008
General obligation	\$12,790,000	\$10,000 – 2,170,000	3.50% - 5.80%	07/15/32	\$12,775,000
Special Assessment: ID #38	1,030,000	75,000 - 130,000	5.40%	01/01/10	255,000
Total Bonds Outstanding					<u>\$13,030,000</u>

The following table summarizes the City's future bond debt service requirements as of June 30, 2008:

Year Ending June 30,	Governmental Activities				Business-type Activities			
	General Obligation Bonds (1) (3)		Special Assessment Fund (2)		General Obligation Bonds (3)		Total	
	Bonds	Interest	Bonds	Interest	Bonds	Interest	Bonds	Interest
2009	\$ 10,000	\$300,055	\$125,000	\$13,770	-	\$ 45,152	\$ 135,000	\$ 358,977
2010	1,820,451	412,723	130,000	7,020	394,549	70,500	2,345,000	490,243
2011	1,052,270	361,702	-	-	222,730	59,697	1,275,000	421,399
2012	561,363	332,673	-	-	113,637	53,811	675,000	386,484
2013	250,454	317,677	-	-	44,546	51,043	295,000	368,720
2014-2018	1,558,634	1,414,959	-	-	276,366	226,405	1,835,000	1,641,364
2019-2023	2,577,267	970,241	-	-	482,733	148,813	3,060,000	1,119,054
2024-2028	2,624,561	328,484	-	-	465,439	39,839	3,090,000	368,323
2029-2032	320,000	49,807	-	-	-	-	320,000	49,807
	<u>\$10,775,000</u>	<u>\$4,488,321</u>	<u>\$255,000</u>	<u>\$20,790</u>	<u>\$2,000,000</u>	<u>\$695,260</u>	<u>\$13,030,000</u>	<u>\$5,204,371</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11: **Bond Debt** (continued)

1) Community Facilities Districts (CFDs), special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the City, are authorized under state law to issue General Obligation (GO) bonds to be repaid by property taxes levied on property within the district. CFDs are created by petition to the City Council by property owners within the area to be covered by the district and debt may be issued only after approval of the voters within the district.

In April 2005 the Mission Royale Community Facilities District issued \$1,335,000 of General Obligation bonds to finance the construction of a sewer line. These bonds will be repaid by the property owners within Mission Royale CFD. The bonds are obligations of the district only. The City has no obligation for the debt other than administration of the collection of property taxes and payment of the debt service on behalf of Mission Royale. Principal payments on the bond begin in July, 2009.

In November 2006 the Villago Community Facilities District issued \$455,000 of General Obligation bonds to finance construction. These bonds will be repaid by the property owners within Villago CFD. The bonds are obligations of the district only. The City has no obligation for the debt other than administration of the collection of property taxes and payment of the debt service on behalf of Villago. Principal payments on the bond began in July, 2007.

2) The Special Assessment Bonds are secured and payable from special assessments levied against the real property benefited by said improvements. If the assessments are not paid, the properties subject to such assessments are sold at auction. If there is no purchaser for any property offered for sale, the City will get ownership of the property subject to any tax liens and will be liable for the remaining debt. The City Council is required to appropriate from the General Fund of the City the amount of the total unpaid assessments or the amount of each semiannual assessment until the total debt is paid.

3) In June 2008 the City issued \$11,000,000 of General Obligation bond debt to finance golf course improvements of \$2,000,000, recreation center improvements of \$1,500,000, construction of a new public safety building of \$2,000,000, new fire station of \$2,500,000 and new library of \$3,000,000. The 20-year bond has interest rates ranging from 3.50% to 4.25%. Principal payments ranging from \$2,170,000 to \$675,000 are paid annually with interest paid semiannually on July 1 and January 1.

NOTE 12: **Excise Tax Revenue Obligations**

In October 1997, the City issued \$3,590,000 of Excise Tax Revenue Obligations Series 1997 to finance the restoration of a 1921 vintage school building for use as a new City Hall. The 20-year revenue obligations have interest rates that range from 4.80 to 6.00 percent. Principal payments ranging from \$110,000 to \$290,000 are paid annually with interest paid semiannually on April 1, and October 1.

In April 1999, the City issued \$5,000,000 of Excise Tax Revenue Obligations Series 1999 to finance the acquisition, construction and equipping of two public recreational complexes and improvements to existing recreational facilities. The 15-year revenue obligations have interest rates that range from 4.40 to 4.80 percent. Principal payments ranging from \$200,000 to \$410,000 are paid annually with interest paid semiannually on April 1, and October 1.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 12: **Excise Tax Revenue Obligations** (continued)

On December 1, 2003, the City issued \$18,120,000 of Excise Tax Revenue Obligations Series 2003. The 20-year revenue obligations have interest rates that range from 2.00 to 5.00 percent. Principal payments ranging from \$780,000 to \$1,600,000 are paid annually on April 1. \$9,300,000 was used to finance the construction of a wastewater treatment plant. \$8,820,000 was used to advance refund \$4,560,000 of Series 1994 and \$3,830,000 of Series 1995 Excise Tax Revenue Obligations with interest rates ranging from 4.35 to 6.00 and 5.00 to 6.20 percent, respectively.

The 1997, 1999, and 2003 revenue obligations are secured by a pledge of and first lien on all excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, fees for licenses and permits and state revenue sharing which the City presently or in the future validly imposes or receives from other entities.

The following table summarizes the City's future revenue obligation debt service requirements as of June 30, 2008:

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	543,900	292,501	551,100	618,896	1,095,000	911,397
2010	565,530	267,979	569,470	602,363	1,135,000	870,342
2011	596,753	242,676	583,248	583,856	1,180,001	826,532
2012	623,790	215,466	606,210	561,984	1,230,000	777,450
2013	650,828	187,019	629,173	539,251	1,280,001	726,270
2014-2018	2,660,761	457,483	4,629,241	2,282,197	7,290,002	2,739,680
2019-2022	557,656	69,518	6,287,160	783,482	6,844,816	853,000
	<u>\$6,199,218</u>	<u>\$1,732,642</u>	<u>\$13,855,602</u>	<u>\$5,972,029</u>	<u>\$20,054,820</u>	<u>\$7,704,671</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13: Changes in Long-Term Obligations

	Balance	Obligations	Obligations	Balance	Amounts
Governmental Activities:	July 1, 2007	Incurred	Paid	June 30, 2008	Due Within One Year
Compensated absences	\$ 763,892	\$ 964,369	\$ (847,908)	\$ 880,353	\$ 880,353
Bonds payable	2,160,000	9,000,000	(130,000)	11,030,000	135,000
Excise tax revenue obligations	6,721,488	-	(522,270)	6,199,218	543,900
Capital leases	3,754,188	-	(573,831)	3,180,357	271,195
Total Governmental Activities	<u>\$13,399,568</u>	<u>\$9,964,369</u>	<u>\$(2,074,009)</u>	<u>\$21,289,928</u>	<u>\$1,830,448</u>

	Balance	Additions	Reductions	Balance	Amounts
Business-type Activities:	July 1, 2007			June 30, 2008	Due Within One Year
Compensated absences	\$ 91,427	\$ 141,216	\$(120,400)	\$ 112,243	\$112,243
Bond payable	-	2,000,000	-	2,000,000	-
Capital leases	295,899	-	(116,776)	179,123	121,333
Excise tax revenue obligations	14,388,332	-	(532,730)	13,855,602	551,100
Notes payable (1)	158,520	-	(9,877)	148,643	10,216
Total Business-type Activities	<u>\$14,934,178</u>	<u>\$2,141,216</u>	<u>\$(779,783)</u>	<u>\$16,295,611</u>	<u>\$794,892</u>

(1) In January, 2002 the Water Fund received financing from the Water Infrastructure Finance Authority of Arizona. The note is paid semi-annually until July 2019 with an interest rate of 3.437%.

Long-term compensated absences of governmental activities are expected to be liquidated by the operating funds (primarily the General Fund) as they become due.

NOTE 14: Long-Term Debt

The following summarizes the annual debt service requirements to maturity for all long-term debt excluding compensated absences, including interest of \$13,900,177.

Year Ending June 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	Principal
2009	950,095	757,163	682,649	679,617	1,632,744
2010	2,800,674	825,062	1,025,583	679,979	3,826,257
2011	1,923,047	727,822	823,701	647,836	2,746,747
2012	1,464,460	658,110	731,153	619,620	2,195,613
2013	1,194,645	600,610	685,414	593,723	1,880,059
2014-2018	5,433,547	2,168,738	4,970,395	2,519,326	10,403,942
2019-2023	3,698,546	1,071,136	6,799,034	933,305	10,497,580
2024-2028	2,624,561	328,484	465,439	39,839	3,090,000
2029-2032	320,000	49,807	-	-	320,000
	<u>\$20,409,574</u>	<u>\$7,186,932</u>	<u>\$16,183,368</u>	<u>\$6,713,245</u>	<u>\$36,592,942</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15: Landfill Closure and Postclosure Care Costs

The U.S. Environmental Protection Agency and the Arizona Department of Environmental Quality require municipal solid waste landfill (MSWLF) owners and operators to provide for landfill closure and postclosure care costs. The City of Casa Grande owns and operates one landfill. Closure and postclosure care costs include cost of equipment expected to be installed and facilities expected to be constructed, cost of final cover and cost of monitoring and maintaining the expected useable MSWLF area. These costs are expected to be paid near or after the date that the MSWLF stops accepting solid waste and during the postclosure period. The Environmental Protection Agency has established the postclosure period to be 30 years. Closure and postclosure care costs are recognized in the current period based on landfill capacity used to date. On June 30, 2008 the City has reported a \$1,779,961 landfill closure and postclosure care liability that represents the total current cost based on 41 percent of estimated capacity of the landfill.

