



City of Casa Grande, Arizona



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

City of Casa Grande, Arizona

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2009



Prepared by the Finance Department
Diane Archer, Finance Director
Janice Rutherford, Supervising Accountant

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City of Casa Grande

November 18, 2009

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

We are pleased to submit to you the fiscal year ended June 30, 2009 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 presented in this report is accurate in all material respects and fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. We include all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability.

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 independent audit report is presented as the first component in the financial section. 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. 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, 2009, 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 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, 2009, are fairly presented, in all material respects, in conformity with GAAP.

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, 2009, 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 grew substantially over the past 4 years to just over 105 squares miles. The City completed a two year process to update the General Plan and the voters considered adoption of the 2020 Plan on November 3rd, 2009. The City’s population increased by 79% over the past eight years from 25,224 to 45,116. The City’s growth is attributed to affordable housing, proximity to labor opportunities in the metropolitan areas, and the rural quality of life offered to the residents.

The City provides a full range of municipal services, including police and fire protection, maintenance of streets, recreational and cultural events, library services, planning and zoning services, wastewater 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 units, 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 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 is valid 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 \$162,515,732.

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 prior two fiscal years 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 rooftops 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 was extended and the outstanding debt was called. Management is projecting the city's sales tax to decrease by an additional 6% 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 12% this next year due to the economic downturn.

The State experienced 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 decreased to .7135 from .7468 per \$100 of assessed valuation. Despite the reduction in tax levy, the City's property tax revenue remains the same due to the number of new properties being added to the tax rolls. Net secondary valuation within the City increased by approximately 164% 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. \$11 million was issued in fiscal year 2008. The secondary tax levy beginning in fiscal year 2009 is .6308.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In 2009 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.
- Implemented Alarm Permits program to reduce responses to false alarms.
- Held 15th annual "National Night Out" celebration.
- Held a Vehicle Theft Awareness Education fair with the Watch Your Car program and VIN etching.
- Maintained over a 90% victim contact rate for cases assigned to Criminal Investigations.

Fire

- Responded to 5,998 emergencies, of which 4,509 (75.17%) involved emergency medical services, averaging a response time for all incidents of 5 minutes 54 seconds.
- Maintained a department commitment for excellence in public education by increasing public contacts by 21% to 24,000.
- Secured grant funding from the Arizona Department of Homeland Security (ADHS) for equipment to go on the Haz Mat response vehicle.
- Continued mentoring of the Casa Grande Fire Explorers Program.

Public Works

- o Reduced amount of janitorial cleaning chemicals from ten down to four, using new chemical dilution system.
- o Commenced construction of Water Reclamation Expansion Project.
- o Cleaned 351,041 feet of the wastewater collection system.
- o Replaced and installed 412 signs throughout the City.
- o Installed two in ground lighted crosswalks.
- o Collected 74.12 tons of solid waste at the landfill site.
- o Recycled 11% of the residential solid waste materials.
- o Open new fleet shop at North Operations Center.

Community Services

- o Adopt A Street program has gained 14 new groups to assist with cleaning the streets during yearly clean ups.
- o Held first annual Playtopia, Day of Play. Had over 22 game stations hosted by community groups.
- o Awarded “most outstanding sports program population 25,000-100,000” from Arizona Parks & Recreation Association for 2008 Desert Grande Triathlon.
- o Continued and expanded recreational participation by 12%.
- o Opened the Vista Grande joint use library in conjunction with High School District.
- o Served a total of 20,318 meals, delivered a total of 21,641 meals to our Meals on Wheels participants and provided a total of 3,056 transportation units.
- o Maintained 1,392 acres of parkland.
- o Accepted Villago Community Park (approximately 16 acres) into the City Parks system.

Community Development

- o Completed work on a digital Zoning map to help make zoning ordinances available on a parcel based system
- o Prepared for upcoming Census 2010.
- o Responded to 1,331 code enforcement complaints.

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, 2009, the City had a number of debt issues outstanding. Total bonded debt at June 30, 2009, was \$27,910,000. This amount includes one issue of special assessment debt with government commitment. 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 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 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, 2009, the City had \$16,435,000 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, 2009, 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. The City has \$8,830,000 in outstanding General Obligation bonds, with voter approval to issue an additional \$36 million over the next several years.

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 provides a reasonable return while meeting the daily cash flow demands of the City and conforms to 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 2008/2009 fiscal year.

The yield for the investment account averaged .73 percent for the fiscal year. At June 30, 2009, the Pool consisted of \$2.9 billion in total local government deposits, which included \$113.6 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 \$528,970.

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, 2008. This was the eighteenth 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, 2008. To receive this award, a governmental unit must publish a budget document that meets program criteria. The Award is valid for a period of one year. This is the eleventh Distinguished Budget Presentation Award the City of Casa Grande received. We expect to continue to participate and meet the program requirements.

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R. M.".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

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

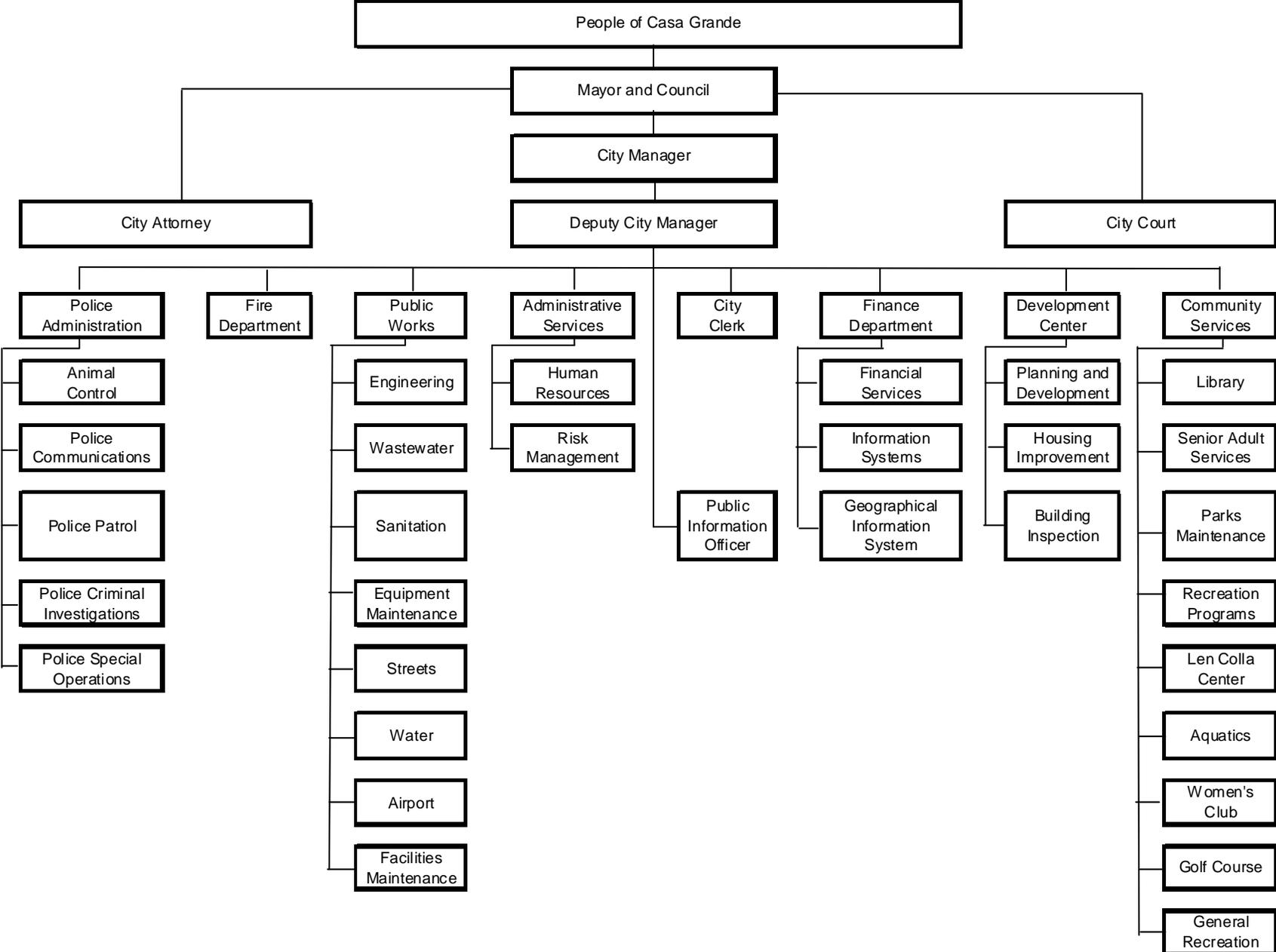


FINANCE DEPARTMENT STAFF

DIANE ARCHER
JANICE RUTHERFORD
GAY BARNHART

FINANCE DIRECTOR
SUPERVISING ACCOUNTANT
ASSISTANT

City of Casa Grande Organizational Chart





FINANCIAL SECTION



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 the City of Casa Grande (the City), Arizona, as of and for the year ended June 30, 2009, 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, 2009, 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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Fax (480) 836-1740

Scottsdale
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Suite 100
Scottsdale, AZ 85253-4517
(480) 493-1170
Fax (480) 493-7128

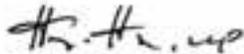
Casa Grande
1115 E. Cottonwood Lane
Suite 100
Casa Grande, AZ 85122-2950
(320) 836-8201
Fax (320) 826-9432

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 18, 2009 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 18, 2009
Casa Grande, Arizona



MANAGEMENT'S DISCUSSION AND ANALYSIS

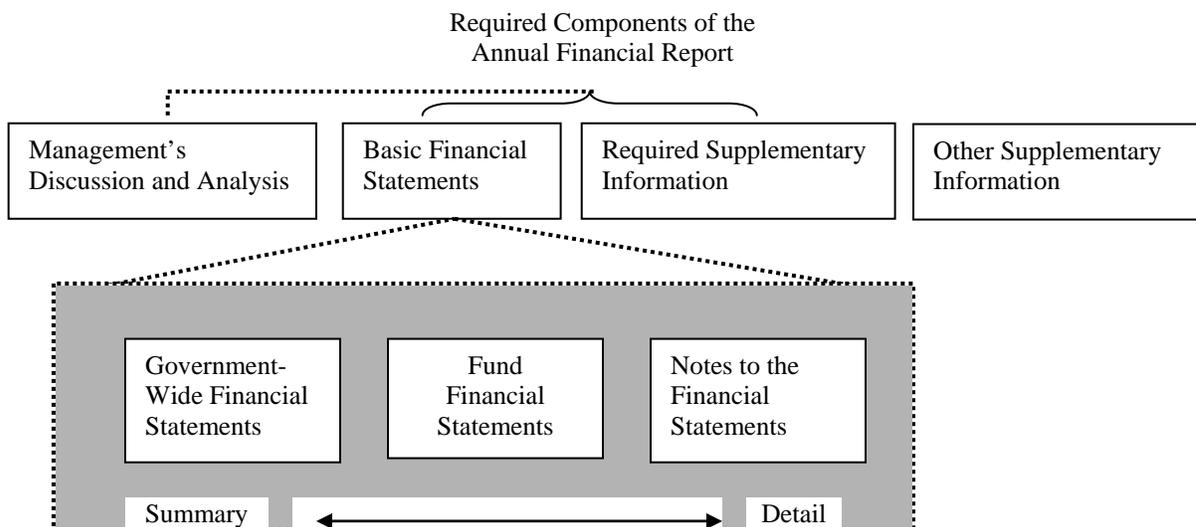
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. 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 \$320 million at June 30, 2009 of which \$30 million is unrestricted. This was an increase of \$9 million in fiscal year 2009, \$8 million in governmental activities and \$1 million in business-type activities.
- The governmental activities revenues decreased by approximately \$16.3 million over the previous year.
- The business-type activities operating revenues decreased by \$925 thousand from the previous year.
- The General Fund reported revenues in excess of expenses and other financial sources and uses by \$818 thousand for the year.
- At June 30, 2009, unreserved fund balance for the General Fund was \$30.4 million, or 86% of General Fund expenditures for fiscal year 2009.
- At June 30, 2009, unreserved fund balance of the governmental funds was \$70.2 million, or 94% of governmental fund expenditures for fiscal year 2009.
- The governmental activities general revenues of \$41.7 million were \$5.5 million less than the \$47.2 million of expenditures before other financial sources and uses.
- The business-type activities net assets were \$60.8 million as of June 30, 2009, which is an increase of \$1.1 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 focus on major funds of the City. A major fund is determined based on the % a certain fund value is in relation to all of the same fund type – either governmental or proprietary. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or conditions. Funds 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 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 four enterprise funds: The golf course, sanitation, water and wastewater funds. The internal service fund is used for activities in which the City is the customer. The fleet maintenance fund is

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

Fiduciary funds – Fiduciary funds 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 38-70) 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, 2009.

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, 2009 compared to the prior year.

Condensed Statement of Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$120.5	\$142.7	\$29.7	\$39.7	\$150.2	\$182.4
Capital assets	156.1	144.0	49.0	47.9	205.1	191.9
Total assets	<u>276.6</u>	<u>286.7</u>	<u>78.7</u>	<u>87.6</u>	<u>355.3</u>	<u>374.3</u>
Other liabilities	5.2	9.5	1.6	4.6	6.8	14.1
Long-term liabilities	19.5	17.6	17.4	22.1	36.9	39.7
Total liabilities	<u>24.7</u>	<u>27.1</u>	<u>19.0</u>	<u>26.7</u>	<u>43.7</u>	<u>53.8</u>
Net assets:						
Invested Capital assets net of related debt	144.5	166.6	33.2	42.8	177.7	209.4
Restricted	77.4	63.8	19.3	16.8	96.7	80.6
Unrestricted	29.9	29.2	7.2	1.2	37.1	30.4
Total net assets	<u>\$251.8</u>	<u>\$259.6</u>	<u>\$59.7</u>	<u>\$60.8</u>	<u>\$311.5</u>	<u>\$320.4</u>

The net assets of the City increased by \$9 million from June 30, 2009. At year end June 30, 2009 the net assets of the City totaled \$320.4 million. Of this \$320.4 million, \$259.6 million was in the governmental activities, a 3% increase and \$60.8 million was in the business-type activities, a .1% increase.

Net Assets consist of three components. The largest portion of net assets (\$209.4 million or 65%) 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 (\$80.6 million or 25%) 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 (\$30.4 million or 9%), 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, 2009 were \$76,250,326. The total cost of all programs and services was \$67,278,160. The following table presents a summary of the changes in net assets for the year ended June 30, 2009.

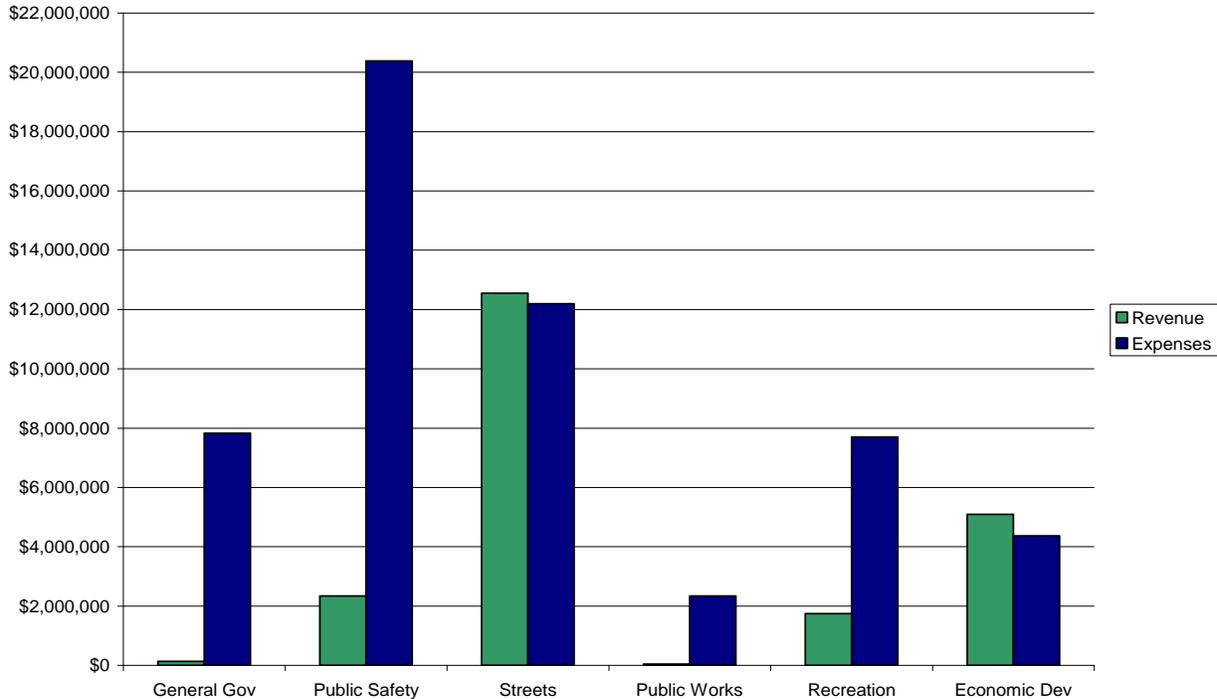
Changes in Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues						
Program revenues						
Charges for services	\$14,470	\$5,685	\$11,950	\$10,834	\$26,420	\$16,519
Operating grants and contributions	9,303	8,859	-	-	9,303	8,859
Capital grants and contributions	22,403	7,361	2,581	717	24,984	8,078
General revenues						
Property taxes	3,106	6,265	-	-	3,106	6,265
Sales taxes	28,083	23,314	14	21	28,097	23,335
Franchise taxes	1,687	1,910	-	-	1,687	1,910
Shared revenues	9,776	9,503	-	-	9,776	9,503
Other	4,044	1,255	1,075	525	5,119	1,780
Total revenues	<u>92,872</u>	<u>64,152</u>	<u>15,620</u>	<u>12,097</u>	<u>108,492</u>	<u>76,249</u>
Expenses						
General government	6,958	7,824	-	-	6,958	7,824
Public safety	17,800	20,385	-	-	17,800	20,385
Streets/Transportation	10,615	12,198	-	-	10,615	12,198
Public works	1,653	2,337	-	-	1,653	2,337
Culture and recreation	5,854	7,697	-	-	5,854	7,697
Economic development	5,932	4,367	-	-	5,932	4,367
Other	642	973	-	-	642	973
Water	-	-	118	153	118	153
Golf course	-	-	968	1,267	968	1,267
Sewer	-	-	4,522	4,610	4,522	4,610
Sanitation	-	-	4,041	5,466	4,041	5,466
Total expenses	<u>49,454</u>	<u>55,781</u>	<u>9,649</u>	<u>11,496</u>	<u>59,103</u>	<u>67,277</u>
Excess before transfer	43,418	8,371	5,971	601	49,389	8,972
Transfers In (Out)	526	(563)	(526)	563	-	-
Increase in Net Assets	<u>\$43,944</u>	<u>\$7,808</u>	<u>\$5,445</u>	<u>\$1,164</u>	<u>\$49,389</u>	<u>\$8,972</u>

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. The expenses do not 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 84% of the total revenues of the City and 83% of the total expenses in fiscal year 2009. This compares to 83% of total revenues and 80% of expenses in fiscal year 2008.

