



# City of Casa Grande, Arizona



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011

**City of Casa Grande, Arizona**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**For the Fiscal Year Ended June 30, 2011**



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



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# City of Casa Grande

November 22, 2011

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Casa Grande, Arizona (the City) for the fiscal year ended June 30, 2011. The report was prepared by the City's Finance Department.

This document 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 libraries for use by the general public, and posted on the City's web page at [www.casagrandeaz.gov](http://www.casagrandeaz.gov).

Responsibility for the accuracy of the presented data and for 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 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 generally accepted accounting principles 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, 2011 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 exists for rendering an unqualified opinion that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2011, 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, 2011, 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 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 City 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 5 years to just over 110 squares miles. The Voters approved the 2020 General Plan on November 3<sup>rd</sup>, 2009. The City’s population increased by 93% over the past ten years from 25,224 in 2000 to 48,571 in 2010. 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. Most of the growth occurred prior to 2009. Housing starts averaged 7 per month the past fiscal year.

The City provides a full range of municipal services, including police and fire protection, maintenance of streets, recreational and cultural events, 2 libraries, planning and zoning, building inspection, code enforcement, wastewater, sanitation, airport, golf course and general administration. The City invests in its historic downtown with the administration of three downtown redevelopment districts.

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.

The Comprehensive Annual Financial Report (CAFR) 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 38](#) 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 Permanent Base Adjustment Alternative Expenditure Limit. The limit provides a cap on expenditures for the City. The base year is 1979-80 and the base amount is increased annually by population change and by the implicit price deflator.

In May 2007, the voters approved a permanent base adjustment to the state imposed expenditure limit. This option allowed Casa Grande to adjust the state imposed expenditure base from the original 1979-80 base of \$3,743,397 to \$18,793,221. After adjustments for inflation and population growth, the City's expenditure limitation for fiscal year 2009-10 is \$166,555,670.

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 spend winters 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. The prior three fiscal years brought anticipated slowing of the residential housing construction market. Non-residential building permits with a value of \$22.7 million were issued in fiscal year 2011. The continued commercial development conveys the actuality that sufficient roof-tops have been constructed to expand the commercial markets, which in turn expands the City's economy and tax base.

The City continues to process annexations. 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. A cost impact proposal accompanies each annexation so the Council is aware of the financial impact before an annexation occurs.

Casa Grande's economy is reflective of the State and the nation in that housing development is reduced to about 15 new single family permits per month, sales tax revenue is down and state shared revenue is on the decline.

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 49% 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 construct park and recreation projects. Management is projecting the city's sales tax to decrease by an additional 6.5% next year due to a decrease in spending 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 increase by 12% this next year due to the 2010 census population reallocation. 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 increased in FY11 to .8988 from .8110 per \$100 of assessed valuation. Despite the increase in tax levy rate, most residential properties will not experience an increase due to decreasing property values. The primary levy can be used for any general government purpose, but is limited in size by State statute. The City has received voter authorization to issue \$47 million in General Obligation debt. Eleven million was issued in fiscal year 2008 and \$19 million in 2009. The secondary tax levy beginning in fiscal year 2009 is .6308.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

In 2011 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

- Moved operations to a new facility.
- Maintained dispatch response rate of 44 seconds from start to dispatch.
- Part 1 UCR crimes decreased by 1.5%.
- 225 animals adopted.
- Established a partnership with the U.S. Marshal's Services to increase arrests of felony fugitives.
- Maintained over a 98% victim contact rate for cases assigned to Criminal Investigations.

### Fire

- Responded to 6,397 emergencies, of which 4,887 (76.4%) involved emergency medical services, averaging a response time for all incidents of under 5 minutes 51% of the time.
- Responded to 14.68 structure fires per 1,000 structures.
- Structure fires reduced by 4.8%.
- Continued mentoring of the Casa Grande Fire Explorers Program.

Public Works

- o Responded to 5,737 service requests.
- o Demolished 9 condemned or burned buildings.
- o Cleaned 70% of drainage structures.
- o Crack sealed 290,000 sq yards of pavement.
- o Hosted the 53<sup>rd</sup> Annual Cactus Fly-In at the municipal airport.
- o Treatment of an average of 5 million gallons per day of wastewater.
- o Collected 18.4 tons of residential trash.
- o Collected 61.6 tons of solid waste at the landfill site.
- o Recycled an average of 46.5 lbs per household in residential solid waste materials.
- o Complete preventative maintenance, when due on vehicles, 60% of the time.