The remaining cost of \$2,552,777 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 22 years, which will be through the year 2030. Total closure and postclosure costs are based on current costs, and are reevaluated annually for changes in inflation or deflation, technology, and applicable laws or regulations. The 2008 valuation of the total closure and postclosure costs were estimated to be \$4,332,738.

NOTE 16: Summary of Interfund Transactions

Interfund transactions as of June 30, 2008, were as follows:
 Interfund Receivable/Payable:

Fund	Receivable Amount	Payable Amount
General	\$441,000	\$ -
Special Revenue Fund:		
Self-help Technical Asst.	-	71,000
Home/HUD	-	370,000
Total	\$441,000	\$441,000

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 16: **Summary of Interfund Transactions** (continued)

The interfund balances at June 30, 2008 are short-term loans to cover temporary cash deficits in various funds.

Transfers:

Fund	Transfers Out	Transfers In
Governmental Funds:		
General	\$3,668,613	\$1,994,677
Highway Users	846,077	-
Grants	-	500,731
System Development	1,708,872	-
Capital Replacement	500,000	5,231,572
CFD Capital Projects	727,077	50,000
Other Non-major Governmental	<u>33,200</u>	<u>325,000</u>
Total Governmental Funds	<u>7,483,839</u>	<u>8,101,980</u>
Enterprise Funds:		
Water	21,900	-
Golf Course	105,300	300,000
Wastewater	237,541	-
Sanitation	961,200	500,000
Total Enterprise Funds	<u>1,325,941</u>	<u>800,000</u>
Internal Service Fund	<u>92,200</u>	-
Grand Totals	<u><u>\$8,901,980</u></u>	<u><u>\$8,901,980</u></u>

There were no significant transfers during fiscal year 2008 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

Note 17: **Deficit in Net Assets**

The Grants and Subsidies fund has a deficit of (\$20,836) in net assets because \$251,831 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue. Two Housing Funds have deficits in net assets. The Home/HUD fund has a deficit of (\$279,097) because \$279,097 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue. The Self-help Technical Assistance fund has a deficit of (\$76,188) because \$82,731 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue.



COMBINING STATEMENTS

City of Casa Grande, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
ASSETS						
Cash	\$ 10,596	\$ 10,243	\$ 1,975	\$ 11,845	\$ 9,088	\$ 12,376
Investments	277,355	773,525	281	2,249,332	175,077	414,655
Receivables (less allowance for uncollectibles)	20,809	445	1	16,614	25,873	1,602
Due from other governments	-	-	-	-	-	-
Fuel Inventory	76,619	-	-	-	-	-
Total assets	\$ 385,379	\$ 784,213	\$ 2,257	\$ 2,277,791	\$ 210,038	\$ 428,633
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	125,297	\$ 12,746	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	4,095	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	129,392	12,746	-	-	-	-
Fund balances:						
Reserved for:						
Special revenue	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	255,987	771,467	2,257	2,277,791	210,038	428,633
Capital projects funds	-	-	-	-	-	-
Total fund balances	255,987	771,467	2,257	2,277,791	210,038	428,633
Total liabilities and fund balance	\$ 385,379	\$ 784,213	\$ 2,257	\$ 2,277,791	\$ 210,038	\$ 428,633

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Public Safety Programs	Redevelopment	Recreation	Recreation Improvement	Airport Improvement	
\$ 76,539	\$ 17,152	\$ 17,691	\$ 10,792	\$ 1,156	\$ 115,891	\$ 295,344
88,929	13,919	-	2,424,276	-	-	6,417,349
326	94	-	8,142	-	-	73,906
-	-	-	155,773	-	132,225	287,998
-	-	-	-	-	-	76,619
\$ 165,794	\$ 31,165	\$ 17,691	\$ 2,598,983	\$ 1,156	\$ 248,116	\$ 7,151,216
\$ -	\$ 2,716	\$ -	\$ -	\$ -	95,933	\$ 236,692
-	-	-	-	-	-	4,095
-	-	-	-	-	75,933	75,933
-	2,716	-	-	-	171,866	316,720
-	28,449	-	-	-	-	28,449
-	-	17,691	2,598,983	-	-	2,616,674
165,794	-	-	-	-	-	4,111,967
-	-	-	-	1,156	76,250	77,406
165,794	28,449	17,691	2,598,983	1,156	76,250	6,834,496
\$ 165,794	\$ 31,165	\$ 17,691	\$ 2,598,983	\$ 1,156	\$ 248,116	\$ 7,151,216

City of Casa Grande, Arizona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
REVENUES						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ 403,748	\$ -	\$ -
Sales Tax	-	-	-	-	166,442	-
Intergovernmental revenues	-	-	-	-	-	8,722
Charges for services	-	-	-	-	-	61,976
Investment earnings	7,129	4,295	238	68,981	3,403	12,865
Rental and sale of city property	1,344,505	34,861	-	6,890	-	-
Miscellaneous	2,706	130,486	-	-	-	-
Total revenues	1,354,340	169,642	238	479,619	169,845	83,563
EXPENDITURES						
Current:						
General government	1,311,226	-	-	-	100,000	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	41,259	567	-	-	-
Economic development	-	-	-	59,343	-	-
Capital outlay	-	90,095	15,000	78,317	-	-
Debt Service:						
Principal	81,612	-	-	-	-	-
Interest and fiscal charges	25,372	-	-	-	-	-
Total expenditures	1,418,210	131,354	15,567	137,660	100,000	-
Excess (deficiency) of revenues over (under) expenditures	(63,870)	38,288	(15,329)	341,959	69,845	83,563
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	5,000	-	-	-
Transfers out	(33,200)	-	-	-	-	-
Sale of land	-	578,989	-	-	-	-
Total other financing sources and uses	(33,200)	578,989	5,000	-	-	-
Net change in fund balances	(97,070)	617,277	(10,329)	341,959	69,845	83,563
Fund balances - beginning of year	353,057	154,190	12,586	1,935,832	140,193	345,070
Fund balances - end of year	\$ 255,987	\$ 771,467	\$ 2,257	\$ 2,277,791	\$ 210,038	\$ 428,633

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Public Safety Programs	Redevelopment	Recreation	Recreation Improvement	Airport Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,748
-	-	-	956,265	-	-	1,122,707
155,516	-	-	-	-	1,545,759	1,709,997
17,564	-	-	-	-	-	79,540
2,916	835	-	68,972	-	-	169,634
-	-	-	-	-	-	1,386,256
2,130	35,428	-	-	-	-	170,750
178,126	36,263	-	1,025,237	-	1,545,759	5,042,632
-	-	-	-	-	-	1,411,226
-	39,134	-	-	-	-	39,134
-	-	-	-	-	-	41,826
6,214	-	2,700	-	-	9,525	77,782
-	-	-	-	-	1,506,924	1,690,336
-	-	185,000	290,000	-	-	556,612
-	-	118,326	144,621	-	-	288,319
6,214	39,134	306,026	434,621	-	1,516,449	4,105,235
171,912	(2,871)	(306,026)	590,616	-	29,310	937,397
-	-	320,000	-	-	-	325,000
-	-	-	-	-	-	(33,200)
-	-	-	-	-	-	578,989
-	-	320,000	-	-	-	870,789
171,912	(2,871)	13,974	590,616	-	29,310	1,808,186
(6,118)	31,320	3,717	2,008,367	1,156	46,940	5,026,310
\$ 165,794	\$ 28,449	\$ 17,691	\$ 2,598,983	\$ 1,156	\$ 76,250	\$ 6,834,496

City of Casa Grande, Arizona
Combining Statement of Fiduciary Net Assets
All Agency Funds
June 30, 2008

	Performance Bond Fund	Flexible Spending Plan Fund	Total
ASSETS			
Cash	\$ -	\$ 20,365	\$ 20,365
Interest receivable	6,430	-	6,430
Investments, at fair value	1,687,083	-	1,687,083
Total assets	1,693,513	20,365	1,713,878
LIABILITIES			
Other liabilities	1,693,513	20,365	1,713,878
Total liabilities	1,693,513	20,365	1,713,878
NET ASSETS			
Held in trust for other purposes	\$ -	\$ -	\$ -

City of Casa Grande, Arizona
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Performance Bond Fund				
Assets:				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	526,434	1,160,649	-	1,687,083
Interest Receivable	3,662	2,768	-	6,430
Total Assets	<u>530,096</u>	<u>1,163,417</u>	<u>-</u>	<u>1,693,513</u>
Liabilities:				
Other Liabilities	519,355	1,118,577	-	1,637,932
Accounts Payable	10,741	44,840	-	55,581
Total Liabilities	<u>530,096</u>	<u>1,163,417</u>	<u>-</u>	<u>1,693,513</u>
Flexible Spending Plan Fund				
Assets:				
Cash	19,445	61,200	(60,280)	20,365
Total Assets	<u>19,445</u>	<u>61,200</u>	<u>(60,280)</u>	<u>20,365</u>
Liabilities:				
Other Liabilities	19,445	920	-	20,365
Total Liabilities	<u>19,445</u>	<u>920</u>	<u>-</u>	<u>20,365</u>
Totals - All Agency Funds				
Assets:				
Cash	19,445	61,200	(60,280)	20,365
Investments	526,434	1,160,649	-	1,687,083
Interest Receivable	3,662	2,768	-	6,430
Total Assets	<u>549,541</u>	<u>1,224,617</u>	<u>(60,280)</u>	<u>1,713,878</u>
Liabilities:				
Other Liabilities	538,800	1,119,497	-	1,658,297
Accounts Payable	10,741	44,840	-	55,581
Total Liabilities	<u>\$ 549,541</u>	<u>\$ 1,164,337</u>	<u>\$ -</u>	<u>\$ 1,713,878</u>