Governmental Programs Revenues and Expenses



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

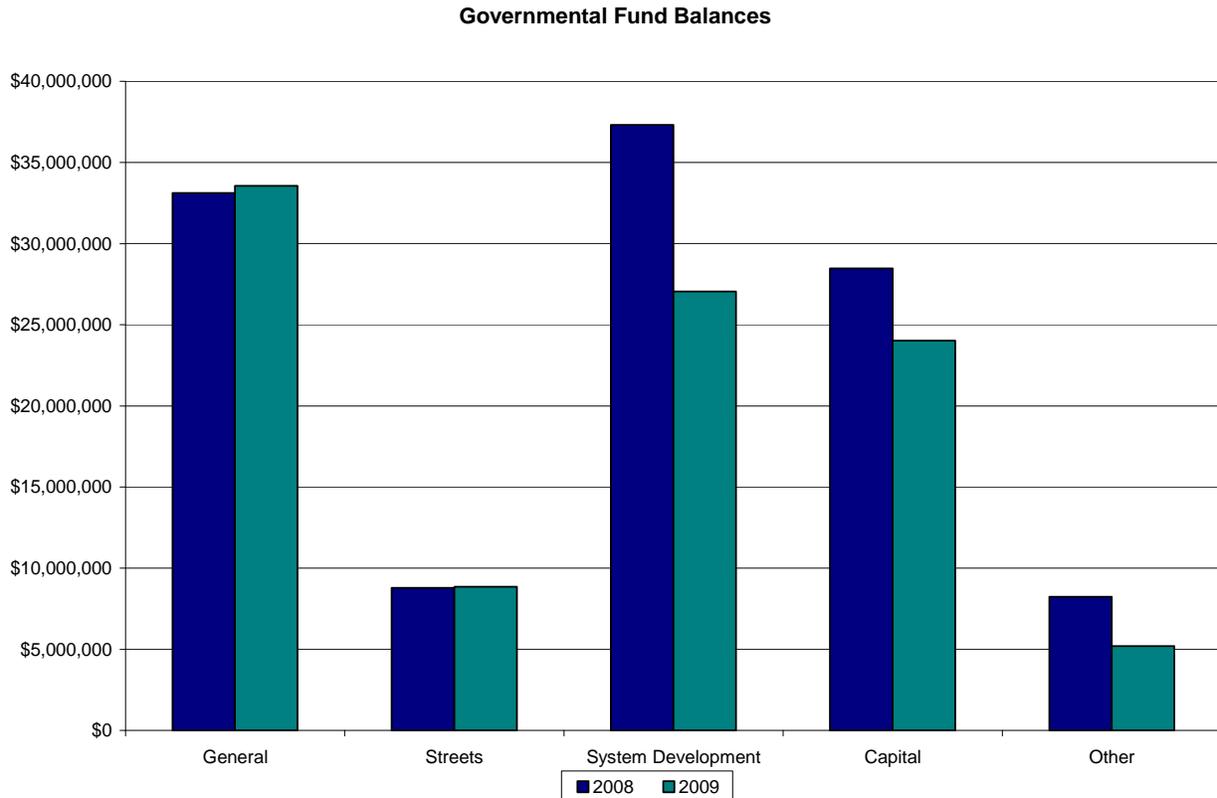
The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

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 discretely 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 71-74.

For fiscal year ended June 30, 2009, the governmental funds reflect a combined fund balance of \$98.7 million, a decrease of \$17.2 million. A portion of the fund balance, \$28.5 million is reserved for specific expenses or is legally segregated for a specific future use. The remaining \$70.2 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.



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 \$36 million, a decrease of \$4.7 million, in fiscal year 2008-2009. The primary decreases are in local sales tax, license and permits and investment earnings revenues. The expenses, before other financing sources and uses, totaled \$35.2 million, an increase of \$1.9 million. The increase in fund balance is because expenditures were less 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 must 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 \$5.0 million, a decrease of \$1.4 million, while expenses totaled \$5.0 million, a decrease of \$.3 million in fiscal year ended June 30, 2009. The decrease in revenues is a result of a decrease in state funding and fewer investment earnings.

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

The Capital Development and Replacement Fund accounts for accumulated proceeds and capital expense of those proceeds for the construction of capital projects and for replacement of equipment. The fund balance decreased in this fund due to spending of prior year bond proceeds.

Other governmental funds include the Grants Fund which accounts for the various state and federal grants awarded to the City for specific purposes 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 \$60.8 million, an increase of \$1.1 million as of June 30, 2009. 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 2008-2009 were \$11.0 million, a decrease of \$1 million from the prior fiscal year, while operating expenses totaled \$10.8 million, an increase of \$1.8 million, resulting in \$223,753 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). Use of contingency is required for capital projects with budget overages, and other unanticipated expenses. 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 when the funding is received.

The City's total adopted budget was \$140,854,700 during fiscal year 2009. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur. However, the adopted budget can not be increased.

General Fund inflows (revenues and other sources) of \$36 million, on a budgetary basis, were less than budgeted inflows of \$37.3 million by \$1.3 million (3.4%) while actual outflows (expenditures and other uses) of \$35.2 million were only 88% of final budgeted outflows. The decrease in General Fund inflows over budgeted amounts is primarily due to lower sales tax collections and investment earnings yield. Reduced General Fund outflows resulted primarily from a mid year budget reduction based on anticipated decline in revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the City had \$209 million invested in various capital assets, net of accumulated depreciation and related debt, up \$48.9 million. Of the \$31.8 million \$166.7 million (80%) is invested in governmental activities and \$42.8 million (20%) is invested in business-type activities.

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

- ✓ Began construction of wastewater treatment plant expansion and renovation - work in progress amounted to \$8,698,555.
- ✓ Sanitation equipment - \$1,697,899
- ✓ Began construction of Cottonwood lane widening - \$5,090,652
- ✓ Began construction of sports complex - \$7,442,212

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2009. 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	
	2008	2009	2008	2009	2008	2009
Land & Const. in progress	\$ 13,089	\$ 33,045	\$ 3,734	\$14,416	\$ 16,823	\$ 47,461
Building and improvements	134,080	134,300	42,118	42,944	176,198	177,244
Machines and equipment	8,915	9,662	3,093	4,989	12,008	14,651
Total	\$156,084	\$177,007	\$48,945	\$62,349	\$205,029	\$239,356

Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, contracts, and compensated absences, was \$37.2 million at June 30, 2009, with \$5.7 million due within one year. Of this total, \$17.6 million was in governmental activities and \$19.6 million was in business-type activities. Of the outstanding debt, \$16 million is excise tax revenue obligation bond collateralized by the City's excise tax stream. An additional \$130,000 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, 2009. Further details can be found in Notes 10 to 15 on pages 61-67.

Outstanding Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Compensated absences	\$ 881	\$ 1,615	\$ 112	\$ 241	\$ 993	\$ 1,856
Capital leases	3,180	2,909	179	58	3,359	2,967
Bonds payable	17,229	13,000	15,856	14,575	33,085	27,575
Notes/loans payable	-	-	149	4,352	149	4,352
Total	<u>\$21,290</u>	<u>\$17,524</u>	<u>\$16,296</u>	<u>\$19,226</u>	<u>\$37,586</u>	<u>\$36,750</u>

ECONOMIC FACTORS

Casa Grande's population has grown steadily since 2000. The growth rate over the course of the past 8 years was 79% and is expected to be 2% in 2010. The unemployment rate in Casa Grande for June 2009 was 11.1%, which is higher than the state (8.7%) and higher than the national average (9.5%). While the local economy witnessed a solid year, it has been largely driven by commercial construction. The retail sales tax remained stable due to the regional nature of Casa Grande.

Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy. The regional economy is slowing further due to sluggish building activity in both residential and commercial. Population growth continues to be steady as does personal income. Within Casa Grande, the local economy is experiencing a temporary reduction in sales tax collection as the economy starts to improve. Casa Grande continues to be a potential site for industrial and manufacturing companies.

Total assessed value in Casa Grande has increased progressively, showing a 326% overall increase from 2000 to 2009. This is due to the new housing development followed by commercial development. Residential value in 2009 represented about 43% 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 85122 or send an e-mail to darcher@casagrandeaz.gov.



BASIC FINANCIAL STATEMENTS

City of Casa Grande, Arizona
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 12,586,951	\$ 898,927	\$ 13,485,878
Investments	83,259,396	23,077,964	106,337,360
Receivables (net of allowance for uncollectibles)	5,763,202	810,934	6,574,136
Due from other governments	1,707,646	-	1,707,646
Inventories	298,569	12,918	311,487
Restricted assets:			
Restricted investments	5,645,706	126,594	5,772,300
Deferred bond costs	417,869	293,311	711,180
Capital assets:			
Land and construction in progress	33,044,947	14,416,023	47,460,970
Other capital assets (net of accumulated depreciation)	143,961,817	47,933,163	191,894,980
Total assets	286,686,103	87,569,834	374,255,937
LIABILITIES			
Accounts payable and other current liabilities	8,881,621	4,391,464	13,273,085
Deposits held	-	14,590	14,590
Accrued wages and benefits	539,909	77,918	617,827
Accrued interest payable	53,072	179,548	232,620
Unearned revenue	12,797	-	12,797
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	1,614,897	241,151	1,856,048
Current portion of capital leases and notes	284,693	1,318,954	1,603,647
Current portion of excise tax revenue obligations	250,530	569,470	820,000
Current portion of bonds payable	1,217,271	222,730	1,440,001
Due in more than one year:			
Noncurrent portion of capital leases	2,624,468	6,793	2,631,261
Noncurrent portion of notes payable	-	3,084,355	3,084,355
Noncurrent portion of excise tax revenue obligations	2,886,381	13,043,058	15,929,439
Noncurrent portion of bonds payable	8,722,861	1,409,553	10,132,414
Less: Deferred amount on refunding	(32,410)	(165,985)	(198,395)
Closure and postclosure liability	-	2,354,385	2,354,385
Total liabilities	27,056,090	26,747,984	53,804,074
NET ASSETS			
Invested in capital assets, net of related debt	166,666,266	42,819,605	209,485,871
Restricted for:			
Highways and streets	9,199,034	-	9,199,034
Grant purposes	1,030,111	-	1,030,111
Community development	34,164,700	-	34,164,700
Debt service	421,125	-	421,125
Capital projects	18,944,766	16,814,023	35,758,789
Unrestricted	29,204,011	1,188,222	30,392,233
Total net assets	\$259,630,013	\$60,821,850	\$320,451,863

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, 2009

<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	\$ 7,824,380	\$ 131,394	\$ 2,743	\$ -
Public safety	20,384,692	1,410,573	773,853	153,120
Streets/Transportation	12,198,334	1,297,796	4,977,054	6,273,834
Public works	2,336,854	23,399	21,000	-
Culture and recreation	7,696,876	378,961	431,892	933,907
Economic development	4,367,403	2,442,985	2,652,632	-
Interest on long-term debt	972,791	-	-	-
Total governmental activities	55,781,330	5,685,108	8,859,174	7,360,861
Business-type activities:				
Water	153,147	196,410	-	-
Golf course	1,266,986	962,206	-	-
Wastewater	4,610,789	5,119,786	-	717,407
Sanitation	5,465,908	4,555,927	-	-
Total business-type activities	11,496,830	10,834,329	-	717,407
Total primary government	\$67,278,160	\$16,519,437	\$8,859,174	\$8,078,268

General revenues:
Property taxes
Sales taxes
Franchise taxes
Shared revenues - unrestricted:
 State sales taxes
 Urban revenue sharing
 Auto-in-lieu
Investment earnings
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
\$ (7,690,243)	\$ -	\$ (7,690,243)
(18,047,146)	-	(18,047,146)
350,350	-	350,350
(2,292,455)	-	(2,292,455)
(5,952,116)	-	(5,952,116)
728,214	-	728,214
(972,791)	-	(972,791)
(33,876,187)	-	(33,876,187)
-	43,263	43,263
-	(304,780)	(304,780)
-	1,226,404	1,226,404
-	(909,981)	(909,981)
-	54,906	54,906
(33,876,187)	54,906	(33,821,281)
6,264,879	-	6,264,879
23,313,628	20,612	23,334,240
1,910,594	-	1,910,594
2,583,416	-	2,583,416
4,793,336	-	4,793,336
2,126,092	-	2,126,092
815,213	202,016	1,017,229
440,101	323,560	763,661
(563,426)	563,426	-
41,683,833	1,109,614	42,793,447
7,807,646	1,164,520	8,972,166
251,822,367	59,657,330	311,479,697
\$259,630,013	\$60,821,850	\$320,451,863

City of Casa Grande, Arizona
Balance Sheet
Governmental Funds
June 30, 2009

ASSETS	General	Highway Users	System Development	Grants & Subsidies	CDBG
Cash	\$ 12,218,996	\$ 1,712	\$ -	\$ 922	\$ 632
Investments	15,347,696	8,579,056	28,621,800	-	-
Accounts receivable (less allowance for uncollectibles)	4,436,083	568,308	26,441	103	486,836
Due from other governments	24,853	-	-	614,789	102,937
Due from other funds	3,488,500	-	-	-	-
Inventories	14,852	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$35,530,980</u>	<u>\$9,149,076</u>	<u>\$28,648,241</u>	<u>\$615,814</u>	<u>\$590,405</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	\$ 1,287,357	\$ 267,215	\$ 1,601,467	\$ 54,588	\$ 58,912
Liabilities payable from restricted assets	-	-	-	-	-
Accrued wages and benefits	458,012	27,244	-	14,914	-
Due to other funds	-	-	-	345,000	64,000
Deferred revenue	224,820	-	-	536,715	12,000
Compensated absences	4,290	75	-	-	-
Total liabilities	<u>1,974,479</u>	<u>294,534</u>	<u>1,601,467</u>	<u>951,217</u>	<u>134,912</u>
Fund balances:					
Reserved for:					
Court and development	3,153,554	-	-	-	-
Special revenue	-	-	-	-	455,493
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved, reported in:					
General fund	30,402,947	-	-	-	-
Special revenue funds	-	8,854,542	27,046,774	(335,403)	-
Capital projects funds	-	-	-	-	-
Total fund balances	<u>33,556,501</u>	<u>8,854,542</u>	<u>27,046,774</u>	<u>(335,403)</u>	<u>455,493</u>
Total liabilities and fund balances	<u>\$35,530,980</u>	<u>\$9,149,076</u>	<u>\$28,648,241</u>	<u>\$615,814</u>	<u>\$590,405</u>

The accompanying notes are an integral part of the financial statements

Self-help Technical Assistance	Home/HUD	General Obligation /Special Assessments	Capital Replacement/ Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 511	\$ 2,226	\$ 129,700	\$ 6,201	\$ 73,013	\$ 115,416	\$ 12,549,329
-	-	250,814	26,271,881	-	4,188,149	83,259,396
-	-	12,035	172,339	2,115	58,942	5,763,202
73,354	257,774	51,132	414,258	-	168,549	1,707,646
-	-	-	-	-	-	3,488,500
-	-	-	-	-	33,886	48,738
-	-	-	5,367,788	277,918	-	5,645,706
\$73,865	\$260,000	\$443,681	\$32,232,467	\$353,046	\$4,564,942	\$112,462,517