Community Services

- o Golfers played 77,470 rounds of nine hole equivalents.
- o Provided a cost recovery rate of 63% on recreation programs.
- o Library visitors of 364,760 at the two libraries.
- o Served a total of 33,757 meals and provided a total of 6,879 volunteer hours.
- o Maintained 10.95 acres of parkland per 1,000 population at a cost of \$1,105 per acre.
- o Provided 294 swimming lessons.

Development Center

- o Completed 4,380 plan reviews for 1,530 building permits.
- o Reviewed 93% of plans within established timeframes.

**OTHER MATTERS**

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

Debt Administration. On June 30, 2011, the City had a number of debt issues outstanding. Total bonded debt at June 30, 2011, was \$116.4 million. 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
ExciseTax Revenue		
Series 1997	Aaa	-
Series 2003	A3	A+
Series 2009	nr	AA-
General Obligation Bonds	A2	AA-

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, 2011 the City had \$84.6 million 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, 2011, the City has debt capacity of \$51,773,569 for general obligation bonds subject under the 20% limitation based on the FY 2011 secondary assessed valuation. The City has \$29.7 in outstanding General Obligation bonds, with voter approval to issue an additional \$17 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 direct treasury purchases, certificates of deposits and 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 2011 fiscal year.

The yield for the investment account averaged .1075 percent for the fiscal year. At June 30, 2011, the Pool consisted of \$1.8 billion in total local government deposits, which included \$93.7 million the City had invested in the Pool.

With the issuance of GASB Statement No. 31, all investments are stated at fair value on the balance sheet. The State Treasurer's Local Governmental Investment Pool includes liquid investments in which cost approximates the market. The Firemen's Pension Fund is stated at fair value, which totals \$581,158.

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 \$25,000 deductible and a \$13 million umbrella liability policy.

The City began a self-insurance fund in fiscal year 2010 to account for and finance its uninsured risks of loss for medical claims and to account for all other insurance purchases. The City purchases commercial stop loss insurance to limit the claims liability for health insurance to \$100,000 per individual claim. There is also an aggregate stop loss for health insurance claims of \$3,880,253.

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, 2010. This was the twentieth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easy to read 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, 2010. 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 thirteenth 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,

A handwritten signature in cursive script that reads "Diane Archer".

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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