City of Casa Grande, Arizona
General Fund
Schedule of Expenditures - Legal Level Budget Compliance
For the Year Ended June 30, 2008

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
General Government				
Mayor and Council				
Personal services	\$ 155,400	\$ 155,400	\$ 144,052	\$ 11,348
Other expenditures	3,854,900	2,728,300	1,301,782	1,426,518
City Manager				
Personal services	610,400	610,400	572,085	38,315
Other expenditures	28,900	28,900	13,937	14,963
Attorney				
Personal services	541,700	541,700	495,519	46,181
Other expenditures	45,300	45,300	36,669	8,631
Clerk				
Personal services	253,800	285,800	285,697	103
Other expenditures	90,300	58,300	46,144	12,156
Finance				
Personal services	1,058,000	1,048,900	736,324	312,576
Other expenditures	157,900	160,400	160,361	39
Information Technology				
Personal services	711,200	554,200	553,215	985
Other expenditures	726,700	890,300	890,264	36
Administrative Services				
Personal services	599,200	599,200	533,540	65,660
Other expenditures	1,057,200	1,057,200	895,546	161,654
Public Safety				
Police				
Personal services	9,683,800	9,575,200	9,247,494	327,706
Other expenditures	1,308,800	1,417,400	1,417,354	46
Fire				
Personal services	5,051,500	5,051,500	4,666,768	384,732
Other expenditures	963,800	963,800	742,789	221,011
Court				
Personal services	414,400	414,400	353,063	61,337
Other expenditures	79,700	79,700	75,682	4,018
Animal Control				
Personal services	213,900	213,900	189,678	24,222
Other expenditures	70,500	70,500	62,865	7,635
Public Works				
Personal services	1,402,500	1,402,500	1,057,378	345,122
Other expenditures	935,400	940,000	627,321	312,679
Culture and Recreation				
Personal services	3,403,600	3,403,600	2,734,192	669,408
Other expenditures	1,926,100	1,926,100	1,795,516	130,584
Planning and Economic Development				
Personal services	2,179,200	1,884,200	1,822,452	61,748
Other expenditures	346,700	641,700	638,839	2,861
Capital Outlay	3,609,700	3,019,900	630,453	2,389,447
Debt service	194,300	779,500	616,843	162,657
Total expenditures	\$ 41,674,800	\$ 40,548,200	\$ 33,343,822	\$ 7,204,378



OTHER SUPPLEMENTARY INFORMATION

City of Casa Grande, Arizona
Special Assessments Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 140,200	\$ 140,200	\$ 29,691	\$ (110,509)
Investment earnings	2,000	2,000	39,187	37,187
Total revenues	142,200	142,200	68,878	(73,322)
EXPENDITURES				
Current:				
Contractual services	7,200	7,200	1,594	5,606
Debt Service				
Principal retirement	115,000	115,000	115,000	-
Interest	20,000	20,000	19,980	20
Total expenditures	142,200	142,200	136,574	5,626
Excess (deficiency) of revenues over (under) expenditures	-	-	(67,696)	(67,696)
Fund balance - beginning of year	-	-	1,187,870	1,187,870
Fund balance - end of year	\$ -	\$ -	\$ 1,120,174	\$ 1,120,174

City of Casa Grande, Arizona
Capital Replacement/Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	170,000	\$ 170,000	\$ 461,911	\$ 291,911
Construction sales tax	2,000,000	2,000,000	6,098,330	4,098,330
Total revenues	2,170,000	2,170,000	6,560,241	4,390,241
EXPENDITURES				
Materials and supplies	75,700	75,700	719	74,981
Bond issuance costs	-	150,800	150,721	79
Capital outlay	35,510,000	34,671,200	2,452,081	32,219,119
Total expenditures	35,585,700	34,897,700	2,603,521	32,294,179
Excess (deficiency) of revenues over (under) expenditures	(33,415,700)	(32,727,700)	3,956,720	36,684,420
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(500,000)	(500,000)	-
Transfers in	3,897,700	3,897,700	5,231,572	1,333,872
Bond premium	-	-	120,500	120,500
Proceeds from obligations	29,518,000	29,518,000	9,000,020	(20,517,980)
Total other financing sources and uses	33,415,700	32,915,700	13,852,092	(19,063,608)
Net change in fund balance	-	188,000	17,808,812	17,620,812
Fund balance - beginning of year	-	(188,000)	10,653,867	10,841,867
Fund balance - end of year	\$ -	\$ -	\$ 28,462,679	\$ 28,462,679

City of Casa Grande, Arizona
Community Facilities Districts - Capital Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Tax	\$ 308,000	\$ 308,000	\$ 146,782	\$ (161,218)
Sewer Capacity Fees	-	-	93,592	93,592
Investment Earnings	-	-	1,940	1,940
Total revenues	<u>308,000</u>	<u>308,000</u>	<u>242,314</u>	<u>(65,686)</u>
EXPENDITURES				
Contractual services	33,000	33,000	23,238	9,762
Capital outlay	70,000,000	39,272,000	-	39,272,000
Debt Service	275,000	275,000	116,131	158,869
Total expenditures	<u>70,308,000</u>	<u>39,580,000</u>	<u>139,369</u>	<u>39,440,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,000,000)</u>	<u>(39,272,000)</u>	<u>102,945</u>	<u>39,374,945</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	50,000	50,000
Transfers out		(728,000)	(727,077)	923
Bond issuance	40,000,000	40,000,000	-	(40,000,000)
Total other financing sources and uses	<u>40,000,000</u>	<u>39,272,000</u>	<u>(677,077)</u>	<u>(39,949,077)</u>
Net change in fund balance	<u>(30,000,000)</u>	<u>-</u>	<u>(574,132)</u>	<u>(574,132)</u>
Fund balance - beginning of year	<u>30,000,000</u>	<u>-</u>	<u>687,029</u>	<u>687,029</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,897</u>	<u>\$ 112,897</u>

City of Casa Grande, Arizona
Municipal Airport Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 20,000	\$ 20,000	\$ 7,129	\$ (12,871)
Rental and sale of city property	949,600	949,600	1,344,505	\$ 394,905
Miscellaneous	500,000	500,000	2,706	(497,294)
Total revenues	<u>1,469,600</u>	<u>1,469,600</u>	<u>1,354,340</u>	<u>(115,260)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	189,600	189,600	165,488	24,112
Contractual services	35,500	48,200	48,116	84
Materials and supplies	529,200	1,197,700	1,097,622	100,078
Capital outlay	1,737,200	1,048,800	-	1,048,800
Debt service	107,000	107,000	106,984	16
Total expenditures	<u>2,598,500</u>	<u>2,591,300</u>	<u>1,418,210</u>	<u>1,173,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,128,900)</u>	<u>(1,121,700)</u>	<u>(63,870)</u>	<u>1,057,830</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(33,200)	(40,400)	(33,200)	7,200
Total other financing sources and uses	<u>(33,200)</u>	<u>(40,400)</u>	<u>(33,200)</u>	<u>7,200</u>
Net change in fund balance	<u>(1,162,100)</u>	<u>(1,162,100)</u>	<u>(97,070)</u>	<u>1,065,030</u>
Fund balance - beginning of year	<u>1,162,100</u>	<u>1,162,100</u>	<u>353,057</u>	<u>(809,043)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,987</u>	<u>\$ 255,987</u>

City of Casa Grande, Arizona
Parks Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 5,000	\$ 5,000	\$ 4,295	\$ (705)
Rental and sale of City property	34,000	34,000	34,861	861
Miscellaneous	25,000	25,000	130,486	105,486
Total revenues	64,000	64,000	169,642	105,642
EXPENDITURES				
Current:				
Culture and recreation:				
Contractual services	1,000	27,700	27,671	29
Materials and supplies	-	13,700	13,588	112
Capital outlay	138,000	97,600	90,095	7,505
Total expenditures	139,000	139,000	131,354	7,646
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(75,000)	38,288	113,288
OTHER FINANCING SOURCES				
Sale of land	-	-	578,989	578,989
Total other financing sources	-	-	578,989	578,989
Net change in fund balances	(75,000)	(75,000)	617,277	692,277
Fund balance - beginning of year	75,000	75,000	154,190	79,190
Fund balance - end of year	\$ -	\$ -	\$ 771,467	\$ 771,467

City of Casa Grande, Arizona
Community Arts Reserve Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 500	\$ 500	\$ 238	\$ (262)
Total revenues	500	500	238	(262)
EXPENDITURES				
Current:				
Culture and recreation:				
Contractual services	5,500	1,200	567	633
Capital outlay	24,200	24,200	15,000	9,200
Total expenditures	29,700	25,400	15,567	9,833
Excess (deficiency) of revenues over (under) expenditures	(29,200)	(24,900)	(15,329)	9,571
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Total other financing sources and uses	5,000	5,000	5,000	-
Net change in fund balance	(24,200)	(19,900)	(10,329)	9,571
Fund balance - beginning of year	24,200	19,900	12,586	(7,314)
Fund balance - end of year	\$ -	\$ -	\$ 2,257	\$ 2,257

City of Casa Grande, Arizona
Redevelopment/Downtown Revitalization Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local taxes	\$ 180,000	\$ 180,000	\$ 403,748	\$ 223,748
Investment earnings	30,000	30,000	68,981	38,981
Rental and sale of city property	75,000	75,000	6,890	(68,110)
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>479,619</u>	<u>194,619</u>
EXPENDITURES				
Current:				
Economic development:				
Contractual services	110,000	98,100	47,536	50,564
Materials and supplies	10,000	11,900	11,807	93
Capital outlay	1,500,000	1,500,000	78,317	1,421,683
Total expenditures	<u>1,620,000</u>	<u>1,610,000</u>	<u>137,660</u>	<u>1,472,340</u>
Excess (deficiency) of revenues over (under) expenditures	(1,335,000)	(1,325,000)	341,959	1,666,959
Fund balance - beginning of year	<u>1,335,000</u>	<u>1,325,000</u>	<u>1,935,832</u>	<u>610,832</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,277,791</u>	<u>\$ 2,277,791</u>