\$ 419	\$ -	\$ -	\$ 5,278,970	\$ 997	\$ 87,975	\$ 8,637,900
-	-	-	188,904	-	-	188,904
3,904	-	-	-	-	2,772	506,846
63,000	260,000	-	2,740,000	-	16,500	3,488,500
-	18,589	11,428	-	-	145,255	948,807
-	-	-	-	-	-	4,365
67,323	278,589	11,428	8,207,874	997	252,502	13,775,322

-	-	-	-	-	-	3,153,554
-	-	-	-	-	32,899	488,392
-	-	432,253	-	-	30,516	462,769
-	-	-	24,024,593	352,049	-	24,376,642
-	-	-	-	-	-	30,402,947
6,542	(18,589)	-	-	-	4,240,941	39,794,807
-	-	-	-	-	8,084	8,084
6,542	(18,589)	432,253	24,024,593	352,049	4,312,440	98,687,195
\$73,865	\$260,000	\$443,681	\$32,232,467	\$353,046	\$4,564,942	\$112,462,517

City of Casa Grande, Arizona
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009

Fund balance - total governmental funds balance sheet		\$98,687,195
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	254,122,437	
Less accumulated depreciation	(77,255,284)	
Internal service capital assets	376,958	
Less accumulated depreciation	<u>(237,347)</u>	
		177,006,764
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	(1,614,897)	
Capital leases	(2,909,161)	
Bonds payable	(12,999,867)	
Bond issuance costs	417,869	
Bond discount	43,594	
Deferred Loss	32,410	
Bond premium	<u>(120,770)</u>	
		(17,150,822)
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net assets.		
Special Assessments	11,428	
Property Tax	211,340	
Grant Revenue	<u>712,559</u>	
		935,327
Interest payable on long-term debt is not reported in the governmental funds.		(53,072)
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>204,621</u>
Net assets of governmental activities - statement of net assets		<u><u>\$259,630,013</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, 2009

REVENUES	General	Highway Users	System Development	Grants & Subsidies	CDBG
Taxes:					
Property taxes	\$ 2,498,021	\$ -	\$ -	\$ -	\$ -
City sales tax	18,414,310	-	-	-	-
Franchise tax	2,028,576	-	-	-	-
Licenses and permits	808,414	-	-	-	-
Intergovernmental revenues	9,538,882	4,977,054	-	1,253,672	230,266
Charges for services	768,617	-	1,322,296	-	-
Fines	1,092,331	-	-	-	-
Special assessments	-	-	-	-	-
Investment earnings	228,023	62,668	246,266	490	-
Contributions and donations	2,500	-	-	4,309	-
Rental and sale of city property	258,365	-	-	-	-
Miscellaneous	393,243	9,459	-	-	26,258
Total revenues	36,031,282	5,049,181	1,568,562	1,258,471	256,524
EXPENDITURES					
Current:					
General government	7,587,337	-	-	-	-
Public safety	17,954,665	-	-	619,430	-
Streets/Transportation	-	2,991,139	-	-	-
Public works	1,716,458	-	-	-	-
Culture and recreation	4,328,763	62,423	277,214	503,604	-
Planning and economic development	2,125,526	-	-	230,689	357,090
Capital outlay	1,254,533	1,787,264	11,156,659	403,319	-
Debt Service:					
Bond issuance costs	-	-	-	-	-
Principal	213,703	93,865	-	-	-
Interest and fiscal charges	32,538	78,754	-	-	-
Total expenditures	35,213,523	5,013,445	11,433,873	1,757,042	357,090
Excess (deficiency) of revenues over (under) expenditures	817,759	35,736	(9,865,311)	(498,571)	(100,566)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,727,297	749,176	-	184,005	-
Transfers out	(2,109,149)	(714,257)	(404,085)	-	-
Bond issuance	-	-	-	-	-
Grade separations settlement	-	-	-	-	-
Bond discount	-	-	-	-	-
Total other financing sources and uses	(381,852)	34,919	(404,085)	184,005	-
Net change in fund balances	435,907	70,655	(10,269,396)	(314,566)	(100,566)
Fund balances - beginning of year	33,120,594	8,783,887	37,316,170	(20,837)	556,059
Fund balances - end of year	\$33,556,501	\$8,854,542	\$27,046,774	(\$335,403)	\$455,493

The accompanying notes are an integral part of the financial statements

Self-help Technical Assistance	Home/HUD	General Obligation/ Special Assessments	Capital Replacement/ Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,809,580	\$ -	\$ 346,968	\$ 337,491	\$ 5,992,060
-	-	-	4,090,866	-	808,452	23,313,628
-	-	-	-	-	-	2,028,576
-	-	-	-	-	-	808,414
224,099	753,870	-	-	-	210,303	17,188,146
-	-	-	-	14,500	83,053	2,188,466
-	-	-	-	-	-	1,092,331
-	-	21,092	-	-	-	21,092
-	-	5,534	223,089	381	48,762	815,213
-	-	-	-	-	-	6,809
-	-	-	58,392	-	1,328,478	1,645,235
10,660	-	-	-	21,000	68,775	529,395
234,759	753,870	2,836,206	4,372,347	382,849	2,885,314	55,629,365
-	-	-	-	-	1,408,696	8,996,033
-	-	-	-	-	19,927	18,594,022
-	-	-	-	-	-	2,991,139
-	-	-	-	-	-	1,716,458
-	-	-	-	-	50,715	5,222,719
152,028	493,361	1,473	501	44,339	20,830	3,425,837
-	-	-	11,661,029	639,000	610,098	27,511,902
-	-	-	-	58,735	-	58,735
-	-	1,900,500	-	-	3,105,753	5,313,821
-	-	478,475	-	106,623	258,817	955,207
152,028	493,361	2,380,448	11,661,530	848,697	5,474,836	74,785,873
82,731	260,509	455,758	(7,289,183)	(465,848)	(2,589,522)	(19,156,508)
-	-	-	2,635,319	-	335,000	5,630,797
-	-	(1,143,677)	(1,284,222)	-	(267,534)	(5,922,924)
-	-	-	-	750,000	-	750,000
-	-	-	1,500,000	-	-	1,500,000
-	-	-	-	(45,000)	-	(45,000)
-	-	(1,143,677)	2,851,097	705,000	67,466	1,912,873
82,731	260,509	(687,919)	(4,438,086)	239,152	(2,522,056)	(17,243,635)
(76,189)	(279,098)	1,120,172	28,462,679	112,897	6,834,496	115,930,830
\$ 6,542	(\$18,589)	\$432,253	\$24,024,593	\$352,049	\$4,312,440	\$98,687,195

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, 2009

Net change in fund balances - total governmental funds (\$17,243,635)

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	24,992,995	
Less current year depreciation	<u>(10,874,978)</u>	
		14,118,017

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	6,936,401
Sale of capital assets	(107,722)

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	154,837
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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 of current year bond issuance costs and bond discount .

103,735

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	(750,000)	
Bond payments	4,979,351	
Lease payments	<u>271,195</u>	
		4,500,546

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	(16,160)
Grants	22,965

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	(734,544)
Interest expense on long-term debt	<u>73,206</u>

Change in net assets of governmental activities	<u><u>\$7,807,646</u></u>
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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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
REVENUES				
Taxes:				
Property taxes	\$ 2,566,600	\$ 2,566,600	\$ 2,498,021	\$ (68,579)
City sales tax	19,550,000	19,550,000	18,414,310	(1,135,690)
Franchise tax	1,560,000	1,560,000	2,028,576	468,576
Licenses and permits	751,000	751,000	808,414	57,414
Intergovernmental revenues	9,423,400	9,423,400	9,538,882	115,482
Charges for services	1,516,100	1,516,100	768,617	(747,483)
Fines	824,000	824,000	1,092,331	268,331
Investment earnings	745,000	745,000	228,023	(516,977)
Contributions and donations	-	-	2,500	2,500
Rental and sale of city property	168,000	168,000	258,365	90,365
Miscellaneous	155,600	155,600	393,243	237,643
Total revenues	<u>37,259,700</u>	<u>37,259,700</u>	<u>36,031,282</u>	<u>(1,228,418)</u>
EXPENDITURES				
Current:				
General government				
Mayor and Council	3,821,300	2,926,980	1,800,610	1,126,370
City manager	766,100	736,100	734,370	1,730
Attorney	610,500	596,820	596,033	787
Clerk	418,800	446,200	444,963	
Finance	1,193,100	1,026,990	1,016,513	10,477
Information Technology	1,741,500	1,511,500	1,503,531	7,969
Administrative Services	1,728,800	1,644,500	1,491,317	153,183
Public safety				
Police	11,432,400	11,330,800	11,259,498	71,302
Fire	5,943,700	5,930,100	5,927,186	2,914
Court	592,700	523,520	491,196	32,324
Animal Control	278,300	278,300	276,785	1,515
Public works	2,087,300	1,738,640	1,716,458	22,182
Culture and Recreation	4,948,900	4,360,360	4,328,763	31,597
Planning and Economic Development	2,599,600	2,248,610	2,125,526	123,084
Capital Outlay	4,533,100	4,365,400	1,254,533	3,110,867
Debt Service:				
Principal	94,600	217,062	213,703	3,359
Interest and fiscal charges	-	32,538	32,538	-
Total expenditures	<u>42,790,700</u>	<u>39,914,420</u>	<u>35,213,523</u>	<u>4,700,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,531,000)</u>	<u>(2,654,720)</u>	<u>817,759</u>	<u>3,472,479</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,564,700	1,564,700	1,727,297	162,597
Transfers out	(1,991,500)	(2,109,500)	(2,109,149)	351
Total other financing sources and uses	<u>(426,800)</u>	<u>(544,800)</u>	<u>(381,852)</u>	<u>162,948</u>
Net change in fund balance	<u>(5,957,800)</u>	<u>(3,199,520)</u>	<u>435,907</u>	<u>3,635,427</u>
Fund balance - beginning of year	<u>5,957,800</u>	<u>3,199,520</u>	<u>33,120,594</u>	<u>29,921,074</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$33,556,501</u>	<u>\$33,556,501</u>

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, 2009

	<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	\$ 2,919,200	\$ 2,919,200	\$ 2,639,907	\$ (279,293)
Local transportation assistance	188,800	188,800	255,745	66,945
County sales tax	2,000,000	2,000,000	2,081,402	81,402
Investment earnings	400,000	400,000	62,668	(337,332)
Miscellaneous	220,000	220,000	9,459	(210,541)
Total revenues	<u>5,728,000</u>	<u>5,728,000</u>	<u>5,049,181</u>	<u>(678,819)</u>
EXPENDITURES				
Culture and recreation				
Contractual services	25,000	63,000	62,423	577
Total Culture and recreation	<u>25,000</u>	<u>63,000</u>	<u>62,423</u>	<u>577</u>
Streets/Transportation				
Personal services	1,504,600	1,504,600	1,268,830	235,770
Contractual services	839,600	724,600	322,128	402,472
Materials and supplies	1,570,400	1,570,400	1,400,181	170,219
Capital outlay	2,794,000	2,044,000	1,787,264	256,736
Debt service	178,300	178,300	172,619	5,681
Total Streets/Transportation	<u>6,886,900</u>	<u>6,021,900</u>	<u>4,951,022</u>	<u>1,070,878</u>
Total expenditures	<u>6,911,900</u>	<u>6,084,900</u>	<u>5,013,445</u>	<u>1,071,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,183,900)</u>	<u>(356,900)</u>	<u>35,736</u>	<u>392,636</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	749,176	749,176
Transfers out	(637,900)	(714,900)	(714,257)	643
Total other financing sources and uses	<u>(637,900)</u>	<u>(714,900)</u>	<u>34,919</u>	<u>749,819</u>
Net change in fund balance	<u>(1,821,800)</u>	<u>(1,071,800)</u>	<u>70,655</u>	<u>1,142,455</u>
Fund balance - beginning of year	1,821,800	1,071,800	8,783,887	7,712,087
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,854,542</u>	<u>\$8,854,542</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
REVENUES				
Charges for services	\$9,789,000	\$9,789,000	\$1,322,296	(\$8,466,704)
Investment earnings	1,400,000	1,400,000	246,266	(1,153,734)
Total revenues	11,189,000	11,189,000	1,568,562	(9,620,438)
EXPENDITURES				
Public works	21,000	21,000	-	21,000
Culture and recreation	80,000	360,000	277,214	82,786
Capital outlay	22,229,600	21,919,600	11,156,659	10,762,941
Total expenditures	22,330,600	22,300,600	11,433,873	10,866,727
Excess (deficiency) of revenues over (under) expenditures	(11,141,600)	(11,111,600)	(9,865,311)	1,246,289
OTHER FINANCING USES				
Transfers out	(375,000)	(405,000)	(404,085)	915
Total other financing sources and uses	(375,000)	(405,000)	(404,085)	915
Net change in fund balance	(11,516,600)	(11,516,600)	(10,269,396)	1,247,204
Fund balance - beginning of year	11,516,600	11,516,600	37,316,170	25,799,570
Fund balance - end of year	\$ -	\$ -	\$27,046,774	\$27,046,774

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, 2009

	<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	\$3,904,000	\$3,904,000	\$1,253,672	(\$2,650,328)
Investment earnings	1,500	1,500	490	(1,010)
Contributions and donations	26,500	26,500	4,309	(22,191)
Total revenues	3,932,000	3,932,000	1,258,471	(2,673,529)
EXPENDITURES				
Public safety				
Personal services	282,100	547,100	545,951	1,149
Contractual services	6,000	7,100	7,061	39
Materials and supplies	1,169,100	626,000	66,418	559,582
Capital outlay	-	277,000	276,651	349
Total Public Safety	<u>1,457,200</u>	<u>1,457,200</u>	<u>896,081</u>	<u>561,119</u>
Culture and recreation				
Personal services	243,100	243,100	106,295	136,805
Contractual services	50,800	100,800	100,678	122
Materials and supplies	175,900	297,900	296,631	1,269
Capital outlay	225,000	175,000	126,668	48,332
Total Culture and Recreation	<u>694,800</u>	<u>816,800</u>	<u>630,272</u>	<u>186,528</u>
Community Development				
Contractual services	1,780,000	1,658,000	230,689	1,427,311
Total Community Development	<u>1,780,000</u>	<u>1,658,000</u>	<u>230,689</u>	<u>1,427,311</u>
Total expenditures	3,932,000	3,932,000	1,757,042	2,174,958
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(498,571)</u>	<u>(498,571)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	184,005	184,005
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>184,005</u>	<u>184,005</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(314,566)</u>	<u>(314,566)</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(20,837)</u>	<u>(20,837)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>(\$335,403)</u>	<u>(\$335,403)</u>

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental revenues	\$928,000	\$928,000	\$230,266	(\$697,734)
Program income	-	-	26,258	26,258
Total revenues	928,000	928,000	256,524	(671,476)
EXPENDITURES				
Community development				
Personal services	-	90,000	87,719	2,281
Contractual services	928,000	830,000	261,729	568,271
Materials and supplies	-	8,000	7,642	358
Total expenditures	928,000	928,000	357,090	570,910
Excess (deficiency) of revenues over (under) expenditures	-	-	(100,566)	(100,566)
Fund balance - beginning of year	-	-	556,059	556,059
Fund balance - end of year	\$ -	\$ -	\$455,493	\$455,493

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
REVENUES				
Intergovernmental revenues	\$430,000	\$430,000	\$224,099	(\$205,901)
Miscellaneous	7,000	7,000	10,660	3,660
Total revenues	437,000	437,000	234,759	(202,241)
EXPENDITURES				
Community development				
Personal services	345,500	345,500	109,153	236,347
Contractual services	60,900	60,900	40,850	20,050
Materials and supplies	30,600	30,600	2,025	28,575
Total expenditures	437,000	437,000	152,028	284,972
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>82,731</u>	<u>82,731</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(76,189)</u>	<u>(76,189)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,542</u>	<u>\$ 6,542</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, 2009

	<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	\$1,395,000	\$1,075,000	\$753,870	(\$321,130)
Total revenues	1,395,000	1,075,000	753,870	(321,130)
EXPENDITURES				
Community development				
Personal services	26,500	90,500	88,597	1,903
Contractual services	1,368,500	984,200	404,500	579,700
Materials and supplies	-	300	264	36
Total expenditures	1,395,000	1,075,000	493,361	581,639
Excess (deficiency) of revenues over (under) expenditures	-	-	260,509	260,509
Fund balance - beginning of year	-	-	(279,098)	(279,098)
Fund balance - end of year	\$ -	\$ -	(\$18,589)	(\$18,589)