City of Casa Grande, Arizona
Promotion and Tourism Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local taxes	\$ 85,000	\$ 85,000	\$ 166,442	\$ 81,442
Investment earnings	-	-	3,403	3,403
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>169,845</u>	<u>84,845</u>
EXPENDITURES				
Current:				
General government	85,000	100,000	100,000	-
Total expenditures	<u>85,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(15,000)	69,845	84,845
Fund balance - beginning of year	-	15,000	140,193	125,193
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,038</u>	<u>\$ 210,038</u>

City of Casa Grande, Arizona
Court Enhancement/Probationary Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 8,722	\$ 722
Charges for services	51,500	51,500	61,976	10,476
Investment earnings	10,000	10,000	12,865	2,865
Total revenues	69,500	69,500	83,563	14,063
EXPENDITURES				
Current:				
Public safety:				
Contractual services	65,500	65,500	-	65,500
Capital outlay	416,000	416,000	-	416,000
Total expenditures	481,500	481,500	-	481,500
Excess (deficiency) of revenues over (under) expenditures	(412,000)	(412,000)	83,563	495,563
Fund balance - beginning of year	412,000	412,000	345,070	(66,930)
Fund balance - end of year	\$ -	\$ -	\$ 428,633	\$ 428,633

City of Casa Grande, Arizona
Housing Application and Development Fees Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for service	\$ 250,000	\$ 250,000	\$ 17,564	\$ (232,436)
Intergovernmental	550,000	550,000	155,516	(394,484)
Investment earnings	6,000	6,000	2,916	(3,084)
Loan fees	-	-	2,130	2,130
Total revenues	806,000	806,000	178,126	(627,874)
EXPENDITURES				
Current:				
Economic development:				
Personal services	50,000	49,700	-	49,700
Contractual services	756,000	756,000	5,985	750,015
Materials and supplies	-	300	229	71
Total expenditures	806,000	806,000	6,214	799,786
Excess (deficiency) of revenues over (under) expenditures	-	-	171,912	171,912
Fund balance - beginning of year	-	-	(6,118)	(6,118)
Fund balance - end of year	\$ -	\$ -	\$ 165,794	\$ 165,794

City of Casa Grande, Arizona
Public Safety Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 800	\$ 800	\$ 835	\$ 35
Contributions	15,000	15,000	35,428	20,428
Total revenues	15,800	15,800	36,263	20,463
EXPENDITURES				
Current:				
Public safety activities	15,800	44,800	39,134	5,666
Total expenditures	15,800	44,800	39,134	5,666
Excess (deficiency) of revenues over (under) expenditures	-	(29,000)	(2,871)	26,129
Fund balance - beginning of year	-	29,000	31,320	2,320
Fund balance - end of year	\$ -	\$ -	\$ 28,449	\$ 28,449

City of Casa Grande, Arizona
Redevelopment Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Contractual services	16,600	16,600	2,700	13,900
Debt service:				
Principal	185,000	185,000	185,000	-
Interest and fiscal charges	118,400	118,400	118,326	74
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>306,026</u>	<u>13,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,000)</u>	<u>(320,000)</u>	<u>(306,026)</u>	<u>13,974</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	320,000	320,000	320,000	-
Total other financing sources and uses	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Net change in fund balance	-	-	13,974	13,974
Fund balance - beginning of year	-	-	3,717	3,717
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,691</u>	<u>\$ 17,691</u>

City of Casa Grande, Arizona
Recreation Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local taxes	\$ 600,000	\$ 600,000	\$ 956,265	\$ 356,265
Investment earnings	60,000	60,000	68,972	8,972
Total revenues	660,000	660,000	1,025,237	365,237
EXPENDITURES				
Current:				
Contractual services	228,200	228,200	2,916	225,284
Debt Service:				
Principal retirement	290,000	290,000	290,000	-
Interest	141,800	141,800	141,705	95
Total expenditures	660,000	660,000	434,621	225,379
Excess (deficiency) of revenues over (under) expenditures	-	-	590,616	590,616
Fund balance - beginning of year	-	-	2,008,367	2,008,367
Fund balance - end of year	\$ -	\$ -	\$ 2,598,983	\$ 2,598,983

City of Casa Grande, Arizona
Recreation Improvements Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Contractual services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning of year	-	-	1,156	1,156
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,156</u>	<u>\$ 1,156</u>

City of Casa Grande, Arizona
Airport Improvement Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 500,000	\$ 500,000	\$ 1,545,759	\$ 1,045,759
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>1,545,759</u>	<u>1,045,759</u>
EXPENDITURES				
Contractual services	-	9,600	9,525	75
Capital outlay	500,000	1,579,000	1,506,924	72,076
Total expenditures	<u>500,000</u>	<u>1,588,600</u>	<u>1,516,449</u>	<u>72,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,088,600)</u>	<u>29,310</u>	<u>1,117,910</u>
Fund balance - beginning of year	<u>-</u>	<u>1,088,600</u>	<u>46,940</u>	<u>(1,041,660)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,250</u>	<u>\$ 76,250</u>

City of Casa Grande, Arizona
Copper Mountain Ranch Water Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Service fees	\$ 196,000	\$ 196,000	\$ 190,125	\$ (5,875)
Total operating revenues	<u>196,000</u>	<u>196,000</u>	<u>190,125</u>	<u>(5,875)</u>
OPERATING EXPENSES:				
Personal services	57,400	57,400	-	57,400
Contractual	34,800	34,800	23,294	11,506
Materials and supplies	69,300	69,300	44,525	24,775
Depreciation	165,500	160,000	44,540	115,460
Total operating expenses	<u>327,000</u>	<u>321,500</u>	<u>112,359</u>	<u>209,141</u>
Operating Income	<u>(131,000)</u>	<u>(125,500)</u>	<u>77,766</u>	<u>203,266</u>
NONOPERATING REVENUE (EXPENSES):				
Interest expense	(15,200)	(5,300)	(5,279)	21
Total nonoperating revenue (expense)	<u>(15,200)</u>	<u>(5,300)</u>	<u>(5,279)</u>	<u>21</u>
Income (loss) before transfers	(146,200)	(130,800)	72,487	203,287
Transfers out	(21,900)	(27,400)	(21,900)	5,500
Net change in net assets	(168,100)	(158,200)	50,587	208,787
Net Assets - beginning of year	<u>168,100</u>	<u>158,200</u>	<u>1,314,445</u>	<u>1,156,245</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,365,032</u>	<u>\$ 1,365,032</u>

City of Casa Grande, Arizona
Wastewater Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Service fees	\$ 2,630,000	\$ 2,630,000	\$ 2,639,680	\$ 9,680
Connection fees	170,000	170,000	201,668	31,668
Miscellaneous	61,500	61,500	24,738	(36,762)
Total operating revenues	<u>2,861,500</u>	<u>2,861,500</u>	<u>2,866,086</u>	<u>4,586</u>
OPERATING EXPENSES:				
Personal services	934,200	933,600	682,750	250,850
Contractual	517,800	649,400	648,231	1,169
Materials and supplies	682,700	834,700	834,322	378
Depreciation	343,300	1,688,600	1,687,419	1,181
Total operating expenses	<u>2,478,000</u>	<u>4,106,300</u>	<u>3,852,722</u>	<u>253,578</u>
Operating Income	<u>383,500</u>	<u>(1,244,800)</u>	<u>(986,636)</u>	<u>258,164</u>
NONOPERATING REVENUE (EXPENSES):				
Interest income	150,000	150,000	240,177	90,177
Interest expense	(1,546,200)	(1,204,900)	(666,298)	538,602
City sales tax	1,166,300	1,166,300	-	(1,166,300)
Total nonoperating revenue (expense)	<u>(229,900)</u>	<u>111,400</u>	<u>(426,121)</u>	<u>(537,521)</u>
Income (loss) before contributions and transfers	<u>153,600</u>	<u>(1,133,400)</u>	<u>(1,412,757)</u>	<u>(279,357)</u>
Capital contributions	-	-	2,580,813	2,580,813
Transfers out	(153,600)	(153,300)	(153,600)	(300)
Net change in net assets	<u>-</u>	<u>(1,286,700)</u>	<u>1,014,456</u>	<u>2,301,156</u>
Net Assets - beginning of year	<u>-</u>	<u>1,286,700</u>	<u>34,661,537</u>	<u>33,374,837</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,675,993</u>	<u>\$ 35,675,993</u>

City of Casa Grande, Arizona
Wastewater Development Fees Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Connection fees	\$ 5,572,000	\$ 5,572,000	\$ 3,130,981	\$ (2,441,019)
Total operating revenues	<u>5,572,000</u>	<u>5,572,000</u>	<u>3,130,981</u>	<u>(2,441,019)</u>
OPERATING EXPENSES:				
Depreciation	6,072,000	4,360,000	3,005	4,356,995
Total operating expenses	<u>6,072,000</u>	<u>4,360,000</u>	<u>3,005</u>	<u>4,356,995</u>
Operating Income	<u>(500,000)</u>	<u>1,212,000</u>	<u>3,127,976</u>	<u>1,915,976</u>
NONOPERATING REVENUE :				
Interest income	500,000	500,000	587,176	87,176
Total nonoperating revenue	<u>500,000</u>	<u>500,000</u>	<u>587,176</u>	<u>87,176</u>
Income (loss) before transfers	-	<u>1,712,000</u>	<u>3,715,152</u>	<u>2,003,152</u>
Transfers out	-	(84,000)	(83,942)	58
Net change in net assets	-	<u>1,628,000</u>	<u>3,631,210</u>	<u>2,003,210</u>
Net Assets - beginning of year	-	<u>(1,628,000)</u>	<u>15,441,328</u>	<u>17,069,328</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,072,538</u>	<u>\$ 19,072,538</u>

City of Casa Grande, Arizona
Sanitation Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Service fees	\$ 4,593,000	\$ 4,593,000	\$ 4,524,729	\$ (68,271)
Recycling revenue	244,000	244,000	301,798	57,798
Miscellaneous	10,000	10,000	166,331	156,331
Total operating revenues	<u>4,847,000</u>	<u>4,847,000</u>	<u>4,992,858</u>	<u>145,858</u>
OPERATING EXPENSES:				
Personal services	2,427,800	2,427,800	2,201,099	226,701
Contractual	665,000	544,600	535,791	8,809
Materials and supplies	1,000,400	843,400	843,045	355
Depreciation	270,000	427,000	426,420	580
Closure and postclosure costs	300,000	300,000	25,287	274,713
Total operating expenses	<u>4,663,200</u>	<u>4,542,800</u>	<u>4,031,642</u>	<u>511,158</u>
Operating Income	<u>183,800</u>	<u>304,200</u>	<u>961,216</u>	<u>657,016</u>
NONOPERATING REVENUE (EXPENSES):				
Gain on sale of assets	-	-	121,826	121,826
Interest income	80,000	80,000	83,815	3,815
Interest expense	(167,700)	(126,700)	(9,875)	116,825
Total nonoperating revenue (expense)	<u>(87,700)</u>	<u>(46,700)</u>	<u>195,766</u>	<u>242,466</u>
Income before transfers	<u>96,100</u>	<u>257,500</u>	<u>1,156,982</u>	<u>899,482</u>
Transfers in	-	-	500,000	500,000
Transfers out	(961,200)	(1,081,600)	(961,200)	120,400
Net change in net assets	<u>(865,100)</u>	<u>(824,100)</u>	<u>695,782</u>	<u>1,519,882</u>
Net Assets - beginning of year	<u>865,100</u>	<u>824,100</u>	<u>2,406,528</u>	<u>1,582,428</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,102,310</u>	<u>\$ 3,102,310</u>

City of Casa Grande, Arizona
Golf Course Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES:				
Rental	\$ 200,700	\$ 200,700	\$ 133,217	\$ (67,483)
Green fees	725,000	725,000	664,284	(60,716)
Miscellaneous	10,000	10,000	6,581	(3,419)
Total operating revenues	<u>935,700</u>	<u>935,700</u>	<u>804,082</u>	<u>(131,618)</u>
OPERATING EXPENSES:				
Personal services	563,400	563,400	509,559	53,841
Contractual	39,800	58,000	57,486	514
Materials and supplies	535,700	425,500	350,045	75,455
Depreciation	-	46,300	46,226	74
Total operating expenses	<u>1,138,900</u>	<u>1,093,200</u>	<u>963,316</u>	<u>129,884</u>
Operating Income	<u>(203,200)</u>	<u>(157,500)</u>	<u>(159,234)</u>	<u>(1,734)</u>
NONOPERATING REVENUE (EXPENSE):				
Interest income	-	-	8,105	8,105
Interest expense	-	(22,500)	(4,434)	18,066
City sales tax	8,500	8,500	14,203	5,703
Total nonoperating revenue	<u>8,500</u>	<u>(14,000)</u>	<u>17,874</u>	<u>31,874</u>
Income (loss) before transfers	<u>(194,700)</u>	<u>(171,500)</u>	<u>(141,360)</u>	<u>30,140</u>
Transfers in	300,000	300,000	300,000	-
Transfers out	(105,300)	(128,500)	(105,300)	23,200
Net change in net assets	<u>-</u>	<u>-</u>	<u>53,340</u>	<u>53,340</u>
Net assets - beginning of year	<u>-</u>	<u>-</u>	<u>388,123</u>	<u>388,123</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,463</u>	<u>\$ 441,463</u>

City of Casa Grande, Arizona
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2008

Governmental funds capital assets:	
Land and construction in progress	\$ 13,088,755
Buildings	17,757,567
Improvements other than buildings	173,646,132
Heavy machinery and equipment	1,702,419
Operational equipment	<u>16,735,213</u>
Total governmental funds capital assets	<u><u>\$ 222,930,086</u></u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 459,863
Grants	1,529,993
General Fund revenues	12,175,293
Special Revenue Fund revenues	95,197,021
Capital Project Funds	21,490,051
Gifts and donations	<u>92,077,865</u>
Total investments in governmental funds capital assets	<u><u>\$ 222,930,086</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Casa Grande, Arizona
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Year Ended June 30, 2008

<u>Function and Activity</u>	General Capital Assets June 30, 2007	Additions	Disposals	General Capital Assets June 30, 2008
General government	\$ 2,280,246	\$ 6,935,422	\$ -	\$ 9,215,668
Public safety	10,198,707	2,613,781	(166,908)	12,645,580
Streets/Transportation	149,043,321	19,799,577	(214,158)	168,628,740
Public works	1,645,925	-	-	1,645,925
Culture and recreation	12,375,250	747,658	(229,373)	12,893,535
Economic development	16,389,694	1,527,197	(16,253)	17,900,638
Total	<u>\$ 191,933,143</u>	<u>\$ 31,623,635</u>	<u>\$ (626,692)</u>	<u>\$ 222,930,086</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Casa Grande, Arizona
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Arizona Department of Commerce:			
Community Development Block Grant - 2007	121-07	14.228	\$ 16,344 *
Community Development Block Grant - 2007	157-07	14.228	209,958 *
Community Development Block Grant - 2008	101-08	14.228	142,989 *
Community Development Block Grant - 2008	113-08	14.228	12,777 *
HOME - 2007	310-07	14.239	561,722
HOME - 2008	303-08	14.239	133,000
Total Department of Housing and Urban Development			1,076,790
U.S. Department of Agriculture:			
Self Help Housing Technical Assistance Grant	10	10.420	327,025 *
State Administrative Matching Grants for Food Stamp Program	461200	10.561	3,073
Total Department of Agriculture			330,098
U.S. Department of Health & Human Services			
Passed through Pinal-Gila Council for Senior Citizens:			
Special Programs for the Aging	5-237	93.044	14,337
Special Programs for the Aging	5-237	93.045	70,766
Social Services Block Grant	5-237	93.667	8,028
Nutritional Services Incentive Program	5-237	93.053	16,184
Total Department of Health & Human Services			109,315
U.S. Department of Justice:			
JAG Grant	2005-DJBX0880	16.592	382
Bulletproof Vest Grant	2006BUBX	16.607	4,145
Local Law Enforcement Block Grant	2006-DJBX1098	16.592	9,952
Total Department of Justice			14,479
U.S. Department of Transportation:			
FAA Airport Grant	3-04-0007-10-2006	20.106	900,154
FAA Airport Grant	3-04-0007-11	20.106	414,785
Total Department of Transportation			1,314,939
U.S. Department of Homeland Security			
Federal Emergency Management Agency	EMW-2006-FP-01416	97.044	62,120 *
Federal Emergency Management Agency	EMW-2007-FF-00468	97.044	33,133 *
Passed through Arizona Division of Emergency Management			
Office of Domestic Preparedness	2005-GE-T5-0030	97.067	27,285
Total Department of Homeland Security			122,538
Total Federal Financial Assistance and Expenditures of Federal Awards			\$ 2,968,159

*Denotes major program

City of Casa Grande
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

NOTE 1 BASIS OF ACCOUNTING

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



STATISTICAL SECTION

Statistical Section

This part of the City of Casa Grande's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	102
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales and property taxes.	109
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	111
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	117
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	119

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Schedule 1
City of Casa Grande
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	June 30					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 21,646,269	\$ 24,413,490	\$ 28,136,615	\$ 74,265,031	\$ 121,397,151	\$ 144,539,605
Restricted	7,492,999	13,846,429	25,705,254	39,505,454	61,600,770	77,352,432
Unrestricted	3,935,234	5,857,139	10,880,929	17,574,060	24,880,238	29,930,330
Total governmental activities net assets	\$ 33,074,502	\$ 44,117,058	\$ 64,722,798	\$ 131,344,545	\$ 207,878,159	\$ 251,822,367
Business-type activities						
Invested in capital assets, net of related debt	\$ 15,329,786	\$ 9,650,425	\$ 19,179,454	\$ 27,728,464	\$ 29,545,366	\$ 33,189,049
Restricted	1,983,310	11,289,359	7,202,857	11,541,534	15,292,233	19,276,562
Unrestricted	97,231	1,030,876	4,985,723	8,492,036	9,374,364	7,191,725
Total business-type activities net assets	\$ 17,410,327	\$ 21,970,660	\$ 31,368,034	\$ 47,762,034	\$ 54,211,963	\$ 59,657,336
Primary government						
Invested in capital assets, net of related debt	\$ 36,976,055	\$ 34,063,915	\$ 47,316,069	\$ 101,993,495	\$ 150,942,517	\$ 177,728,654
Restricted	9,476,309	25,135,788	32,908,111	51,046,988	76,893,003	96,628,994
Unrestricted	4,032,465	6,888,015	15,866,652	26,066,096	34,254,602	37,122,055
Total primary government net assets	\$ 50,484,829	\$ 66,087,718	\$ 96,090,832	\$ 179,106,579	\$ 262,090,122	\$ 311,479,703