The accompanying notes are an integral part of the financial statements

City of Casa Grande, Arizona
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
ASSETS			
Current assets:			
Cash	\$ 862,390	\$ 6,332	\$ -
Cash with fiscal agent	-	1,262	-
Investments	-	5,393,172	16,280,165
Receivables, net of uncollectibles	21,067	349,129	13,892
Restricted assets - investments	-	-	-
Inventories	-	-	-
Total current assets	883,457	5,749,895	16,294,057
Noncurrent assets:			
Deferred bond costs	-	259,817	-
Capital assets:			
Land	-	-	2,700,724
Buildings and improvements	1,036,504	53,297,643	-
Machinery and equipment	-	1,296,777	634,198
Construction in progress	-	10,418,628	1,013,671
Less accumulated depreciation	(379,457)	(13,590,842)	(6,594)
Total capital assets, net	657,047	51,422,207	4,341,999
Total noncurrent assets	657,047	51,682,024	4,341,999
Total assets	1,540,504	57,431,919	20,636,056
LIABILITIES			
Current liabilities:			
Accounts payable	2,595	3,889,237	265,037
Deposits held	14,590	-	-
Accrued wages and benefits	1,273	15,704	-
Accrued interest payable	2,724	176,824	-
Compensated absences	-	59,332	-
Capital leases	-	-	-
Notes payable	10,567	1,257,390	-
GO Bond/Excise tax revenue obligations	-	569,470	-
Total current liabilities	31,749	5,967,957	265,037
Noncurrent liabilities:			
Capital leases	-	-	-
Notes payable	127,860	2,956,495	-
General obligation bond	-	-	-
Excise tax revenue obligations	-	13,043,058	-
Deferred amount on refunding	-	(165,985)	-
Closure and postclosure liability	-	-	-
Total noncurrent liabilities	127,860	15,833,568	-
Total liabilities	159,609	21,801,525	265,037
NET ASSETS			
Invested in capital assets, net of related debt	518,620	33,595,794	4,341,999
Restricted for:			
Construction	-	1,262	16,029,020
Unrestricted	862,275	2,033,338	-
Total net assets	\$1,380,895	\$35,630,394	\$20,371,019

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	
\$ 25,538	\$ 3,405	\$ 897,665	\$ 37,622
-	-	1,262	-
1,297,861	108,028	23,079,226	-
424,689	2,157	810,934	-
-	125,332	125,332	-
-	12,918	12,918	249,831
<u>1,748,088</u>	<u>251,840</u>	<u>24,927,337</u>	<u>287,453</u>
-	33,494	293,311	-
-	283,000	2,983,724	-
138,496	2,378,830	56,851,473	52,354
5,803,190	494,993	8,229,158	324,604
-	-	11,432,299	-
<u>(2,340,872)</u>	<u>(829,704)</u>	<u>(17,147,468)</u>	<u>(237,347)</u>
<u>3,600,814</u>	<u>2,327,119</u>	<u>62,349,186</u>	<u>139,611</u>
<u>3,600,814</u>	<u>2,360,613</u>	<u>62,642,497</u>	<u>139,611</u>
<u>5,348,902</u>	<u>2,612,453</u>	<u>87,569,834</u>	<u>427,064</u>
200,223	34,372	4,391,464	54,141
-	-	14,590	-
53,212	7,729	77,918	11,442
-	-	179,548	-
156,876	24,943	241,151	17,249
50,997	-	50,997	-
-	-	1,267,957	-
-	222,730	792,200	-
<u>461,308</u>	<u>289,774</u>	<u>7,015,825</u>	<u>82,832</u>
6,793	-	6,793	-
-	-	3,084,355	-
-	1,409,553	1,409,553	-
-	-	13,043,058	-
-	-	(165,985)	-
<u>2,354,385</u>	<u>-</u>	<u>2,354,385</u>	<u>-</u>
<u>2,361,178</u>	<u>1,409,553</u>	<u>19,732,159</u>	<u>-</u>
<u>2,822,486</u>	<u>1,699,327</u>	<u>26,747,984</u>	<u>82,832</u>
3,543,024	820,168	42,819,605	-
-	783,741	16,814,023	-
<u>(1,016,608)</u>	<u>(690,783)</u>	<u>1,188,222</u>	<u>344,232</u>
<u>\$2,526,416</u>	<u>\$913,126</u>	<u>\$60,821,850</u>	<u>\$344,232</u>

City of Casa Grande, Arizona
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
Operating revenues:			
Service fees	\$ 184,410	\$ 3,933,465	\$ -
Connection fees	12,000	20,075	1,166,246
Rental	-	-	-
Green fees	-	-	-
Impact fees	-	-	-
Miscellaneous	-	20,081	-
Total operating revenue	196,410	3,973,621	1,166,246
Operating expenses:			
Personal services	50,623	784,032	-
Contractual services	9,174	586,678	-
Materials and supplies	43,874	812,071	-
Depreciation	44,540	1,773,381	3,588
Closure and postclosure costs	-	-	-
Total operating expenses	148,211	3,956,162	3,588
Operating income (loss)	48,199	17,459	1,162,658
Nonoperating revenues (expense):			
Gain on sale of assets	-	-	-
Investment earnings	-	46,126	135,823
Interest expense	(4,936)	(651,039)	-
City sales tax	-	-	-
Total nonoperating revenues (expense)	(4,936)	(604,913)	135,823
Income (loss) before contributions and transfers	43,263	(587,454)	1,298,481
Capital contributions	-	717,407	-
Transfers in	-	-	-
Transfers out	(27,400)	(175,548)	-
Change in net assets	15,863	(45,595)	1,298,481
Total net assets-beginning of year	1,365,032	35,675,989	19,072,538
Total net assets-end of year	\$1,380,895	\$35,630,394	\$20,371,019

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	
\$4,326,086	\$ -	\$8,443,961	\$1,582,398
146,581	-	1,344,902	-
-	122,626	122,626	-
-	839,250	839,250	-
83,260	-	83,260	-
15,046	190,163	225,290	-
4,570,973	1,152,039	11,059,289	1,582,398
2,541,812	513,556	3,890,023	504,318
997,426	127,199	1,720,477	136,370
925,376	515,120	2,296,440	642,578
421,551	111,111	2,354,172	27,831
574,424	-	574,424	-
5,460,589	1,266,986	10,835,536	1,311,097
(889,616)	(114,947)	223,753	271,301
98,600	-	98,600	-
20,067	-	202,016	-
(5,319)	-	(661,294)	-
-	20,612	20,612	-
113,348	20,612	(340,066)	-
(776,268)	(94,335)	(116,313)	271,301
-	-	717,407	-
1,284,222	694,500	1,978,722	-
(1,083,848)	(128,500)	(1,415,296)	(271,301)
(575,894)	471,665	1,164,520	-
3,102,310	441,461	59,657,330	344,232
\$2,526,416	\$913,126	\$60,821,850	\$344,232

City of Casa Grande, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Wastewater Dev Fees
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$193,475	\$3,675,743	\$1,223,745
Payments to suppliers	(61,176)	(1,413,363)	-
Payments to employees	(49,350)	(751,360)	-
Net cash provided (used) by operating activities	82,949	1,511,020	1,223,745
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
City sales tax	-	-	-
Transfers to other funds	(27,400)	(175,548)	-
Transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(27,400)	(175,548)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	4,848	-
Purchases of capital assets	-	(5,150,801)	(3,690,675)
Proceeds from capital debt	-	4,213,836	-
Principal paid on capital debt	(10,217)	(551,100)	-
Interest paid on capital debt	(4,936)	(626,819)	-
Net cash provided (used) by capital and related financing activities	(15,153)	(2,110,036)	(3,690,675)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	-	60,296	135,823
Net cash provided by investing activities	-	60,296	135,823
Net increase (decrease) in cash	40,396	(714,268)	(2,331,107)
Cash and cash equivalents at beginning of year	821,994	6,115,034	18,611,272
Cash and cash equivalents at end of year	\$ 862,390	\$ 5,400,766	\$ 16,280,165
Cash	\$ 862,390	\$ 6,332	\$ -
Cash with fiscal agent	-	1,262	-
Investments	-	5,393,172	16,280,165
	\$862,390	\$5,400,766	\$16,280,165

The accompanying notes are an integral part of the financial

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Fund
Sanitation	Golf Course	Total	
\$4,209,370	\$1,156,220	\$10,458,553	\$1,582,398
(1,801,300)	(752,976)	(4,028,815)	(796,605)
<u>(2,447,425)</u>	<u>(501,731)</u>	<u>(3,749,866)</u>	<u>(496,634)</u>
<u>(39,355)</u>	<u>(98,487)</u>	<u>2,679,872</u>	<u>289,159</u>
-	20,612	20,612	-
(1,083,848)	(128,500)	(1,415,296)	(271,301)
<u>1,284,222</u>	<u>694,500</u>	<u>1,978,722</u>	<u>-</u>
<u>200,374</u>	<u>586,612</u>	<u>584,038</u>	<u>(271,301)</u>
169,868	9,121	183,837	
(1,697,899)	(669,345)	(11,208,720)	(4,236)
(121,333)	(394,500)	(1,077,150)	-
<u>(5,319)</u>	<u>-</u>	<u>(637,074)</u>	<u>-</u>
<u>(1,654,683)</u>	<u>(1,054,724)</u>	<u>(8,525,271)</u>	<u>(4,236)</u>
20,068	-	216,187	-
<u>20,068</u>	<u>-</u>	<u>216,187</u>	<u>-</u>
(1,473,596)	(566,599)	(5,045,174)	13,622
<u>2,796,995</u>	<u>803,364</u>	<u>29,148,659</u>	<u>24,000</u>
<u>\$ 1,323,399</u>	<u>\$ 236,765</u>	<u>\$ 24,103,485</u>	<u>\$ 37,622</u>
\$ 25,538	\$ 3,405	\$ 897,665	\$ 37,622
-	-	1,262	-
1,297,861	233,360	23,204,558	-
<u>\$1,323,399</u>	<u>\$236,765</u>	<u>\$24,103,485</u>	<u>\$37,622</u>

City of Casa Grande, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	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)	\$ 48,199	\$ 17,459	\$ 1,162,658
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Closure and postclosure costs	-	-	-
Depreciation expense	44,540	1,773,381	3,588
(Increase) decrease in accounts receivable	(2,700)	(297,878)	57,499
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	(8,128)	(14,614)	-
Increase (decrease) in deposits held	(235)	-	-
Increase (decrease) in accrued wages	1,273	1,436	-
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	-	31,236	-
Total adjustments	<u>34,750</u>	<u>1,493,561</u>	<u>61,087</u>
Net cash provided (used) by operating activities	<u>\$ 82,949</u>	<u>\$ 1,511,020</u>	<u>\$ 1,223,745</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets	-	<u>\$717,407</u>	-

The accompanying notes are an integral part of the financial statements

<u>Business-type Activities-Enterprise Funds</u>			Governmental Activities - Internal Service Fund
<u>Sanitation</u>	<u>Golf Course</u>	<u>Total</u>	
<u>\$ (889,616)</u>	<u>\$ (114,947)</u>	<u>\$ 223,753</u>	<u>\$ 271,301</u>
574,424	-	574,424	-
421,551	111,111	2,354,171	27,831
(361,603)	4,181	(600,501)	-
-	(3,035)	(3,035)	34,270
121,502	(107,622)	(8,862)	(51,927)
-	-	(235)	-
8,093	447	11,249	2,870
-	-	-	-
86,294	11,378	128,908	4,814
<u>850,261</u>	<u>16,460</u>	<u>2,456,119</u>	<u>17,858</u>
<u>\$ (39,355)</u>	<u>\$ (98,487)</u>	<u>\$ 2,679,872</u>	<u>\$ 289,159</u>
-	-	<u><u>\$717,407</u></u>	

City of Casa Grande, Arizona
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds	Part-Time Firemen's Pension
ASSETS		
Cash	\$ 19,407	\$ 840
Interest receivable	1,412	-
Investments, at fair value		
Money market	1,767,554	8,160
Mutual funds	-	520,810
	1,788,373	529,810
Total assets	1,788,373	529,810
LIABILITIES		
Other liabilities	1,788,373	-
	1,788,373	-
Total liabilities	1,788,373	-
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ -	\$ 529,810

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, 2009

	Part-Time Firemen's Pension
ADDITIONS	
Contributions:	
Employer	\$ -
Plan members	-
Total contributions	-
Investment earnings:	
Interest	16,885
Change in the fair value of investments	(152,550)
Total investment earnings	(135,665)
Less investment expense	(3,638)
Net investment earnings	(139,303)
Total additions	(139,303)
DEDUCTIONS	
Pension payments	45,465
Administrative expenses	1,618
Total deductions	47,083
Change in net assets	(186,386)
Net assets-beginning of year	716,196
Net assets-end of year	\$ 529,810

The accompanying notes are an integral part of the financial statements

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2009

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, 2009

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 General Obligation/Special Assessment Debt Service Fund is a major fund presented in the basic financial statements. This fund accounts for the receipts of revenues from property taxes and payment of the 2008 general obligation bonds and 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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

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, 2009, 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, 2009

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 2008-2009.
- (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.

(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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

(H) **Investments** (continued)

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.

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. Interest of \$28,296 was capitalized for the wastewater treatment plant expansion.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

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

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.

(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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

(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	\$ 13,506,125
Investments	108,633,884
Restricted investments	<u>5,772,300</u>
Total cash and investments	<u>\$127,912,309</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.

The carrying amount of the City's cash in bank totaled \$13,506,125 and the bank balance was \$16,893,277. Federal Depository Insurance covered the City's deposits at June 30, 2009, to the extent of \$250,000. Deposits of \$16,693,277 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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

Custodial Credit Risk (continued)

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	\$ 12,586,951	\$ 898,927	\$ 20,247	\$ 13,506,125
Investments	83,259,396	23,077,964	2,296,524	108,633,884
Restricted investments	5,645,706	126,594	-	5,772,300
	<u>\$101,492,053</u>	<u>\$24,103,485</u>	<u>\$2,316,771</u>	<u>\$127,912,309</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, 2009 was \$2,920,955,238.

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, 2009

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	\$113,598,033	\$ -	\$113,598,033
Firefighter Pension:				
American Funds	Money Market	8,160	-	8,160
Linsco	Money Market/Mut Fnds	520,810	-	520,810
Bank of New York	Money Market	1,262	-	1,262
Wells Fargo	Money Market	277,919	-	277,919
		<u>\$114,406,184</u>	<u>\$ -</u>	<u>\$114,406,184</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	\$113,598,033
Fire Fighter Pension Plan:		
American Funds	Money Market	8,160
Linsco/Private Ledger	Money Market & Mutual Funds	520,810
Bank of New York	Money Market	1,262
Wells Fargo	Money Market	277,919
		<u>\$114,406,184</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

In November 2006 and December 2008 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, 2009
Capital - CFD	Infrastructure	\$164,241

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, 2009
Capital - CFD	Sewer Line	\$113,677

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, 2009
Enterprise - Wastewater	Wastewater Treatment Plant	\$1,262

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, 2009
Capital Projects	Infrastructure	\$5,367,788
Enterprise – Golf Course	Irrigation System	125,332
		\$5,493,120

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4: **Receivables**

The following table summarizes the City's governmental activities receivables as of June 30, 2009:

	General	Special Revenue	Debt Service	Capital	Total
Receivables:					
Taxes	\$4,295,523	\$ 591,090	\$ -	\$ 147,362	\$5,033,975
Accounts	115,298	501,634	11,820	-	628,752
Interest	25,512	47,906	215	27,092	100,725
Gross Receivables	4,436,333	1,140,630	12,035	174,454	5,763,452
Less: allowance for uncollectible	(250)	-	-	-	(250)
Net total receivables	\$4,436,083	\$1,140,630	\$12,035	\$174,454	\$5,763,202

The following table summarizes the City's business-type activities receivables as of June 30, 2009

	Water	Wastewater	Wastewater Dev Fees	Sanitation	Golf Course	Total
Receivables:						
Accounts	\$21,067	\$1,123,459	\$ -	\$1,405,250	\$1,886	\$2,551,662
Interest	-	6,184	13,892	1,139	271	21,486
Gross Receivables	21,067	1,129,643	13,892	1,406,389	2,157	2,573,148
Less: allowance for uncollectible	-	(780,514)	-	(981,700)	-	(1,762,214)
Net total receivables	\$21,067	\$ 349,129	\$13,892	\$ 424,689	\$2,157	\$ 810,934

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	\$ 112,101
Uncollectibles related to sanitation	174,391
Total uncollectibles of the current fiscal year	<u>\$ 286,492</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, 2009, there were 57 of these loans outstanding, totaling \$476,420.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 2008-2009 maximum primary levy limit was \$2,566,631. The primary tax levy was \$2,563,483. The City's secondary tax levy was \$2,769,751.

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, 2009, are \$47,290 and \$154,837 respectively.

NOTE 7: **Capital Assets**

A summary of business-type activities property, plant and equipment at June 30, 2009 follows:

	Balance 6/30/08	Additions & Adjustments	Disposals & Adjustments	Balance 6/30/09
Capital assets not being depreciated:				
Land/Constr in progress	\$3,733,683	\$10,682,340	\$ -	\$14,416,023
Capital assets being depreciated:				
Building & Improvements	54,210,077	2,641,396	-	56,851,473
Machinery & Equipment	6,118,129	2,530,496	(419,467)	8,229,158
Total Capital Assets	64,061,889	15,854,232	(419,467)	79,496,654
Less: accumulated depreciation	(15,117,109)	(2,354,172)	323,813	(17,147,468)
Net Capital Assets	\$48,944,780	\$13,500,060	\$(95,654)	\$62,349,186

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

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

	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
Buildings	\$12,092,457	\$1,814,947	\$ -	\$13,907,404
Machinery & equipment	3,024,652	539,225	(323,813)	3,240,064
Total Accumulated Depreciation	<u>\$15,117,109</u>	<u>\$2,354,172</u>	<u>\$(323,813)</u>	<u>\$17,147,468</u>

A summary of changes in governmental activities capital assets follows:

	Balance June 30, 2008	Adjustments & Additions	Adjustments & Disposals	Balance June 30, 2009
Capital assets not being depreciated:				
Land & construction in progress	\$ 13,088,754	\$ 20,064,497	\$(108,305)	\$33,044,946
Capital assets being depreciated:				
Buildings	17,809,921	1,438,546	-	19,248,467
Improvements	173,646,136	7,836,429	-	181,482,565
Heavy machinery & equipment	1,736,228	63,217	-	1,799,445
Operational Equipment	17,021,771	2,565,550	(663,349)	18,923,972
Total General Capital Assets	<u>\$223,302,810</u>	<u>\$31,968,239</u>	<u>\$(771,654)</u>	<u>\$254,499,395</u>

Less Accumulated Depreciation for:

Buildings	\$ 6,462,537	\$ 1,032,491	\$ -	\$ 7,495,028
Improvements	50,913,259	8,022,584	-	58,935,843
Heavy machinery & equipment	1,182,671	151,381	-	1,334,052
Operational equipment	8,660,676	1,696,359	(629,327)	9,727,708
Total Accumulated Depreciation	<u>67,219,143</u>	<u>10,902,815</u>	<u>(629,317)</u>	<u>77,492,631</u>
Total General Capital Assets	<u>\$156,083,667</u>	<u>\$21,065,424</u>	<u>\$(142,327)</u>	<u>\$177,006,764</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

The City had additions to contributed capital assets during the fiscal year 2008-2009. The Governmental Activities Capital Assets include a total of \$6,936,401 in contributed capital assets received in fiscal year 2008-2009.

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

Governmental Activities:

General Government	\$ 326,418
Public Safety	1,267,190
Streets/Transportation	7,960,264
Public Works	71,585
Culture and Recreation	566,994
Economic Development	682,532
Internal Service	<u>27,832</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$10,902,815</u></u>

Business-type Activities:

Water	\$ 44,540
Wastewater	1,776,970
Sanitation	421,551
Golf Course	<u>111,111</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$2,354,172</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, 2009

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, 2009, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 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, 2009, 2008 and 2007 were \$1,263,961, \$1,142,516 and \$976,996, respectively, which were equal to the required contributions for those years. Prior year's rates are 9.6% for 2008 and 9.1% for 2007.

(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, 2008 active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 20.38 percent and 16.19 percent for covered payroll totaling \$4,958,997 and \$3,980,691 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, 2009

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, 2008, the date of the most recent actuarial valuation, and related information follow.

Contribution rates:	PSPRS - Police	PSPRS - Fire
City	20.38%	16.19%
Plan members	7.65%	7.65%
Annual pension cost	804,354	524,248
Contributions made	804,354	524,248
Actuarial valuation date	June 30, 2008	June 30, 2008
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	2008	\$804,354	100%	-
	2007	572,490	100%	-
	2006	534,794	100%	-
PSPRS - Fire	2008	\$524,248	100%	-
	2007	342,549	100%	-
	2006	303,654	100%	-

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2008, 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]
6/30/08	\$13,843,134	\$23,975,402	\$10,132,268	57.7%	\$4,958,997	204.3%
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%

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]
6/30/08	\$8,171,079	\$13,175,141	\$5,004,062	62.0%	\$3,980,691	125.7%
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%

(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, 2009

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, 2009, there were 15 eligible employees participating in the plan. The plan is administered by The Innes Associates.

As of June 30, 2009, the plan's assets consisted of the following:

Cash	\$ 840
Money Market Funds	8,160
Mutual Funds	<u>520,810</u>
Total Assets	<u><u>\$529,810</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.

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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 10: **Capital Leases**

Leases at June 30, 2009, 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.	\$2,520,725
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Lease with option to purchase 2 fuel trucks (\$18,388 Airport) and 1 street sweeper (\$21,218 Streets). Quarterly installments of \$8,189 including interest of 4.461%, due through August 20, 2010.	39,606
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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>348,830</u>
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Total Governmental Activities Capital Lease Obligation	<u>\$2,909,161</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.	\$24,569
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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>33,221</u>
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Total Business-type Activities Capital Lease Obligation	<u>57,790</u>
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Total Long-Term Lease Payable	<u>\$2,966,951</u>
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(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities	Business-type Activities	Total
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	320,444	-	320,444
2015-2020	1,785,006	-	1,785,006
<hr/>			
Total minimum lease payments	3,703,504	59,136	3,762,640
Less: amount representing interest	(794,343)	(1,346)	(795,689)
Present value of future minimum lease payments	2,909,161	57,790	2,966,951
Less: current portion	(284,693)	(50,997)	(335,690)
Noncurrent portion	<u>\$2,624,468</u>	<u>\$ 6,793</u>	<u>\$2,631,261</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	\$(428,275)	\$3,588,664
Total Building and Improvement	<u>4,016,939</u>	<u>(428,275)</u>	<u>3,588,664</u>
Machinery and Equipment			
Governmental Activities Assets	201,169	(128,507)	72,662
Business-type Activities Assets:			
Sanitation	<u>743,265</u>	<u>(413,141)</u>	<u>330,124</u>
Total Machinery and Equipment	<u>944,434</u>	<u>(541,648)</u>	<u>402,786</u>
Total Leased Capital Assets	<u>\$4,961,373</u>	<u>\$(969,923)</u>	<u>\$3,991,450</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 11: **Bond Debt**

A summary of long-term bond debt transactions for the year ended June 30, 2009, follows:

	Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
Governmental Activities				
General obligation bonds	\$10,775,000	\$750,000	\$ (1,785,451)	\$9,739,549
Special assessment bonds	255,000	-	(125,000)	130,000
Total Bonds Outstanding	<u>\$11,030,000</u>	<u>\$750,000</u>	<u>\$(1,910,451)</u>	<u>\$9,869,549</u>
Business-type Activities				
General obligation bonds	\$2,000,000	-	\$(394,500)	\$1,605,500
Total Bonds Outstanding	<u>\$2,000,000</u>	<u>-</u>	<u>\$(394,500)</u>	<u>\$1,605,500</u>

Summarization of the long-term bond debt payable at June 30, 2009, follows:

Bond Description	Original Issue Amount	Amount of Installment	Interest Rate	Date of Final Payment	Balance June 30, 2009
General obligation	\$13,540,000	\$10,000 – 2,170,000	3.50% - 5.80%	07/15/32	\$11,345,049
Special Assessment: ID #38	1,030,000	75,000 - 130,000	5.40%	01/01/10	130,000
Total Bonds Outstanding					<u>\$11,475,049</u>

The following table summarizes the City's future bond debt service requirements as of June 30, 2009:

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
2010	\$1,087,271	\$364,114	\$130,000	\$7,020	\$222,730	\$59,697	\$1,440,001	\$430,831
2011	586,363	391,013	-	-	113,638	53,811	700,001	444,824
2012	275,454	374,017	-	-	44,546	51,043	320,000	425,060
2013	325,454	361,473	-	-	54,546	49,308	380,000	410,781
2014	330,454	347,814	-	-	54,546	47,399	385,000	395,213
2015-2019	2,012,269	1,488,997	-	-	332,721	200,978	2,344,990	1,689,975
2020-2024	3,143,176	873,991	-	-	541,824	107,109	3,685,000	981,100
2025-2029	1,784,108	197,862	-	-	240,949	10,263	2,025,008	208,125
2030-2032	195,000	12,675	-	-	-	-	195,000	12,675
	<u>\$9,739,549</u>	<u>\$4,411,956</u>	<u>\$130,000</u>	<u>\$7,020</u>	<u>\$1,605,500</u>	<u>\$579,608</u>	<u>\$11,475,049</u>	<u>\$4,998,584</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 and in December 2008 issued \$750,000 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 bonds began in July, 2007 and 2009.

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. The remaining principal balance of \$2,825,000 was paid off on April 1, 2009

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 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, 2009:

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	250,530	153,369	569,470	602,363	820,000	755,732
2011	266,753	141,926	583,248	583,856	850,001	725,782
2012	278,790	129,236	606,210	561,984	885,000	691,220
2013	290,828	115,969	629,173	539,251	920,001	655,220
2014	307,865	101,516	652,135	514,084	960,000	615,600
2015-2019	1,313,594	272,140	5,506,409	2,082,470	6,820,003	2,354,610
2020-2022	421,958	41,627	4,757,808	469,124	5,179,766	510,751
	<u>\$3,130,318</u>	<u>\$955,783</u>	<u>\$13,304,453</u>	<u>\$5,353,132</u>	<u>\$16,434,771</u>	<u>\$6,308,915</u>

NOTE 13: **WIFA Financing**

In January, 2009 the City of Casa Grande received financing from the Water Infrastructure Finance Authority (WIFA) of Arizona to finance a wastewater treatment plant expansion project expected to be completed in 2011. The loan is for a total of \$62,555,540; however the balance disbursed to the City of Casa Grande at June 30, 2009 is \$4,213,836. The following schedule shows estimated payments based on the amount due of \$4,213,836.

Year Ending June 30,	Principal	Interest
2010	\$1,257,390	\$198,114
2011	1,308,081	119,145
2012	1,360,752	66,429
2013	287,613	11,591
Total	<u>\$4,213,836</u>	<u>\$395,279</u>

The twenty year loan has an interest rate of 4.029%. Principal payments ranging from \$1,257,390 to \$4,497,458 are paid annually with interest paid semiannually on October 1 and April 1.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 14: **Changes in Long-Term Obligations**

	Balance			Amounts	
	July 1, 2008	Additions	Reductions	Balance	Due Within
Governmental Activities:	July 1, 2008			June 30, 2009	One Year
Compensated absences	\$ 880,353	\$1,642,544	\$ (908,000)	\$ 1,614,897	\$1,614,897
Bonds payable	10,902,432	795,000	(1,827,883)	9,869,549	1,217,271
Excise tax revenue obligations	6,199,218	-	(3,068,900)	3,130,318	250,530
Capital leases	3,180,357	-	(271,196)	2,909,161	284,693
Bond premium	127,568	-	(6,798)	120,770	-
Bond discount	-	(45,000)	1,406	(43,594)	-
Total Governmental Activities	<u>\$21,289,928</u>	<u>\$2,392,544</u>	<u>\$(6,081,371)</u>	<u>\$17,601,101</u>	<u>\$3,367,391</u>

	Balance			Amounts	
	July 1, 2008	Additions	Reductions	Balance	Due Within
Business-type Activities:	July 1, 2008			June 30, 2009	One Year
Compensated absences	\$ 112,243	\$ 232,908	\$(104,000)	\$ 241,151	\$241,151
Bond payable	1,973,217	-	(394,549)	1,578,668	222,730
Capital leases	179,123	-	(121,333)	57,790	50,997
Excise tax revenue obligations	13,526,281	-	(529,854)	12,996,427	569,470
Notes payable (1)	148,643	-	(10,167)	138,476	10,567
Loan payable – see note 13	-	4,213,836	-	4,213,836	1,257,390
Bond premium	356,104	-	(21,246)	334,858	-
Total Business-type Activities	<u>\$16,295,611</u>	<u>\$4,446,744</u>	<u>\$(1,181,149)</u>	<u>\$19,561,206</u>	<u>\$2,352,305</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.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 15: **Long-Term Debt**

The following summarizes the annual debt service requirements to maturity for all long-term debt excluding compensated absences, including interest of \$12,359,903.

Year Ending June 30,	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total Principal
	Principal	Interest	Principal	Interest	
2010	1,752,494	661,843	2,111,155	866,021	3,863,649
2011	1,127,139	656,383	2,020,690	761,095	3,147,829
2012	833,551	613,224	2,022,814	683,281	2,856,365
2013	909,646	573,356	983,027	603,580	1,892,673
2014	876,735	531,358	718,778	564,503	1,595,513
2015-2019	4,576,577	1,827,304	5,908,194	2,296,448	10,484,771
2020-2024	3,853,778	924,474	5,314,448	576,233	9,168,226
2025-2029	1,784,108	197,862	240,949	10,263	2,025,057
2030-2032	195,000	12,675	-	-	195,000
	<u>\$15,909,028</u>	<u>\$5,998,479</u>	<u>\$19,320,055</u>	<u>\$6,361,424</u>	<u>\$36,229,083</u>

NOTE 16: **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, 2009 the City has reported a \$2,354,385 landfill closure and postclosure care liability that represents the total current cost based on 45 percent of estimated capacity of the landfill.

The remaining cost of \$2,922,889 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 21 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 2009 valuation of the total closure and postclosure costs were estimated to be \$5,277,274.

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 17: Construction Commitments

The City has three significant construction commitments as of 6/30/09:

Hunter Contracting Company is constructing a wastewater plant expansion. The contract sum is \$48,425,466 and of that amount \$6,204,101 has been paid.

Haydon Building Corporation is constructing a performance institute. The contract sum is \$18,750,000 and of that amount \$6,099,860 has been paid.

Achen-Gardner Engineering is constructing Cottonwood Lane improvements. The contract sum is \$5,892,334 and of that amount \$1,830,769 has been paid.

NOTE 18: Summary of Interfund Transactions

Interfund transactions as of June 30, 2009, were as follows:

Interfund Receivable/Payable:

Fund	Receivable Amount	Payable Amount
General	\$3,488,500	\$ -
Grants		345,000
Housing :	-	
Home/HUD	-	64,000
Self-Help	-	63,000
Home Program	-	260,000
Recreation construction	-	2,740,000
Airport construction	-	16,500
Total	<u>\$3,488,500</u>	<u>\$3,488,500</u>

(continued)

CITY OF CASA GRANDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 18: **Summary of Interfund Transactions** (continued)

The interfund balances at June 30, 2009 are short-term loans to cover temporary cash deficits in various funds.

Transfers:

Fund	Transfers Out	Transfers In
Governmental Funds:		
General	\$2,109,149	\$1,727,297
Highway Users	714,257	749,176
Gen Oblig/Spec Assessment Debt	1,143,677	-
System Development	404,085	-
Capital Replacement	1,284,222	2,635,319
Grants	-	184,005
Other Non-major Governmental	267,534	335,000
Total Governmental Funds	<u>5,922,924</u>	<u>5,630,797</u>
Enterprise Funds:		
Water	27,400	-
Golf Course	128,500	694,500
Wastewater	175,548	-
Sanitation	1,083,848	1,284,222
Total Enterprise Funds	1,415,296	1,978,722
Internal Service Fund	271,301	-
Grand Totals	<u>\$7,609,521</u>	<u>\$7,609,521</u>

There were no significant transfers during fiscal year 2009 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, 2009

Note 19: **Deficit in Net Assets**

The Grants and Subsidies fund has a deficit of (\$335,403) in net assets because \$614,789 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue. The Home/HUD fund has a deficit of (\$18,589) because \$257,774 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue.

Note 20: **Sales Tax Incentive Agreement**

In March, 2006 the City entered a tax-incentive agreement with WP Casa Grande Retail LLC in order to develop the Promenade at Casa Grande mall. WP Casa Grande Retail is paid 50% of the retail sales and construction activities tax collected by the City from Promenade sales. The agreement only applies to the portion of tax that is not a dedicated or special tax.

The agreement is in effect for twenty years up to a maximum payment of \$19,950,000 plus interest of 7%. There is a provision to extend the agreement for an additional three years if the amount remaining unpaid after twenty years is \$3,000,000 or more (including accrued but unpaid interest). Payments are made to WP Casa Grande Retail within forty-five days after the end of each calendar quarter for 50% of the tax collected during that quarter. The first payment to WP Casa Grande Retail was made in September, 2008. As of June 30, 2009 \$1,482,156 (including \$403,619 in interest) has been paid.

Note 21: **Subsequent Events**

The City issued debt subsequent to the end of the fiscal year.

In July, 2009 the City issued \$19,000,000 in General Obligation debt to design and construct a new public safety facility. The 25 year bond has interest rates ranging from 4% to 5%. Principal payments ranging from \$370,000 to \$1,700,000 are paid annually on July 1, with payments beginning July 2010. Interest is paid semiannually on July and January 1, with payments beginning January 1, 2010.

In August, 2009 the City issued \$18,800,000 in excise tax revenue obligations consisting of:

\$7,175,000 in tax exempt obligations will be used to construct a new courthouse and make road improvements. The 20 year obligation has interest rates ranging from 4.4% to 4.9%, with principal payments beginning in April, 2024.