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Schedule 2
City of Casa Grande
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	June 30					
	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Expenses						
General government	\$ 3,627,359	\$ 4,117,835	\$ 4,100,221	\$ 4,463,957	\$ 5,196,569	\$ 6,958,153
Public safety	9,888,543	10,732,674	11,789,718	13,504,033	14,765,435	17,799,896
Streets/Transportation	2,702,484	2,942,777	3,437,830	5,486,251	9,650,354	10,614,899
Public works	697,449	765,497	778,974	1,868,890	2,144,675	1,652,940
Culture and recreation	3,778,926	4,078,279	4,147,490	4,978,247	5,247,404	5,853,610
Economic development	2,289,429	2,422,140	2,716,784	4,468,076	5,564,781	5,932,564
Interest on long-term debt	540,921	499,031	477,956	500,879	610,630	641,914
Total expenses	23,525,111	25,558,233	27,448,973	35,270,333	43,179,848	49,453,976
Program Revenues						
Charges for services:						
General government	102,276	113,317	109,340	119,514	133,192	144,550
Public safety	823,583	810,216	904,202	984,555	1,091,960	1,214,170
Streets/Transportation	142,848	424,308	505,948	832,940	996,571	1,345,035
Public works	28,440	11,632	2,273,085	84,424	33,994	100,784
Culture and recreation	303,358	288,714	285,592	340,272	328,163	378,268
Development fees	1,511,684	2,139,152	4,667,542	11,353,338	13,115,223	8,272,278
Building permits	959,975	1,263,355	2,017,707	3,468,682	2,580,633	1,692,576
Development and engineering	583,532	430,876	1,876,291	3,357,825	2,456,074	694,885
Other economic development	213,613	572,326	795,721	1,282,294	863,185	627,986
Operating grants and contributions	4,584,394	4,993,835	5,834,031	7,866,501	9,066,924	9,303,041
Capital grants and contributions	4,312,801	4,199,412	6,372,598	43,675,183	14,852,514	22,402,954
Total program revenues	13,566,504	15,247,143	25,642,057	73,365,528	45,518,433	46,176,527
Total Governmental Activities Net Program Expense	\$ (9,958,607)	\$ (10,311,090)	\$ (1,806,916)	\$ 38,095,195	\$ 2,338,585	\$ (3,277,449)
General Revenues and Other Changes in Net Assets						
Property taxes	1,536,606	1,799,803	2,333,638	2,401,386	2,475,296	3,105,864
Sales taxes	9,477,906	10,573,489	12,094,301	14,973,622	22,708,648	28,082,890
Franchise taxes	850,839	899,604	954,853	1,236,366	1,511,751	1,687,014
Shared revenues:						
State sales taxes	1,972,714	2,122,100	2,336,759	2,721,554	3,086,185	2,984,122
Urban revenue sharing	2,650,450	2,278,117	2,345,507	2,728,207	3,760,034	4,592,697
Auto-in-lieu	999,433	1,189,494	1,221,188	1,585,116	2,032,801	2,199,266
Investment earnings	(163,059)	124,545	466,925	1,508,717	3,222,176	3,202,760
Gain on sales of assets	221,721	(77,414)	414,900	660,798	1,846,201	452,693
Miscellaneous	200,444	277,201	145,585	361,586	274,310	388,409
Transfers	(26,617)	1,341,083	99,000	349,200	449,800	525,942
Total general revenues and other changes in net assets	17,720,437	20,528,022	22,412,656	28,526,552	41,367,202	47,221,657
Total Governmental Activities Change in Net Assets	\$ 7,761,830	\$ 10,216,932	\$ 20,605,740	\$ 66,621,747	\$ 43,705,787	\$ 43,944,208

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Schedule 3
City of Casa Grande
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	June 30					
	2003	2004	2005	2006	2007	2008
Business-type Activities:						
Expenses						
Water	\$ 197,109	\$ 142,327	\$ 158,397	\$ 98,048	\$ 115,599	\$ 117,638
Golf course	698,909	716,703	844,434	928,321	1,107,942	967,750
Wastewater	2,465,665	2,981,091	2,487,685	3,138,128	5,413,331	4,522,025
Sanitation	2,638,820	2,797,052	3,148,693	3,538,650	3,902,782	4,041,517
Total expenses	<u>6,000,503</u>	<u>6,637,173</u>	<u>6,639,209</u>	<u>7,703,147</u>	<u>10,539,654</u>	<u>9,648,930</u>
Revenues						
Charges for services:						
Water	194,782	193,006	186,225	197,834	193,909	190,125
Golf course	420,799	433,686	584,429	781,464	784,983	797,501
Wastewater	2,767,417	3,703,613	7,618,055	7,533,801	6,001,607	5,972,329
Sanitation	2,687,498	3,056,414	3,804,163	4,571,127	4,963,964	4,990,169
Sales taxes	1,681,957	1,885,485	2,150,452	2,676,631	2,124,036	14,203
Investment earnings	(77,534)	88,214	183,584	635,533	1,167,957	919,273
Miscellaneous	7,157	1,895,607	47,086	58,502	73,411	155,834
Capital grants and contributions	1,099,166	1,136,713	1,561,589	7,991,457	2,129,515	2,580,813
Total revenues	<u>8,781,242</u>	<u>12,392,738</u>	<u>16,135,583</u>	<u>24,446,349</u>	<u>17,439,382</u>	<u>15,620,247</u>
Total Business-type Activities Net Program Expense	<u>\$ 2,780,739</u>	<u>\$ 5,755,565</u>	<u>\$ 9,496,374</u>	<u>\$ 16,743,202</u>	<u>\$ 6,899,728</u>	<u>\$ 5,971,317</u>
Other Changes in Net Assets						
Transfers	26,617	(1,341,083)	(99,000)	(349,200)	(449,800)	(525,942)
Total Business-type Activities Change in Net Assets	<u>\$ 2,807,356</u>	<u>\$ 4,414,482</u>	<u>\$ 9,397,374</u>	<u>\$ 16,394,002</u>	<u>\$ 6,449,928</u>	<u>\$ 5,445,375</u>
Total Primary Government Change in Net Assets	<u>\$ 10,569,186</u>	<u>\$ 14,631,414</u>	<u>\$ 30,003,114</u>	<u>\$ 83,015,749</u>	<u>\$ 50,155,715</u>	<u>\$ 49,389,583</u>

Schedule 4
City of Casa Grande
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	Fiscal Year 2001	2002	2003
General Fund					
Reserved	\$ 110,897	\$ 139,262	\$ 143,871	\$ 176,526	\$ 486,826
Unreserved	<u>3,964,937</u>	<u>4,915,566</u>	<u>4,422,980</u>	<u>3,338,675</u>	<u>3,823,320</u>
Total general fund	<u>\$ 4,075,834</u>	<u>\$ 5,054,828</u>	<u>\$ 4,566,851</u>	<u>\$ 3,515,201</u>	<u>\$ 4,310,146</u>
All Other Governmental Funds					
Reserved	\$ 6,795,532	\$ 4,096,314	\$ 2,186,274	\$ 2,311,916	\$ 2,341,307
Unreserved, reported in:					
Special revenue funds	2,624,407	3,181,985	2,761,029	3,758,330	4,328,235
Capital projects funds	<u>44,043</u>	<u>539,713</u>	<u>1,406,775</u>	<u>1,214,043</u>	<u>372,078</u>
Total all other governmental funds	<u>\$ 9,463,982</u>	<u>\$ 7,818,012</u>	<u>\$ 6,354,078</u>	<u>\$ 7,284,289</u>	<u>\$ 7,041,620</u>

2004	2005	Fiscal Year 2006	2007	2008
\$ 801,965	\$ 1,115,310	\$ 1,476,273	\$ 1,959,234	\$ 2,548,121
6,343,317	11,150,642	17,796,454	25,521,015	30,572,472
<u>\$ 7,145,282</u>	<u>\$ 12,265,952</u>	<u>\$ 19,272,727</u>	<u>\$ 27,480,249</u>	<u>\$ 33,120,593</u>
\$ 2,368,606	\$ 6,252,078	\$ 4,250,108	\$ 4,413,184	\$ 32,896,933
9,013,364	15,594,386	28,612,756	43,633,806	49,835,900
1,066,167	2,479,265	5,365,147	10,701,962	77,406
<u>\$ 12,448,137</u>	<u>\$ 24,325,729</u>	<u>\$ 38,228,011</u>	<u>\$ 58,748,952</u>	<u>\$ 82,810,239</u>

Schedule 5
City of Casa Grande
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 8,207,129	\$ 9,647,104	\$ 10,500,552	\$ 10,565,836	\$ 11,851,114
Licenses and permits	698,453	644,487	895,927	801,910	1,074,991
Intergovernmental revenues	8,947,070	9,361,703	11,303,184	10,763,681	10,358,329
Charges for services	877,478	760,096	974,559	1,578,990	2,528,275
Fines	827,765	772,079	628,857	801,690	690,177
Special assessments	242,998	588,862	309,163	244,872	211,787
Investment earnings	376,637	649,120	565,660	233,207	(163,059)
Rental and sale of city property	104,288	288,542	418,879	405,717	536,538
Other revenues	384,429	216,622	352,902	231,348	274,985
Total revenues	20,666,247	22,928,615	25,949,683	25,627,251	27,363,137
Expenditures					
General government	2,750,694	2,753,142	3,348,830	3,689,262	3,641,912
Public safety	6,831,027	7,502,776	8,237,440	9,639,754	9,499,759
Streets/Transportation	1,221,041	1,446,023	1,956,566	1,798,580	1,987,200
Public works	460,161	797,824	766,460	777,291	657,785
Culture and recreation	2,279,233	2,669,541	3,076,334	3,349,200	3,352,211
Planning and economic development	1,788,326	1,352,047	2,859,626	2,238,132	1,871,266
Capital outlay	4,929,355	7,716,638	6,307,819	2,593,601	4,472,441
Debt service					
Principal	1,058,750	1,003,291	979,300	956,448	932,344
Interest	396,383	571,129	465,622	620,054	559,527
Total expenditures	21,714,970	25,812,411	27,997,997	25,662,322	26,974,445
Other Financing Sources (Uses)					
Transfers in	844,605	1,874,832	2,391,189	1,010,817	1,618,327
Transfers out	(701,105)	(1,659,139)	(2,649,899)	(1,097,185)	(1,644,944)
Capital leases	321,826	2,001,127	369,137	-	150,000
Bond issuance	5,000,000	-	-	-	-
Bond issuance costs	-	-	-	-	-
Sale of land					
Total other financing sources (uses)	5,465,326	2,216,820	110,427	(86,368)	123,383
Net change in fund balances	\$ 4,416,603	\$ (666,976)	\$ (1,937,887)	\$ (121,439)	\$ 512,075
Debt service as a percentage of noncapital expenditures	Not Available*	Not Available*	Not Available*	Not Available*	6.63%

*Prior to implementation of GASB 34 in 2003, the Capital outlay number from the CAFR may not include all capital asset purchases.