\$11,625,000 in taxable obligations will be used to construct a multi-use sports complex. The 15 year obligation has interest rates ranging from 2.3% to 6.4% with principal payments beginning in April, 2010.

Note 22: **Grade Separation Settlement**

The City received \$1,500,000 from Union Pacific Railroad for future capital improvements to the transportation corridors along Union Pacific's rail lines. This one-time settlement was part of an agreement between Union Pacific Railroad and cities in Pinal County.



COMBINING STATEMENTS

City of Casa Grande, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
ASSETS						
Cash	\$ 1,221	\$ 1,943	\$ 1,994	\$ 1,082	\$ 1,725	\$ 3,293
Investments	125,095	788,512	16,298	2,289,978	322,938	508,258
Receivables (less allowance for uncollectibles)	22,560	669	18	4,748	30,406	427
Due from other governments	-	-	-	-	-	-
Fuel Inventory	33,886	-	-	-	-	-
Total assets	\$ 182,762	\$ 791,124	\$ 18,310	\$ 2,295,808	\$ 355,069	\$ 511,978
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	\$ 80,031	\$ 62	\$ 7,855	\$ -	\$ -	\$ -
Due to other funds						
Accrued wages and benefits	2,772	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	82,803	62	7,855	-	-	-
Fund balances:						
Reserved for:						
Special revenue	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	99,959	791,062	10,455	2,295,808	355,069	511,978
Capital projects funds	-	-	-	-	-	-
Total fund balances	99,959	791,062	10,455	2,295,808	355,069	511,978
Total liabilities and fund balance	\$ 182,762	\$ 791,124	\$ 18,310	\$ 2,295,808	\$ 355,069	\$ 511,978

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Public Safety Programs	Redevelopment	Recreation	Recreation Improvement	Airport Improvement	
\$ 66,644	\$ 5,708	\$ 30,516	\$ -	\$ 1,156	\$ 134	\$ 115,416
109,874	27,196	-	-	-	-	4,188,149
92	22	-	-	-	-	58,942
-	-	-	-	-	168,549	168,549
-	-	-	-	-	-	33,886
\$ 176,610	\$ 32,926	\$ 30,516	\$ -	\$ 1,156	\$ 168,683	\$ 4,564,942
\$ -	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ 87,975
-	-	-	-	-	16,500	16,500
-	-	-	-	-	-	2,772
-	-	-	-	-	145,255	145,255
-	27	-	-	-	161,755	252,502
-	32,899	-	-	-	-	32,899
-	-	30,516	-	-	-	30,516
176,610	-	-	-	-	-	4,240,941
-	-	-	-	1,156	6,928	8,084
176,610	32,899	30,516	-	1,156	6,928	4,312,440
\$ 176,610	\$ 32,926	\$ 30,516	\$ -	\$ 1,156	\$ 168,683	\$ 4,564,942

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, 2009

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
REVENUES						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ 337,491	\$ -	\$ -
Sales Tax	-	-	-	-	243,416	-
Intergovernmental revenues	-	-	-	-	-	8,463
Charges for services	-	-	-	-	-	71,455
Investment earnings	1,829	8,211	33	16,453	1,615	3,428
Rental and sale of city property	1,297,773	30,705	-	-	-	-
Miscellaneous	450	25,000	17,000	-	-	-
Total revenues	1,300,052	63,916	17,033	353,944	245,031	83,346
EXPENDITURES						
Current:						
General government	1,308,696	-	-	-	100,000	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	44,320	6,395	-	-	-
Economic development	-	-	-	14,431	-	-
Capital outlay	-	-	7,440	321,496	-	-
Debt Service:						
Principal	85,753	-	-	-	-	-
Interest and fiscal charges	21,231	-	-	-	-	-
Total expenditures	1,415,680	44,320	13,835	335,927	100,000	-
Excess (deficiency) of revenues over (under) expenditures	(115,628)	19,596	3,198	18,017	145,031	83,346
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	5,000	-	-	-
Transfers out	(40,400)	-	-	-	-	-
Total other financing sources and uses	(40,400)	-	5,000	-	-	-
Net change in fund balances	(156,028)	19,596	8,198	18,017	145,031	83,346
Fund balances - beginning of year	255,987	771,466	2,257	2,277,791	210,038	428,632
Fund balances - end of year	\$ 99,959	\$ 791,062	\$ 10,455	\$ 2,295,808	\$ 355,069	\$ 511,978

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Public Safety Programs	Redevelopment	Recreation	Recreation Improvement	Airport Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,491
-	-	-	565,036	-	-	808,452
-	-	-	-	-	201,840	210,303
11,598	-	-	-	-	-	83,053
764	205	-	16,224	-	-	48,762
-	-	-	-	-	-	1,328,478
2,154	24,171	-	-	-	-	68,775
14,516	24,376	-	581,260	-	201,840	2,885,314
-	-	-	-	-	-	1,408,696
-	19,927	-	-	-	-	19,927
-	-	-	-	-	-	50,715
3,700	-	2,699	-	-	-	20,830
-	-	-	-	-	281,162	610,098
-	-	195,000	2,825,000	-	-	3,105,753
-	-	109,476	128,110	-	-	258,817
3,700	19,927	307,175	2,953,110	-	281,162	5,474,836
10,816	4,449	(307,175)	(2,371,850)	-	(79,322)	(2,589,522)
-	-	320,000	-	-	10,000	335,000
-	-	-	(227,134)	-	-	(267,534)
-	-	320,000	(227,134)	-	10,000	67,466
10,816	4,449	12,825	(2,598,984)	-	(69,322)	(2,522,056)
165,794	28,450	17,691	2,598,984	1,156	76,250	6,834,496
\$ 176,610	\$ 32,899	\$ 30,516	\$ -	\$ 1,156	\$ 6,928	\$ 4,312,440

City of Casa Grande, Arizona
Combining Statement of Fiduciary Net Assets
All Agency Funds
June 30, 2009

	Performance Bond Fund	Flexible Spending Plan Fund	Total
ASSETS			
Cash	\$ -	\$ 19,407	\$ 19,407
Interest receivable	1,412	-	1,412
Investments, at fair value	1,767,554	-	1,767,554
Total assets	1,768,966	19,407	1,788,373
LIABILITIES			
Other liabilities	1,768,966	19,407	1,788,373
Total liabilities	1,768,966	19,407	1,788,373
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, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Performance Bond Fund				
Assets:				
Investments	\$ 1,687,083	\$ 80,471	\$ -	\$ 1,767,554
Interest Receivable	6,430	-	(5,018)	1,412
Total Assets	<u>1,693,513</u>	<u>80,471</u>	<u>(5,018)</u>	<u>1,768,966</u>
Liabilities:				
Other Liabilities	1,637,932	92,876	-	1,730,808
Accounts Payable	55,581	38,158	(55,581)	38,158
	<u>1,693,513</u>	<u>131,034</u>	<u>(55,581)</u>	<u>1,768,966</u>
Flexible Spending Plan Fund				
Assets:				
Cash	20,365	113,043	(114,001)	19,407
Total Assets	<u>20,365</u>	<u>113,043</u>	<u>(114,001)</u>	<u>19,407</u>
Liabilities:				
Other Liabilities	20,365	-	(958)	19,407
	<u>20,365</u>	<u>-</u>	<u>-</u>	<u>19,407</u>
Totals - All Agency Funds				
Assets:				
Cash	20,365	113,043	(114,001)	19,407
Investments	1,687,083	80,471	-	1,767,554
Interest Receivable	6,430	-	(5,018)	1,412
Total Assets	<u>1,713,878</u>	<u>193,514</u>	<u>(119,019)</u>	<u>1,788,373</u>
Liabilities:				
Other Liabilities	1,658,297	92,876	(958)	1,750,215
Accounts Payable	55,581	38,158	(55,581)	38,158
Total Liabilities	<u>\$ 1,713,878</u>	<u>\$ 131,034</u>	<u>\$ (56,539)</u>	<u>\$ 1,788,373</u>

City of Casa Grande, Arizona
General Fund
Schedule of Expenditures - Legal Level Budget Compliance
For the Year Ended June 30, 2009

EXPENDITURES	Budgeted Amounts		Actual Amounts	Budget Variance Positive (Negative)
	Original	Final		
General Government				
Mayor and Council				
Personal services	\$ 146,400	\$ 141,400	\$ 132,362	\$ 9,038
Other expenditures	3,674,900	2,785,580	1,668,248	1,117,332
City Manager				
Personal services	668,500	683,500	682,725	775
Other expenditures	97,600	52,600	51,645	955
Attorney				
Personal services	553,600	570,600	570,093	507
Other expenditures	56,900	26,220	25,940	280
Clerk				
Personal services	306,600	321,700	320,794	906
Other expenditures	112,200	124,500	124,169	331
Finance				
Personal services	1,023,300	794,190	793,666	524
Other expenditures	169,800	232,800	222,847	9,953
Information Technology				
Personal services	690,700	690,700	688,621	2,079
Other expenditures	1,050,800	820,800	814,910	5,890
Administrative Services				
Personal services	669,000	635,700	568,806	66,894
Other expenditures	1,059,800	1,008,800	922,511	86,289
Public Safety				
Police				
Personal services	10,070,000	10,040,800	10,035,635	5,165
Other expenditures	1,362,400	1,290,000	1,223,863	66,137
Fire				
Personal services	5,291,000	5,364,300	5,362,627	1,673
Other expenditures	652,700	565,800	564,559	1,241
Court				
Personal services	504,300	435,120	411,372	23,748
Other expenditures	88,400	88,400	79,824	8,576
Animal Control				
Personal services	227,800	234,600	234,543	57
Other expenditures	50,500	43,700	42,242	1,458
Public Works				
Personal services	1,395,800	1,077,000	1,064,211	12,789
Other expenditures	691,500	661,640	652,247	9,393
Culture and Recreation				
Personal services	3,423,600	3,011,000	2,980,174	30,826
Other expenditures	1,525,300	1,349,360	1,348,589	771
Planning and Economic Development				
Personal services	2,187,800	1,965,810	1,951,629	14,181
Other expenditures	411,800	282,800	173,897	108,903
Capital Outlay	4,533,100	4,365,400	1,254,533	3,110,867
Debt service	94,600	249,600	246,241	3,359
Total expenditures	\$ 42,790,700	\$ 39,914,420	\$ 35,213,523	\$ 4,700,897



OTHER SUPPLEMENTARY INFORMATION

City of Casa Grande, Arizona
General Obligation Bond/Special Assessments Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2009

	<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	\$ 21,092	\$ (119,108)
Property tax	-	-	2,809,580	2,809,580
Investment earnings	5,800	5,800	5,534	(266)
Total revenues	146,000	146,000	2,836,206	2,690,206
EXPENDITURES				
Current:				
Contractual services	7,200	3,700	1,473	2,227
Debt Service				
Principal retirement	125,000	2,188,000	1,900,500	287,500
Interest	13,800	479,300	478,475	825
Total expenditures	146,000	2,671,000	2,380,448	290,552
Excess (deficiency) of revenues over (under) expenditures	-	(2,525,000)	455,758	2,980,758
OTHER FINANCING USES				
Transfers Out	-	(750,000)	(1,143,677)	(393,677)
Total other financing uses	-	(750,000)	(1,143,677)	(393,677)
Net change in fund balance		(3,275,000)	(687,919)	2,587,081
Fund balance - beginning of year	-	3,275,000	1,120,172	(2,154,828)
Fund balance - end of year	\$ -	\$ -	\$ 432,253	\$ 432,253

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, 2009

	<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	\$ 300,000	\$ 300,000	\$ 223,089	\$ (76,911)
Miscellaneous revenue	-	-	58,392	58,392
Construction sales tax	2,000,000	2,000,000	4,090,866	2,090,866
Total revenues	2,300,000	2,300,000	4,372,347	2,072,347
EXPENDITURES				
Materials and supplies	694,100	694,100	501	693,599
Capital outlay	24,850,000	18,175,300	11,661,029	6,514,271
Total expenditures	25,544,100	18,869,400	11,661,530	7,207,870
Excess (deficiency) of revenues over (under) expenditures	(23,244,100)	(16,569,400)	(7,289,183)	9,280,217
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,289,000)	(1,284,222)	4,778
Transfers in	2,379,100	2,379,100	2,635,319	256,219
Grade separations settlement	-	-	1,500,000	1,500,000
Proceeds from obligations	13,965,000	13,965,000	-	(13,965,000)
Total other financing sources and uses	16,344,100	15,055,100	2,851,097	(12,204,003)
Net change in fund balance	(6,900,000)	(1,514,300)	(4,438,086)	(2,923,786)
Fund balance - beginning of year	6,900,000	1,514,300	28,462,679	26,948,379
Fund balance - end of year	\$ -	\$ -	\$ 24,024,593	\$ 24,024,593

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, 2009

	<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	\$ 355,000	\$ 274,000	\$ 346,968	\$ 72,968
Developer Contribution	-	-	21,000	21,000
Sewer Capacity Fees	100,000	-	14,500	14,500
Investment Earnings	3,000	-	381	381
Total revenues	<u>458,000</u>	<u>274,000</u>	<u>382,849</u>	<u>108,849</u>
EXPENDITURES				
Contractual services	259,100	259,100	44,339	214,761
Capital outlay	70,000,000	40,000,000	639,000	39,361,000
Debt Service	198,900	198,900	165,358	33,542
Total expenditures	<u>70,458,000</u>	<u>40,458,000</u>	<u>848,697</u>	<u>39,609,303</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(70,000,000)</u>	<u>(40,184,000)</u>	<u>(465,848)</u>	<u>39,718,152</u>
OTHER FINANCING SOURCES (USES)				
Bond issuance	70,000,000	40,000,000	750,000	(39,250,000)
Bond issuance costs	-	-	(45,000)	(45,000)
Total other financing sources and uses	<u>70,000,000</u>	<u>40,000,000</u>	<u>705,000</u>	<u>(39,295,000)</u>
Net change in fund balance	<u>-</u>	<u>(184,000)</u>	<u>239,152</u>	<u>423,152</u>
Fund balance - beginning of year	<u>-</u>	<u>184,000</u>	<u>112,897</u>	<u>(71,103)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,049</u>	<u>\$ 352,049</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, 2009

	<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	\$ 6,000	\$ 6,000	\$ 1,829	\$ (4,171)
Rental and sale of city property	2,468,300	916,800	1,297,773	380,973
Miscellaneous	3,000	3,000	450	(2,550)
Total revenues	<u>2,477,300</u>	<u>925,800</u>	<u>1,300,052</u>	<u>374,252</u>
EXPENDITURES				
Current:				
General government:				
Personal services	196,200	208,200	207,525	675
Contractual services	27,100	36,100	34,986	1,114
Materials and supplies	956,600	1,066,600	1,066,185	415
Capital outlay	1,150,000	1,019,000	-	1,019,000
Debt service	107,000	107,000	106,984	16
Total expenditures	<u>2,436,900</u>	<u>2,436,900</u>	<u>1,415,680</u>	<u>1,021,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,400</u>	<u>(1,511,100)</u>	<u>(115,628)</u>	<u>1,395,472</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,400)	(40,400)	(40,400)	-
Total other financing sources and uses	<u>(40,400)</u>	<u>(40,400)</u>	<u>(40,400)</u>	<u>-</u>
Net change in fund balance	-	<u>(1,551,500)</u>	<u>(156,028)</u>	<u>1,395,472</u>
Fund balance - beginning of year	-	<u>1,551,500</u>	<u>255,987</u>	<u>(1,295,513)</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,959</u>	<u>\$ 99,959</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, 2009

	<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	\$ 4,800	\$ 4,800	\$ 8,211	\$ 3,411
Rental and sale of City property	37,000	37,000	30,705	(6,295)
Miscellaneous	25,000	25,000	25,000	-
Total revenues	66,800	66,800	63,916	(2,884)
EXPENDITURES				
Current:				
Culture and recreation:				
Contractual services	20,000	32,000	31,484	516
Materials and supplies	-	13,000	12,837	163
Capital outlay	46,800	21,800	-	21,800
Total expenditures	66,800	66,800	44,321	22,479
Excess (deficiency) of revenues over (under) expenditures	-	-	19,595	19,595
Fund balance - beginning of year	-	-	771,467	771,467
Fund balance - end of year	\$ -	\$ -	\$ 791,062	\$ 791,062

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Contributions and Donations	\$ -	\$ -	\$ 17,000	\$ 17,000
Investment earnings	500	500	33	(467)
Total revenues	500	500	17,033	16,533
EXPENDITURES				
Current:				
Contractual services	5,500	1,200	849	351
Capital outlay	20,000	18,500	7,440	11,060
Total expenditures	25,500	21,200	13,835	7,365
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(20,700)	3,198	23,898
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	(20,000)	(15,700)	8,198	23,898
Fund balance - beginning of year	20,000	15,700	2,257	(13,443)
Fund balance - end of year	\$ -	\$ -	\$ 10,455	\$ 10,455