Fiscal Year				
2004	2005	2006	2007	2008
\$ 13,294,993	\$ 15,388,557	\$ 18,585,602	\$ 26,706,698	\$ 32,840,670
1,385,080	2,156,170	3,632,214	2,756,899	1,881,951
10,902,234	11,911,931	15,208,404	18,007,273	20,798,409
3,221,772	9,853,065	16,390,930	16,678,803	10,171,890
677,048	739,283	734,495	826,533	815,081
137,644	217,895	354,840	28,907	29,691
124,545	466,925	1,508,717	3,222,176	3,202,760
738,198	701,633	1,071,511	1,459,760	1,546,935
473,864	720,093	1,198,605	720,635	608,700
<u>30,955,378</u>	<u>42,155,552</u>	<u>58,685,318</u>	<u>70,407,684</u>	<u>71,896,087</u>
4,451,216	4,300,175	5,230,006	5,921,449	8,076,361
10,309,036	11,344,629	12,957,767	14,155,865	16,983,507
1,672,165	1,908,050	2,168,597	2,846,301	2,323,097
730,486	734,391	1,650,860	2,063,253	1,684,699
3,450,403	3,654,964	4,446,967	4,828,294	5,463,871
1,952,308	2,242,438	3,914,867	4,821,056	4,965,772
1,939,318	4,526,914	6,149,634	8,251,421	11,030,175
960,801	799,546	1,206,388	882,247	1,226,548
471,539	477,428	484,775	707,501	607,351
<u>25,937,272</u>	<u>29,988,535</u>	<u>38,209,861</u>	<u>44,477,387</u>	<u>52,361,381</u>
2,919,819	2,686,632	5,808,434	6,844,898	8,101,980
(1,578,736)	(2,530,831)	(5,374,834)	(6,311,098)	(7,483,839)
1,056,839	3,500,000	-	-	-
-	1,335,000	-	455,000	9,000,000
-	(159,557)	-	-	(30,201)
			1,809,371	578,989
<u>2,397,922</u>	<u>4,831,244</u>	<u>433,600</u>	<u>2,798,171</u>	<u>10,166,929</u>
<u>\$ 7,416,028</u>	<u>\$ 16,998,260</u>	<u>\$ 20,909,057</u>	<u>\$ 28,728,468</u>	<u>\$ 29,701,636</u>
5.97%	5.02%	5.27%	4.30%	4.44%

Schedule 6
City of Casa Grande
Sales Tax Revenue by Industry,
Fiscal Years 2008, 2007, 2006 and 2005

	Fiscal Year 2005		Fiscal Year 2006		Fiscal Year 2007		Fiscal Year 2008	
	Tax Paid	Percentage of Total						
Construction	\$ 2,187,722	15.36%	\$ 3,164,234	17.93%	\$ 8,405,855 *	33.85%	\$ 11,087,874	39.17%
Manufacture	497,382	3.49%	599,880	3.40%	624,116	2.51%	750,711	2.65%
Transportation/Communication/ Utilities	1,220,019	8.56%	1,470,192	8.33%	1,762,783	7.10%	1,987,604	7.02%
Wholesale Trade	195,610	1.37%	211,865	1.20%	271,980	1.10%	233,859	0.83%
Retail Trade	7,027,208	49.33%	8,377,108	47.46%	8,778,705	35.35%	9,562,653	33.78%
Restaurants/Bars	923,817	6.49%	1,021,869	5.79%	1,027,918	4.14%	1,118,248	3.95%
Insurance/Real Estate	1,485,089	10.43%	1,732,572	9.82%	2,122,802	8.55%	2,052,131	7.25%
Hotels/Lodging	275,550	1.93%	316,538	1.79%	348,177	1.40%	316,241	1.12%
Services	373,228	2.62%	427,755	2.42%	521,470	2.10%	546,058	1.93%
All Other	59,128	0.42%	328,240	1.86%	968,878	3.90%	652,605	2.31%
Total	\$ 14,244,753	100.00%	\$ 17,650,253	100.00%	\$ 24,832,684	100.00%	\$ 28,307,984	100.00%

Source: Arizona State Department of Revenue

Note:

The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Information prior to 2005 is not available.

*Construction sales tax rate changed from 1.8% to 4% effective June 15, 2006

**Schedule 7
City of Casa Grande
Direct and Overlapping Sales Tax Rates
6/30/2008**

Type of Tax	Rates		
	City	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	1.80%	6.70%	8.50%
Retail	2.00%	6.70%	8.70%
Retail - privilege tax for single item over \$5000	1.50%	6.70%	8.20%
Hotel/Motel	3.80%	6.70%	10.50%
Restaurant/Bar	1.80%	6.70%	8.50%
Utilities/Telecommunications	2.00%	6.70%	8.70%
Construction *	4.00%	6.70%	10.70%

Sources: City of Casa Grande Finance Department and Arizona Department of Revenue

*Changed from 1.8% effective 6/15/2006

Schedule 8
City of Casa Grande
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Street & Hwy User Revenue Bonds	Excise Tax Revenue Obligations	Special Assessment Bonds	Capital Leases	Mortgages
1999	-	410,000	10,280,000	280,000	463,944	-
2000	-	-	9,870,000	1,170,000	1,042,071	265,000
2001	-	-	9,435,000	955,000	1,130,019	119,472
2002	-	-	8,980,000	870,000	761,093	-
2003	-	-	8,495,000	780,000	566,744	-
2004	-	-	8,138,000	685,000	1,236,062	-
2005	1,335,000	-	7,688,583	585,000	4,485,933	-
2006	1,335,000	-	7,217,943	480,000	4,029,980	-
2007	1,790,000	-	6,721,488	370,000	3,754,188	-
2008	10,775,000	-	6,199,218	255,000	3,180,356	-

Notes: Details regarding the City's outstanding debt can be found in the financial statements.

(a) See Schedule 13 for personal income and population data.

Personal income is based on Pinal County information.

Business-type Activities					
General Obligation Bonds	Excise Tax Revenue Obligations	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income (a)
-	9,320,000	605,180	-	21,359,124	5.56%
-	8,785,000	638,216	-	21,770,287	4.84%
-	8,220,000	1,162,818	-	21,022,309	4.33%
-	7,625,000	787,125	203,193	19,226,411	3.94%
-	7,005,000	459,286	178,170	17,484,200	3.21%
-	15,926,820	404,534	178,170	26,568,586	4.32%
-	15,426,237	593,795	177,300	30,291,848	4.22%
-	14,911,877	408,291	168,069	28,551,160	3.59%
-	14,388,332	295,899	158,520	27,478,427	3.12%
2,000,000	13,855,602	179,122	148,643	36,592,941	3.61%

**Schedule 9
City of Casa Grande
Ratio of General Bonded Debt Outstanding
Last Four Fiscal Years**

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property (a)	Percentage of Estimated Actual Value of Property	General Bonded Debt Per Capita (b)
2005	\$ 1,335,000	\$ 1,942,707	68.72%	\$ N/A
2006	1,335,000	8,183,338	16.31%	N/A
2007	1,790,000	39,939,824	4.48%	1,584
2008	1,790,000 (1)	93,675,428	1.91%	670
2008	11,000,000 (2)	2,295,221,460	0.48%	267

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/08 1,682
 Estimated population of Villago CFD 6/30/08 990
 Provided by Sales Offices. No population data are available for years prior to
 2007

Population of Casa Grande 42,422

(1) General obligation bonds were issued by the Mission Royale Community Facilities District in 2005 and the Villago Community Facilities District in 2006. These bonds will be repaid by the property owners within the CFDs and are obligations of the districts only.

(2) General obligation bonds were issued by the City of Casa Grande in June, 2008

Schedule 10
City of Casa Grande
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pinal County	\$ 169,886,000	14.49%	\$ 24,623,578
School District #4	30,100,000	63.06%	18,980,165
School District #82	26,335,000	46.73%	12,305,367
Central Arizona Community College	17,270,000	11.85%	2,046,407
Mission Royale CFD	1,335,000	100.00%	1,335,000
Villago CFD	440,000	100.00%	<u>440,000</u>
Subtotal, overlapping debt			59,730,516
City direct debt			<u>18,634,575</u>
Total direct and overlapping debt			<u><u>\$ 78,365,091</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Pinal County Assessor's Office. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Casa Grande. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Pinal County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

**Schedule 11
City of Casa Grande
Legal Debt Margin Information
June 30, 2008**

Net Secondary Assessed Valuation as of June 30, 2008	\$276,565,097
Debt limit (6% of assessed value)	16,593,906
Debt applicable to limit:	
General obligation bonds	4,500,000
Legal 6% debt margin	\$ 12,093,906
Debt limit (20% of assessed value)	55,313,019
Debt applicable to limit:	
General obligation bonds	6,500,000
Legal 20% debt margin	\$ 48,813,019

Note: The City issued General Obligation bonds for \$11,000,000 in June, 2008. No retroactive reporting of the legal debt margin is provided because the City had no prior general obligation debt since 1997.