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local taxes	\$ 230,000	\$ 230,000	\$ 337,491	\$ 107,491
Investment earnings	50,000	50,000	16,453	(33,547)
Rental and sale of city property	11,000	11,000	-	(11,000)
Total revenues	291,000	291,000	353,944	62,944
EXPENDITURES				
Current:				
Economic development:				
Contractual services	110,000	100,000	13,401	86,599
Materials and supplies	16,000	16,000	1,030	14,970
Capital outlay	1,769,500	1,769,500	321,496	1,448,004
Total expenditures	1,895,500	1,885,500	335,927	1,549,573
Excess (deficiency) of revenues over (under) expenditures	(1,604,500)	(1,594,500)	18,017	1,612,517
Fund balance - beginning of year	1,604,500	1,594,500	2,277,791	683,291
Fund balance - end of year	\$ -	\$ -	\$ 2,295,808	\$ 2,295,808

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, 2009

	<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	\$ 89,000	\$ 100,000	\$ 243,416	\$ 143,416
Investment earnings	-	-	1,615	1,615
Total revenues	<u>89,000</u>	<u>100,000</u>	<u>245,031</u>	<u>145,031</u>
EXPENDITURES				
Current:				
General government	89,000	100,000	100,000	-
Total expenditures	<u>89,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	145,031	145,031
Fund balance - beginning of year	-	-	<u>210,038</u>	<u>210,038</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,069</u>	<u>\$ 355,069</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,500	\$ 6,500	\$ 8,463	\$ 1,963
Charges for services	51,500	51,500	71,455	19,955
Investment earnings	10,000	10,000	3,428	(6,572)
Total revenues	68,000	68,000	83,346	15,346
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	(413,500)	(413,500)	83,346	496,846
Fund balance - beginning of year	413,500	413,500	428,632	15,132
Fund balance - end of year	\$ -	\$ -	\$ 511,978	\$ 511,978

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for service	\$ 250,000	\$ 250,000	\$ 11,598	\$ (238,402)
Intergovernmental	550,000	550,000	-	(550,000)
Investment earnings	6,000	6,000	764	(5,236)
Loan fees	-	-	2,154	2,154
Total revenues	806,000	806,000	14,516	(791,484)
EXPENDITURES				
Current:				
Economic development:				
Personal services	50,000	50,000	40	49,960
Contractual services	756,000	756,000	3,660	752,340
Total expenditures	806,000	806,000	3,700	802,300
Excess (deficiency) of revenues over (under) expenditures	-	-	10,816	10,816
Fund balance - beginning of year	-	-	165,794	165,794
Fund balance - end of year	\$ -	\$ -	\$ 176,610	\$ 176,610

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 900	\$ 900	\$ 205	\$ (695)
Contributions	22,200	22,200	24,171	1,971
Total revenues	23,100	23,100	24,376	1,276
EXPENDITURES				
Current:				
Public safety activities	23,100	23,100	19,927	3,173
Total expenditures	23,100	23,100	19,927	3,173
Excess (deficiency) of revenues over (under) expenditures	-	-	4,449	4,449
Fund balance - beginning of year	-	-	28,450	28,450
Fund balance - end of year	\$ -	\$ -	\$ 32,899	\$ 32,899

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, 2009

	<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	15,500	15,500	2,699	12,801
Debt service:				
Principal	195,000	195,000	195,000	-
Interest and fiscal charges	109,500	109,500	109,476	24
Total expenditures	<u>320,000</u>	<u>320,000</u>	<u>307,175</u>	<u>12,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,000)</u>	<u>(320,000)</u>	<u>(307,175)</u>	<u>12,825</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	-	-	12,825	12,825
Fund balance - beginning of year	-	-	17,691	17,691
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,516</u>	<u>\$ 30,516</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Local taxes	\$ 600,000	\$ 600,000	\$ 565,036	\$ (34,964)
Investment earnings	75,800	75,800	16,224	(59,576)
Total revenues	675,800	675,800	581,260	(94,540)
EXPENDITURES				
Current:				
Contractual services	247,700	247,700	-	247,700
Debt Service:				
Principal retirement	300,000	3,053,000	2,825,010	227,990
Interest	128,100	128,100	128,100	-
Total expenditures	675,800	3,428,800	2,953,110	475,690
Excess (deficiency) of revenues over (under) expenditures	-	(2,753,000)	(2,371,850)	381,150
OTHER FINANCING USES				
Transfers out	-	-	(227,134)	(227,134)
Total other financing uses	-	-	(227,134)	(227,134)
Net change in fund balance	-	-	(2,598,984)	154,016
Fund balance - beginning of year	-	2,753,000	2,598,984	(154,016)
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,530,000	\$ 1,530,000	\$ 201,840	\$ (1,328,160)
Total revenues	1,530,000	1,530,000	201,840	(1,328,160)
EXPENDITURES				
Contractual services	-	-	-	-
Capital outlay	1,530,000	1,530,000	281,162	1,248,838
Total expenditures	1,530,000	1,530,000	281,162	1,248,838
Excess (deficiency) of revenues over (under) expenditures	-	-	(79,322)	(79,322)
OTHER FINANCING SOURCES				
Transfers in	-	-	10,000	10,000
Total other financing sources	-	-	10,000	10,000
Net change in fund balance	-	-	(69,322)	(69,322)
Fund balance - beginning of year	-	-	76,250	76,250
Fund balance - end of year	\$ -	\$ -	\$ 6,928	\$ 6,928

City of Casa Grande, Arizona
Copper Mountain Ranch Water Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2009

	<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	\$ 151,000	\$ 151,000	\$ 196,410	\$ 45,410
Total operating revenues	151,000	151,000	196,410	45,410
OPERATING EXPENSES:				
Personal services	33,700	50,700	50,623	77
Contractual	44,900	44,900	9,174	35,726
Materials and supplies	71,100	71,100	43,874	27,226
Depreciation	2,200,000	2,138,000	44,540	2,093,460
Total operating expenses	2,349,700	2,304,700	148,211	2,156,489
Operating Income	(2,198,700)	(2,153,700)	48,199	2,201,899
NONOPERATING REVENUE (EXPENSES):				
Interest expense	(15,100)	(4,900)	(4,936)	(36)
Total nonoperating revenue (expense)	(15,100)	(4,900)	(4,936)	(36)
Income (loss) before transfers	(2,213,800)	(2,158,600)	43,263	2,201,863
Transfers out	(27,400)	(27,400)	(27,400)	-
Net change in net assets	(2,241,200)	(2,186,000)	15,863	2,201,863
Net Assets - beginning of year	2,241,200	2,186,000	1,365,032	(820,968)
Net Assets - end of year	\$ -	\$ -	\$ 1,380,895	\$ 1,380,895

City of Casa Grande, Arizona
Wastewater Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2009

	<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	\$ 2,760,000	\$ 2,760,000	\$ 3,933,465	\$ 1,173,465
Connection fees	280,000	50,000	20,075	(29,925)
Miscellaneous	46,500	46,500	20,081	(26,419)
Total operating revenues	<u>3,086,500</u>	<u>2,856,500</u>	<u>3,973,621</u>	<u>1,117,121</u>
OPERATING EXPENSES:				
Personal services	871,900	871,900	784,032	87,868
Contractual	3,152,800	592,600	586,678	5,922
Materials and supplies	747,600	812,600	812,071	529
Depreciation	880,200	1,774,000	1,773,381	619
Total operating expenses	<u>5,652,500</u>	<u>4,051,100</u>	<u>3,956,162</u>	<u>94,938</u>
Operating Income	<u>(2,566,000)</u>	<u>(1,194,600)</u>	<u>17,459</u>	<u>1,212,059</u>
NONOPERATING REVENUE (EXPENSES):				
Interest income	230,000	230,000	46,126	(183,874)
Interest expense	(130,000)	(652,000)	(651,039)	961
City sales tax	-	-	-	-
Total nonoperating revenue (expense)	<u>100,000</u>	<u>(422,000)</u>	<u>(604,913)</u>	<u>(182,913)</u>
Income (loss) before contributions and transfers	<u>(2,466,000)</u>	<u>(1,616,600)</u>	<u>(587,454)</u>	<u>1,029,146</u>
Capital contributions	-	-	717,407	717,407
Transfers out	(173,300)	(175,550)	(175,548)	2
Net change in net assets	<u>(2,639,300)</u>	<u>(1,792,150)</u>	<u>(45,595)</u>	<u>1,746,555</u>
Net Assets - beginning of year	<u>2,639,300</u>	<u>1,792,150</u>	<u>35,675,989</u>	<u>33,883,839</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,630,394</u>	<u>\$ 35,630,394</u>

City of Casa Grande, Arizona
Wastewater Development Fees Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2009

	<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	\$ 3,062,000	\$ 3,062,000	\$ 1,166,246	\$ (1,895,754)
Total operating revenues	<u>3,062,000</u>	<u>3,062,000</u>	<u>1,166,246</u>	<u>(1,895,754)</u>
OPERATING EXPENSES:				
Depreciation	3,662,000	3,662,000	3,588	3,658,412
Total operating expenses	<u>3,662,000</u>	<u>3,662,000</u>	<u>3,588</u>	<u>3,658,412</u>
Operating Income	<u>(600,000)</u>	<u>(600,000)</u>	<u>1,162,658</u>	<u>1,762,658</u>
NONOPERATING REVENUE :				
Interest income	600,000	600,000	135,823	(464,177)
Total nonoperating revenue	<u>600,000</u>	<u>600,000</u>	<u>135,823</u>	<u>(464,177)</u>
Income (loss) before transfers	<u>-</u>	<u>-</u>	<u>1,298,481</u>	<u>1,298,481</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net assets	<u>-</u>	<u>-</u>	<u>1,298,481</u>	<u>1,298,481</u>
Net Assets - beginning of year	<u>-</u>	<u>-</u>	<u>19,072,538</u>	<u>19,072,538</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,371,019</u>	<u>\$ 20,371,019</u>

City of Casa Grande, Arizona
Sanitation/Development Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2009

	<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	\$ 5,217,600	\$ 5,217,600	\$ 4,326,086	\$ (891,514)
Recycling revenue	345,500	245,000	146,581	(98,419)
Impact fees	-	-	83,260	83,260
Miscellaneous	10,000	10,000	15,046	5,046
Total operating revenues	<u>5,573,100</u>	<u>5,472,600</u>	<u>4,570,973</u>	<u>(901,627)</u>
OPERATING EXPENSES:				
Personal services	2,448,400	2,542,400	2,541,812	588
Contractual	1,065,300	1,052,300	997,426	54,874
Materials and supplies	1,295,900	925,600	925,376	224
Depreciation	559,000	450,752	421,551	29,201
Closure and postclosure costs	300,000	575,000	574,424	576
Total operating expenses	<u>5,668,600</u>	<u>5,546,052</u>	<u>5,460,589</u>	<u>85,463</u>
Operating Income	<u>(95,500)</u>	<u>(73,452)</u>	<u>(889,616)</u>	<u>(816,164)</u>
NONOPERATING REVENUE (EXPENSES):				
Gain on sale of assets	-	-	98,600	98,600
Interest income	90,500	90,000	20,067	(69,933)
Interest expense	(129,200)	(7,700)	(5,319)	2,381
Total nonoperating revenue (expense)	<u>(38,700)</u>	<u>82,300</u>	<u>113,348</u>	<u>31,048</u>
Income before transfers	<u>(134,200)</u>	<u>8,848</u>	<u>(776,268)</u>	<u>(785,116)</u>
Transfers in	-	-	1,284,222	1,284,222
Transfers out	(1,081,600)	(1,083,848)	(1,083,848)	-
Net change in net assets	<u>(1,215,800)</u>	<u>(1,075,000)</u>	<u>(575,894)</u>	<u>499,106</u>
Net Assets - beginning of year	<u>1,215,800</u>	<u>1,075,000</u>	<u>3,102,310</u>	<u>2,027,310</u>
Net Assets - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,526,416</u>	<u>\$ 2,526,416</u>

City of Casa Grande, Arizona
Golf Course Enterprise Fund
Schedule of Operations - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
OPERATING REVENUES:				
Rental	\$ 200,700	\$ 200,700	\$ 122,626	\$ (78,074)
Green fees	725,000	725,000	839,250	114,250
Miscellaneous	10,000	10,000	190,163	180,163
Total operating revenues	935,700	935,700	1,152,039	216,339
OPERATING EXPENSES:				
Personal services	577,300	577,300	513,556	63,744
Contractual	37,300	127,300	127,199	101
Materials and supplies	502,100	516,100	515,120	980
Depreciation	2,000,000	112,000	111,111	889
Total operating expenses	3,116,700	1,332,700	1,266,986	65,714
Operating Income	(2,181,000)	(397,000)	(114,947)	282,053
NONOPERATING REVENUE (EXPENSE):				
City sales tax	9,500	9,500	20,612	11,112
Total nonoperating revenue	9,500	9,500	20,612	11,112
Income (loss) before transfers	(2,171,500)	(387,500)	(94,335)	293,165
Transfers in	300,000	300,000	694,500	394,500
Transfers out	(128,500)	(128,500)	(128,500)	-
Net change in net assets	(2,000,000)	(216,000)	471,665	687,665
Net assets - beginning of year	2,000,000	216,000	441,461	225,461
Net assets - end of year	\$ -	\$ -	\$ 913,126	\$ 913,126

City of Casa Grande, Arizona
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2009

Governmental funds capital assets:	
Land and construction in progress	\$ 33,044,946
Buildings	19,196,113
Improvements other than buildings	181,481,964
Heavy machinery and equipment	1,765,636
Operational equipment	<u>18,633,778</u>
Total governmental funds capital assets	<u>\$ 254,122,437</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 459,863
Grants	1,529,993
General Fund revenues	12,935,170
Special Revenue Fund revenues	108,806,544
Capital Project Funds	31,376,602
Gifts and donations	<u>99,014,265</u>
Total investments in governmental funds capital assets	<u>\$ 254,122,437</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, 2009

<u>Function and Activity</u>	<u>General Capital Assets June 30, 2008</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>General Capital Assets June 30, 2009</u>
General government	\$ 9,215,668	\$ 824,498	\$ -	\$ 10,040,166
Public safety	12,645,580	3,663,737	(575,835)	15,733,482
Streets/Transportation	168,628,740	13,218,697	(66,660)	181,780,777
Public works	1,645,925	64,517	-	1,710,442
Culture and recreation	12,893,535	13,673,214	(95,150)	26,471,599
Economic development	17,900,638	485,333		18,385,971
Total	<u>\$ 222,930,086</u>	<u>\$ 31,929,996</u>	<u>\$ (737,645)</u>	<u>\$ 254,122,437</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.



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.	100
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.	107
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.	109
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.	115
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.	117

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 Seven 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 Seven 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	<u>23,525,111</u>	<u>25,558,233</u>	<u>27,448,973</u>	<u>35,270,333</u>	<u>43,179,848</u>	<u>49,453,976</u>
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	<u>13,566,504</u>	<u>15,247,143</u>	<u>25,642,057</u>	<u>73,365,528</u>	<u>45,518,433</u>	<u>46,176,527</u>
Total Governmental Activities Net Program Expense	<u>\$ (9,958,607)</u>	<u>\$ (10,311,090)</u>	<u>\$ (1,806,916)</u>	<u>\$ 38,095,195</u>	<u>\$ 2,338,585</u>	<u>\$ (3,277,449)</u>
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	<u>17,720,437</u>	<u>20,528,022</u>	<u>22,412,656</u>	<u>28,526,552</u>	<u>41,367,202</u>	<u>47,221,657</u>
Total Governmental Activities Change in Net Assets	<u>\$ 7,761,830</u>	<u>\$ 10,216,932</u>	<u>\$ 20,605,740</u>	<u>\$ 66,621,747</u>	<u>\$ 43,705,787</u>	<u>\$ 43,944,208</u>

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 Seven 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)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved	\$ 139,262	\$ 143,871	\$ 176,526	\$ 486,826	\$ 801,965
Unreserved	4,915,566	4,422,980	3,338,675	3,823,320	6,343,317
Total general fund	<u>\$ 5,054,828</u>	<u>\$ 4,566,851</u>	<u>\$ 3,515,201</u>	<u>\$ 4,310,146</u>	<u>\$ 7,145,282</u>
All Other Governmental Funds					
Reserved	\$ 4,096,314	\$ 2,186,274	\$ 2,311,916	\$ 2,341,307	\$ 2,368,606
Unreserved, reported in:					
Special revenue funds	3,181,985	2,761,029	3,758,330	4,328,235	9,013,364
Capital projects funds	539,713	1,406,775	1,214,043	372,078	1,066,167
Total all other governmental funds	<u>\$ 7,818,012</u>	<u>\$ 6,354,078</u>	<u>\$ 7,284,289</u>	<u>\$ 7,041,620</u>	<u>\$ 12,448,137</u>

Fiscal Year				
2005	2006	2007	2008	2009
\$ 1,115,310	\$ 1,476,273	\$ 1,959,234	\$ 2,548,121	\$ 3,153,554
11,150,642	17,796,454	25,521,015	30,572,472	30,402,947
<u>\$ 12,265,952</u>	<u>\$ 19,272,727</u>	<u>\$ 27,480,249</u>	<u>\$ 33,120,593</u>	<u>\$ 33,556,501</u>
\$ 6,252,078	\$ 4,250,108	\$ 4,413,184	\$ 32,896,933	\$ 25,327,803
15,594,386	28,612,756	43,633,806	49,835,900	39,794,807
2,479,265	5,365,147	10,701,962	77,406	8,084
<u>\$ 24,325,729</u>	<u>\$ 38,228,011</u>	<u>\$ 58,748,952</u>	<u>\$ 82,810,239</u>	<u>\$ 65,130,694</u>

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Taxes	\$ 9,647,104	\$ 10,500,552	\$ 10,565,836	\$ 11,851,114	\$ 13,294,993
Licenses and permits	644,487	895,927	801,910	1,074,991	1,385,080
Intergovernmental revenues	9,361,703	11,303,184	10,763,681	10,358,329	10,902,234
Charges for services	760,096	974,559	1,578,990	2,528,275	3,221,772
Fines	772,079	628,857	801,690	690,177	677,048
Special assessments	588,862	309,163	244,872	211,787	137,644
Investment earnings	649,120	565,660	233,207	(163,059)	124,545
Rental and sale of city property	288,542	418,879	405,717	536,538	738,198
Other revenues	216,622	352,902	231,348	274,985	473,864
Total revenues	22,928,615	25,949,683	25,627,251	27,363,137	30,955,378
Expenditures					
General government	2,753,142	3,348,830	3,689,262	3,641,912	4,451,216
Public safety	7,502,776	8,237,440	9,639,754	9,499,759	10,309,036
Streets/Transportation	1,446,023	1,956,566	1,798,580	1,987,200	1,672,165
Public works	797,824	766,460	777,291	657,785	730,486
Culture and recreation	2,669,541	3,076,334	3,349,200	3,352,211	3,450,403
Planning and economic development	1,352,047	2,859,626	2,238,132	1,871,266	1,952,308
Capital outlay	7,716,638	6,307,819	2,593,601	4,472,441	1,939,318
Debt service					
Principal	1,003,291	979,300	956,448	932,344	960,801
Interest	571,129	465,622	620,054	559,527	471,539
Total expenditures	25,812,411	27,997,997	25,662,322	26,974,445	25,937,272
Other Financing Sources (Uses)					
Transfers in	1,874,832	2,391,189	1,010,817	1,618,327	2,919,819
Transfers out	(1,659,139)	(2,649,899)	(1,097,185)	(1,644,944)	(1,578,736)
Capital leases	2,001,127	369,137	-	150,000	1,056,839
Bond issuance	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Sale of land					
Total other financing sources (uses)	2,216,820	110,427	(86,368)	123,383	2,397,922
Net change in fund balances	\$ (666,976)	\$ (1,937,887)	\$ (121,439)	\$ 512,075	\$ 7,416,028
 Debt service as a percentage of noncapital expenditures	 Not Available*	 Not Available*	 Not Available*	 6.63%	 5.97%

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 15,388,557	\$ 18,585,602	\$ 26,706,698	\$ 32,840,670	\$ 31,334,264
2,156,170	3,632,214	2,756,899	1,881,951	808,414
11,911,931	15,208,404	18,007,273	20,798,409	17,188,146
9,853,065	16,390,930	16,678,803	10,171,890	2,188,466
739,283	734,495	826,533	815,081	1,092,331
217,895	354,840	28,907	29,691	21,092
466,925	1,508,717	3,222,176	3,202,760	815,213
701,633	1,071,511	1,459,760	1,546,935	1,645,235
720,093	1,198,605	720,635	608,700	536,204
<u>42,155,552</u>	<u>58,685,318</u>	<u>70,407,684</u>	<u>71,896,087</u>	<u>55,629,365</u>
4,300,175	5,230,006	5,921,449	8,076,361	8,996,033
11,344,629	12,957,767	14,155,865	16,983,507	18,594,022
1,908,050	2,168,597	2,846,301	2,323,097	2,991,139
734,391	1,650,860	2,063,253	1,684,699	1,716,458
3,654,964	4,446,967	4,828,294	5,463,871	5,222,719
2,242,438	3,914,867	4,821,056	4,965,772	3,425,837
4,526,914	6,149,634	8,251,421	11,030,175	27,511,902
799,546	1,206,388	882,247	1,226,548	5,313,821
477,428	484,775	707,501	607,351	955,207
<u>29,988,535</u>	<u>38,209,861</u>	<u>44,477,387</u>	<u>52,361,381</u>	<u>74,727,138</u>
2,686,632	5,808,434	6,844,898	8,101,980	5,630,797
(2,530,831)	(5,374,834)	(6,311,098)	(7,483,839)	(5,922,924)
3,500,000	-	-	-	-
1,335,000	-	455,000	9,000,000	750,000
(159,557)	-	-	(30,201)	(103,736)
		1,809,371	578,989	1,500,000
<u>4,831,244</u>	<u>433,600</u>	<u>2,798,171</u>	<u>10,166,929</u>	<u>1,854,137</u>
<u>\$ 16,998,260</u>	<u>\$ 20,909,057</u>	<u>\$ 28,728,468</u>	<u>\$ 29,701,636</u>	<u>\$ (17,243,635)</u>
5.02%	5.27%	4.30%	4.44%	13.28%

Schedule 6
City of Casa Grande
Sales Tax Revenue by Industry,
Fiscal Years 2009, 2008, 2007,2006 and 2005

	Fiscal Year 2005		Fiscal Year 2006	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 2,187,722	15.36%	\$ 3,164,234	17.93%
Manufacture	497,382	3.49%	599,880	3.40%
Transportation/Communication/ Utilities	1,220,019	8.56%	1,470,192	8.33%
Wholesale Trade	195,610	1.37%	211,865	1.20%
Retail Trade	7,027,208	49.33%	8,377,108	47.46%
Restaurants/Bars	923,817	6.49%	1,021,869	5.79%
Insurance/Real Estate	1,485,089	10.43%	1,732,572	9.82%
Hotels/Lodging	275,550	1.93%	316,538	1.79%
Services	373,228	2.62%	427,755	2.42%
All Other	59,128	0.42%	328,240	1.86%
Total	\$ 14,244,753	100.00%	\$ 17,650,253	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

Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 8,405,855	33.85%	\$ 11,087,874	39.17%	\$ 6,722,392	28.81%
624,116	2.51%	750,711	2.65%	597,311	2.56%
			0.00%		0.00%
1,762,783	7.10%	1,987,604	7.02%	1,761,603	7.55%
271,980	1.10%	233,859	0.83%	277,315	1.19%
8,778,705	35.35%	9,562,653	33.78%	9,585,867	41.08%
1,027,918	4.14%	1,118,248	3.95%	1,221,532	5.23%
2,122,802	8.55%	2,052,131	7.25%	1,869,128	8.01%
348,177	1.40%	316,241	1.12%	462,489	1.98%
521,470	2.10%	546,058	1.93%	560,571	2.40%
968,878	3.90%	652,605	2.31%	276,032	1.18%
<u>\$ 24,832,684</u>	<u>100.00%</u>	<u>\$ 28,307,984</u>	<u>100.00%</u>	<u>\$ 23,334,240</u>	<u>100.00%</u>

**Schedule 7
City of Casa Grande
Direct and Overlapping Sales Tax Rates
6/30/2009**

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
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	-
2009	9,739,549	-	3,130,318	130,000	2,909,161	-

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)
-	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%
1,605,451	13,304,502	57,790	4,352,312	35,229,083	3.16%

Schedule 9
City of Casa Grande
Ratio of General Bonded Debt Outstanding
Last Five 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	1,775,000 (1)	93,675,428	1.89%	664
2008	11,000,000 (2)	2,295,221,460	0.48%	267
2009	2,515,000 (1)	167,571,141	1.50%	836
2009	8,830,000 (2)	2,928,179,559	0.30%	196

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/09 1,970
 Estimated population of Villago CFD 6/30/09 1,040
 Provided by Sales Offices. No population data are available for years prior to
 2007

Population of Casa Grande 45,116

(1) General obligation bonds were issued by the Mission Royale Community Facilities District in 2005 and the Villago Community Facilities District in 2006 and 2008. 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, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pinal County	\$ 172,129,000	13.91%	\$ 23,934,703
School District #4	25,375,000	75.45%	19,144,807
School District #82	37,940,000	55.56%	21,079,122
Central Arizona Community College	15,815,000	13.91%	2,199,091
Mission Royale CFD	1,335,000	100.00%	1,335,000
Villago CFD	1,180,000	100.00%	<u>1,180,000</u>
Subtotal, overlapping debt			68,872,723
City direct debt			<u>13,394,028</u>
Total direct and overlapping debt			<u><u>\$ 82,266,751</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, 2009**

Net Secondary Assessed Valuation as of June 30, 2009	\$439,085,421
Debt limit (6% of assessed value)	26,345,125
Debt applicable to limit:	
General obligation bonds	3,610,300
Legal 6% debt margin	\$ 22,734,825
Debt limit (20% of assessed value)	87,817,084
Debt applicable to limit:	
General obligation bonds	5,219,700
Legal 20% debt margin	\$ 82,597,384

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	
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	1,039,517	24.86
2009	21,092	135,000	17,280	0.14	43,338,764	3,630,000 (b)	1,008,269	9.34

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

(a) The 1997 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 \$10,000 principal and \$96,872 interest for Community Facilities District debt payments. Also includes \$2,825,000 to retire the Recreation Facility 1999 excise revenue tax obligation.

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
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%
2009	45,116	25,000	1,127,900,000	11,652	11.10%

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 Nine Years Ago**

Employer	2009 (a)		2000 (b)	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	1050	5.38%	625	4.52%
Casa Grande Regional Medical Center	850	4.35%	788	5.70%
Wal-Mart Distribution Center	569	2.91%	-	0.00%
Wal-Mart Supermarket	450	2.31%	-	0.00%
Frito-Lay Inc.	450	2.31%	302	2.19%
City of Casa Grande	439	2.25%	251	1.82%
Abbott Laboratories/Ross Products	400	2.05%	397	2.87%
Hexcel Corporation	350	1.79%	562	4.07%
Casa Grande Valley Newspapers	150	0.77%	100	0.72%
	4,708	24.12%	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	
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
2009	39.5	137.23	62.08	61.75	34	104.5	439.06

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Registered voters	11,441	11,441	11,441	13,685	13,685	15,919	13,239	13,946	19,331	20,805
Votes cast last primary election	2,367	2,367	2,367	1,242	1,242	1,428	1,428	2,364	2,364	2,400
Fire										
Medical support calls	2,087	2,426	2,578	2,774	3,085	3,427	3,766	3,778	4,286	4,689
Total alarms	3,128	3,281	3,447	3,697	4,136	4,557	5,137	5,194	5,642	5,050
Inspections/investigations	276	415	222	305	524	487	390	986	1,512	1,505
Public education contacts	7,501	8,582	10,018	11,386	7,344	11,764	8,884	10,164	19,801	25,064
Police										
Calls for service	26,019	27,602	29,705	33,076	37,674	38,869	39,365	42,412	41,126	40,893
Officer initiated	59,332	63,362	71,814	68,677	69,588	69,412	69,936	72,028	71,626	76,263
Patrolled miles	649,745	654,370	700,884	671,030	716,138	702,062	706,375	802,935	864,421	939,398
Traffic accidents	817	853	796	886	928	1,046	1,213	1,121	1,104	991
Traffic citations	9,163	10,561	9,495	8,408	8,607	7,068	6,127	6,136	6,943	7,025
Arrests (adult and juvenile)	4,785	4,338	4,673	4,773	4,387	4,614	4,055	3,840	4,015	3,981
Culture and recreation - library (a)										
Items in collections	94,523	99,414	100,619	100,655	90,826	86,364	73,984	74,311	75,863	79,920
Reference questions	17,199	18,912	22,647	18,940	5,776	6,415	14,959	80,950	149,296	150,435
Total items circulated	332,691	422,063	374,840	149,210	52,240	51,915	49,718	73,079	75,840	78,727
Total circulation transactions	391,308	733,582	734,852	825,000	172,391	170,875	187,063	225,043	229,446	270,473
Economic development										
Building permits - commercial	271	279	256	262	262	273	339	143	195	114
Building permits - residential	1,003	1,446	1,333	1,639	1,983	2,565	3,501	1,454	777	329
Self-help homes completed	8	16	24	23	22	6	20	25	25	25
Self-help homes started	16	24	23	15	13	26	27	25	26	25
Housing rehabilitations	13	17	13	16	12	9	12	12	12	12
Code enforcement cases	670	617	675	724	660	1,059	1,704	984	1,150	1,331
Planning cases	155	78	61	114	161	154	334	193	85	95

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fire stations	2	3	3	3	3	3	3	3	3	3
Parks and recreation										
Park areas	25	25	24	23	24	24	24	25	26	26
Parkland acreage	2,152	2,152	1,787	1,783	1,790	1,370	1,370	1,371	1,387	1,396
Community centers	2	3	4	4	4	4	4	4	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	19	19	19	20	22	22	24	24	25	26
Other maintenance areas	38	71	85	85	85	85	87	88	93	93
Airport										
T-hangers	22	22	22	52	52	52	52	52	52	52
T-shades	18	18	18	18	18	18	18	18	18	18
Public works										
Total number of streetlights	1,336	1,525	1,638	1,638	1,893	2,011	2,217	3,130	3,302	3,500
Miles of streets	243	243	307	307	321	354	375	375	389	410
Miles of sewer	105	108	121	121	145	160	300	375	450	455
Number of lift stations	10	10	10	10	10	10	9	9	9	10
Number of signalized intersections	25	26	26	27	27	27	31	31	35	38

Sources: Various City departments



SINGLE AUDIT REPORTS



HENRY & HORNE, LLP
Certified Public Accountants

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 the City of Casa Grande (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting (2009-1).

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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, 2009. 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, 2009.

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City of Casa Grande, Arizona
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Arizona Department of Housing:			
Community Development Block Grant - 2007	157-07	14.228	42
Community Development Block Grant - 2008	101-08	14.228	153,850
Community Development Block Grant - 2008	113-08	14.228	76,374
Community Development Block Grant - 2009	156-09	14.228	12,000
HOME - 2007	310-07	14.239	138,278 *
HOME - 2008	303-08	14.239	425,180 *
Total Department of Housing and Urban Development			<u>805,724</u>
U.S. Department of Agriculture:			
Self Help Housing Technical Assistance Grant	10	10.420	141,368
State Administrative Matching Grants for Food Stamp Program	461200	10.561	4,376
Total Department of Agriculture			<u>145,744</u>
U.S. Department of Health & Human Services			
Passed through Pinal-Gila Council for Senior Citizens:			
Special Programs for the Aging	5-237	93.044	13,314
Special Programs for the Aging	5-237	93.045	54,525
Social Services Block Grant	5-237	93.667	12,338
Nutritional Services Incentive Program	5-237	93.053	23,226
Total Department of Health & Human Services			<u>103,403</u>
U.S. Department of Justice:			
JAG Grant	2007-DJBX	16.592	28,142
Bulletproof Vest Grant	2006BUBX	16.607	609
JAG Grant	2006-DJBX1098	16.592	428
Total Department of Justice			<u>29,179</u>
U.S. Department of Transportation:			
FAA Airport Grant	3-04-0007-10-2006	20.106	558
FAA Airport Grant	3-04-0007-11	20.106	15,090
FAA Airport Grant	3-04-0007-12-2008	20.106	100,955
Total Department of Transportation			<u>116,603</u>
U.S. Department of Homeland Security			
Federal Emergency Management Agency	EMW-2007-FF-00468	97.044	227,700
Passed through Arizona Division of Emergency Management			
Arizona Department of Homeland Security	07-AZDOHS-HSGP-333303-01	97.067	242,647
Total Department of Homeland Security			<u>470,347</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u>\$ 1,671,000</u>

*Denotes major program

City of Casa Grande
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Summary of Auditors' Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Casa Grande.
2. One significant deficiency relating to the audit of the financial statements is 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 - HOME Grant passed through Arizona Department of Housing 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 - HOME Grant (CFDA 14.239).
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.

CITY OF CASA GRANDE
SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2009

Financial Statement Findings

2009-1 Journal entry related to accounts payable

Condition: The City did not have proper controls to record accounts payable in the proper period.

Criteria: Proper controls over the financial reporting process of accounts payable are necessary to ensure proper application of generally accepted accounting principles.

Effect: A material audit adjustment was made to correct accounts payable, expenditures in the fund financial statements, and capital assets in the government-wide financial statements.

Cause: Management did not have proper oversight over the process of recording nonstandard accounts payable into the proper period.

Recommendation: We recommend that the finance department have a process in place to monitor and review the recording of accounts payable into the proper period. We also recommend that the finance department perform a test of large cash disbursements after year end to ensure transactions are recorded in the proper period.

Management's response: The finance department will implement a process to review and assure the recording of accounts payable are in the proper period. The process requires the coordination of the supervising accountant, senior accounts payable clerk and accountant who will all carefully review purchase orders before payment at year-end. In addition the supervising accountant will perform tests of large cash disbursements to ensure that payments are made in the correct period.