Schedule 12
City of Casa Grande
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds				Excise Tax Revenue Obligations			
	Special Assessment Collections	Debt Service		Coverage	Pledged Revenue Collected (a)	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
1999	447,993	232,500	37,553	1.66	18,037,441	715,000	865,073	11.42
2000	204,394	142,500	25,320	1.22	19,967,133	945,000	1,058,859	9.96
2001	308,629	215,000	37,785	1.22	23,176,964	1,000,000	1,010,013	11.53
2002	290,054	85,000	51,570	2.12	22,402,363	1,050,000	957,807	11.16
2003	174,365	90,000	56,147	1.19	23,444,022	1,105,000	901,980	11.68
2004	137,642	95,000	42,120	1.00	25,645,893	1,165,000	594,321	14.58
2005	217,895	100,000	36,990	1.59	29,267,707	950,001	1,054,202	14.60
2006	354,840	105,000	31,590	2.60	37,727,237	985,000	1,022,252	18.80
2007	28,907	110,000	25,920	0.21	44,984,571	1,020,000	987,632	22.41
2008	29,691	115,000	19,980	0.22	52,450,264	1,070,000 (b)	1,039,517	24.86

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) The 1997, 1999 and 2003 revenue obligations are secured by a pledge of and first lien on all excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, fees for licenses and permits and state revenue sharing which the City presently or in the future validly imposes or receives from other entities.

(b) Includes \$15,000 principal and \$89,660 interest for Community Facilities District debt payments.

**Schedule 13
City of Casa Grande
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Fiscal Year	Population	County Per Capita Personal Income	Total Personal Income	School Enrollment	Unemployment Rate
1999	23,175	16,563	383,847,525	7,241	4.00%
2000	26,490	16,994	450,171,060	7,442	3.90%
2001	27,815	17,436	484,982,340	7,680	4.20%
2002	27,290	17,889	488,190,810	7,784	6.80%
2003	29,715	18,354	545,389,110	7,895	6.20%
2004	31,315	19,646	615,214,490	8,120	5.00%
2005	34,260	20,959	718,055,340	8,930	5.20%
2006	36,450	21,800	794,610,000	9,049	5.10%
2007	38,785	22,672	879,333,520	10,290	4.30%
2008	42,422	23,905	1,014,097,910	11,066	6.10%

Sources: Population, County Per Capita Income and City Unemployment Rate - Arizona Department of Commerce and Arizona Department of Economic Security. School Enrollment - Casa Grande Elementary and Casa Grande Union High School Districts.

**Schedule 14
City of Casa Grande
Principal Employers,
Current Year and Eight Years Ago**

Employer	2008 (a)		2000 (b)	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	950	5.40%	625	4.52%
Casa Grande Regional Medical Center	850	4.83%	788	5.70%
Wal-Mart Distribution Center	569	3.23%	-	0.00%
Wal-Mart Supermarket	450	2.56%	-	0.00%
Frito-Lay Inc.	450	2.56%	302	2.19%
Mobile-Mini	450	2.56%	-	0.00%
City of Casa Grande	439	2.49%	251	1.82%
Abbott Laboratories/Ross Products	400	2.27%	397	2.87%
Hexcel Corporation	350	1.99%	562	4.07%
Casa Grande Valley Newspapers	150	0.85%	100	0.72%
	5,058	28.74%	2,400	17.37%

Sources: (a) Casa Grande Valley Economic Development Foundation; various employers; AZ Dept of Economic Security (b) Casa Grande Valley Economic Development Foundation, July 2000; AZ Dept of Economic Security

Note: July, 2000 is the earliest year for which both employer and labor force information are available.

Schedule 15
City of Casa Grande
Authorized City Government Employee Positions by Function/Program
Last Ten Fiscal Years

Fiscal Year	Function/Program						Total
	General Government	Police, City Attorney and Court	Fire	Culture and Recreation	Planning and Development	Public Works	
1999	17.5	86.5	25	37	15.75	62	243.75
2000	22	88.5	27	39	15.75	61	253.25
2001	24.5	91.5	27	43	16	66	268.00
2002	26	93.5	30	43	17	76	285.50
2003	22.75	98.5	33	44	17	80	295.25
2004	23	97.5	37	44	17	80	298.50
2005	24	103.5	38	44	19	79	307.50
2006	26	107.5	41	44	22	84.25	324.75
2007	30	123.05	54.75	48	26.5	96.25	378.55
2008	39.25	139	60.5	61.25	34.5	104.5	439.00

Source: City Budget

Note: Information is based on authorized positions.

Schedule 16
City of Casa Grande
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Registered voters	9,987	11,441	11,441	11,441	13,685	13,685	15,919	13,239	13,946	19,331
Votes cast last primary election	1,307	2,367	2,367	2,367	1,242	1,242	1,428	1,428	2,364	2,364
Fire										
Medical support calls	1,873	2,087	2,426	2,578	2,774	3,085	3,427	3,766	3,778	4,286
Total alarms	2,790	3,128	3,281	3,447	3,697	4,136	4,557	5,137	5,194	5,642
Inspections/investigations	340	276	415	222	305	524	487	390	986	1,512
Public education contacts	6,661	7,501	8,582	10,018	11,386	7,344	11,764	8,884	10,164	19,801
Police										
Calls for service	26,788	26,019	27,602	29,705	33,076	37,674	38,869	39,365	42,412	41,126
Officer initiated	98,206	59,332	63,362	71,814	68,677	69,588	69,412	69,936	72,028	71,626
Patrolled miles	657,807	649,745	654,370	700,884	671,030	716,138	702,062	706,375	802,935	864,421
Traffic accidents	791	817	853	796	886	928	1,046	1,213	1,121	1,104
Traffic citations	9,216	9,163	10,561	9,495	8,408	8,607	7,068	6,127	6,136	6,943
Arrests (adult and juvenile)	4,228	4,785	4,338	4,673	4,773	4,387	4,614	4,055	3,840	4,015
Culture and recreation - library (a)										
Items in collections	95,610	94,523	99,414	100,619	100,655	90,826	86,364	73,984	74,311	75,863
Reference questions	18,229	17,199	18,912	22,647	18,940	5,776	6,415	14,959	80,950	149,296
Total items circulated	380,942	332,691	422,063	374,840	149,210	52,240	51,915	49,718	73,079	75,840
Total circulation transactions	799,622	391,308	733,582	734,852	825,000	172,391	170,875	187,063	225,043	229,446
Economic development										
Building permits - commercial	274	271	279	256	262	262	273	339	143	195
Building permits - residential	892	1,003	1,446	1,333	1,639	1,983	2,565	3,501	1,454	777
Self-help homes completed	20	8	16	24	23	22	6	20	25	25
Self-help homes started	8	16	24	23	15	13	26	27	25	26
Housing rehabilitations	12	13	17	13	16	12	9	12	12	12
Code enforcement cases	303	670	617	675	724	660	1,059	1,704	984	1,150
Planning cases	98	155	78	61	114	161	154	334	193	85

Sources: Various City departments

Note: (a) In 2004 the library implemented a new system that tracks information more accurately.
In 2007 the library changed Reference questions to include information transactions.

Schedule 17
City of Casa Grande
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fire stations	2	2	3	3	3	3	3	3	3	3
Parks and recreation										
Park areas	25	25	25	24	23	24	24	24	25	26
Parkland acreage	2,152	2,152	2,152	1,787	1,783	1,790	1,370	1,370	1,371	1,387
Community centers	2	2	3	4	4	4	4	4	4	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	19	19	19	19	20	22	22	24	24	25
Other maintenance areas	38	38	71	85	85	85	85	87	88	93
Airport										
T-hangers	22	22	22	22	52	52	52	52	52	52
T-shades	18	18	18	18	18	18	18	18	18	18
Public works										
Total number of streetlights	1,315	1,336	1,525	1,638	1,638	1,893	2,011	2,217	3,130	3,302
Miles of streets	237	243	243	307	307	321	354	375	375	389
Miles of sewer	104	105	108	121	121	145	160	300	375	450
Number of lift stations	7	10	10	10	10	10	10	9	9	9
Number of signalized intersections	18	25	26	26	27	27	27	31	31	35

Sources: Various City departments



SINGLE AUDIT REPORTS



HENRY & HORNE, LLP
Advisors to Business

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

The Honorable Mayor and Council
City of Casa Grande, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Casa Grande (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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The Honorable Mayor and Council
City of Casa Grande, Arizona
Page Two

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

Compliance and Other Matters

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

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

A handwritten signature in black ink, appearing to read "H. H. W.", is positioned above the typed name and date.

November 7, 2008
Casa Grande, Arizona



HENRY & HORNE, LLP
Advisors to Business

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

The Honorable Mayor and Council
City of Casa Grande, Arizona

Compliance

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

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

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

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CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Council
City of Casa Grande, Arizona
Page Two

Internal Control Over Compliance

The management of the City of Casa Grande, Arizona is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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



November 7, 2008
Casa Grande, Arizona

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of City of Casa Grande.
2. No significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Casa Grande were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for U.S. Department of Housing and Urban Development- Community Development Block Grant, U.S. Department of Agriculture-Self-Help Housing Technical Assistance and U.S. Department of Homeland Security FEMA Grant expresses an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include U.S. Department of Housing and Urban Development-Community Development Block Grant (CFDA 14.228), U.S. Department of Agriculture-Self-Help Housing Technical Assistance (CFDA 10.420) and U.S. Department of Homeland Security FEMA Grant (CFDA 97.044).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. City of Casa Grande qualified as a low-risk auditee.
10. There were no prior year findings.