**CITY COUNCIL**  
ROBERT M. JACKSON, MAYOR

DICK POWELL  
STEPHEN Q. MILLER  
KARL MONTOYA – Mayor Pro-Tem

LISA FITZGIBBONS  
MARY KORTSEN  
MATT HERMAN

**CITY MANAGER**  
JAMES THOMPSON

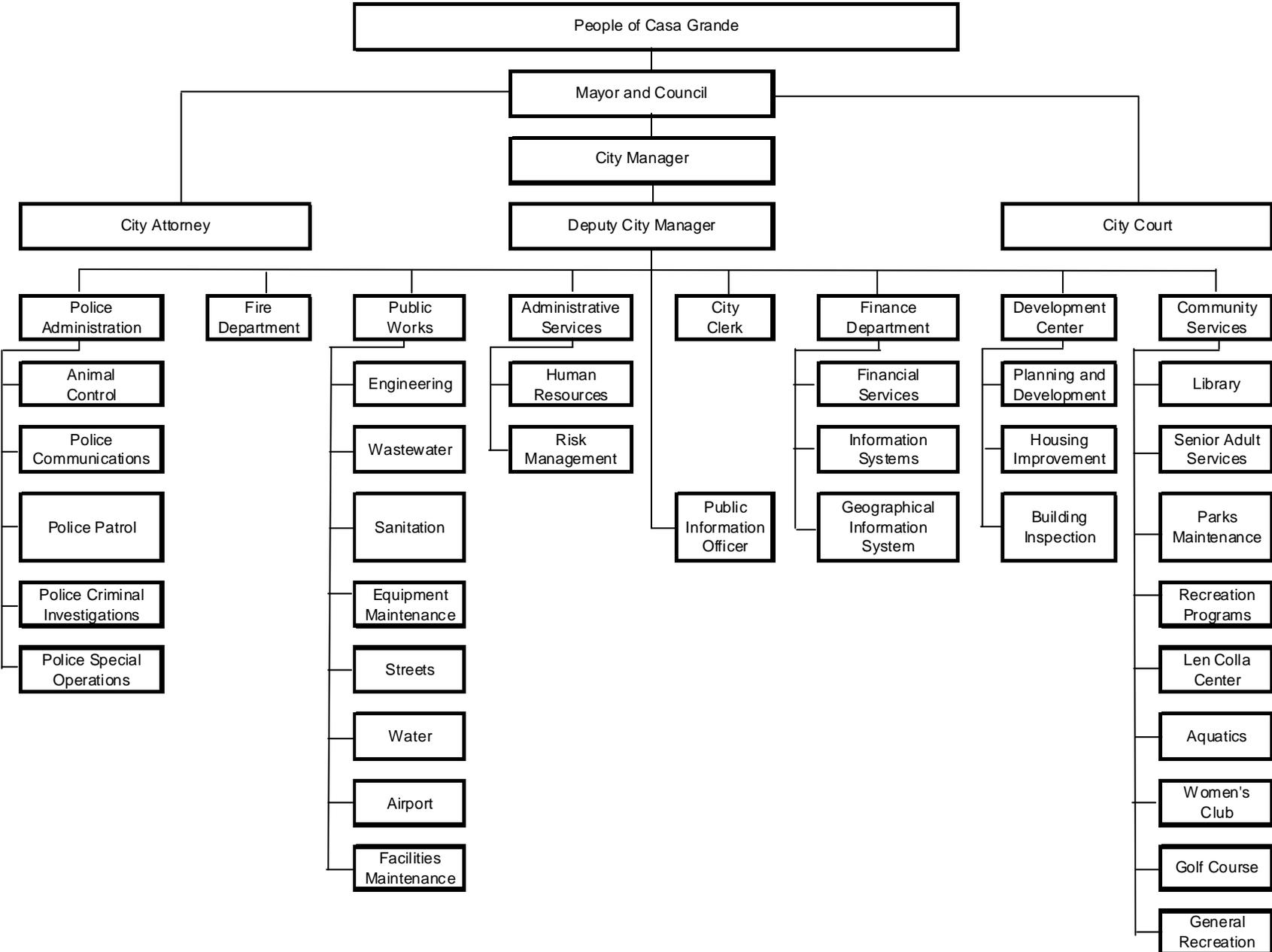


**FINANCE DEPARTMENT STAFF**

DIANE ARCHER  
JANICE RUTHERFORD  
GAY BARNHART

FINANCE DIRECTOR  
SUPERVISING ACCOUNTANT  
ASSISTANT

City of Casa Grande Organizational Chart





## **FINANCIAL SECTION**





HENRY & HORNE, LLP  
Certified Public Accountants

## 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, 2011, 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 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.

1

**Tempe**  
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7098 E. Cochise Road  
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Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
(520) 836-8201  
Fax (520) 426-9432

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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Casa Grande, Arizona  
November 23, 2011



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

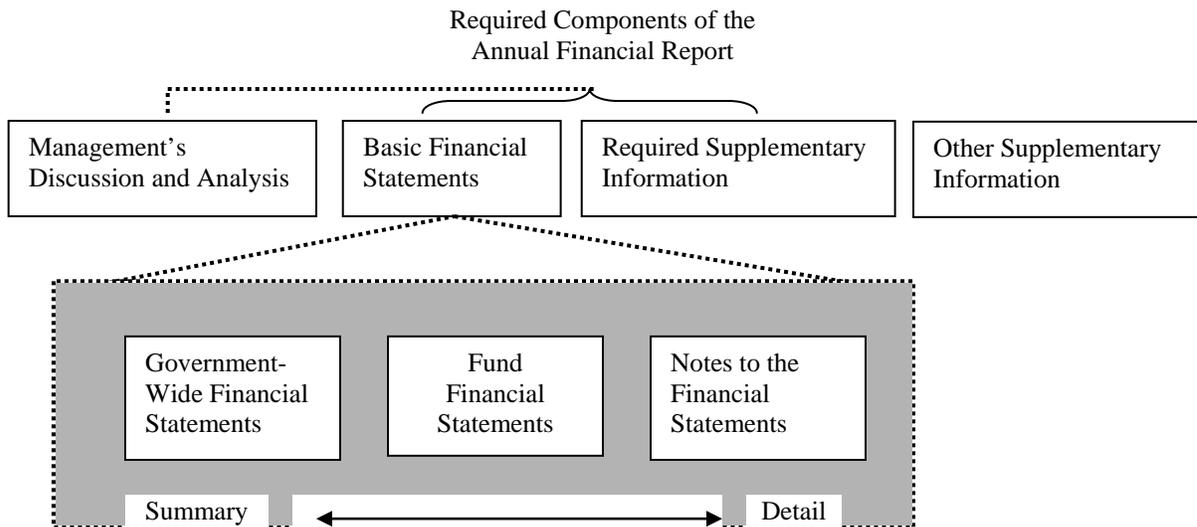
## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. This discussion and analysis is designed to (1) assist the reader focus 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 \$317 million at June 30, 2011 of which \$28 million is unrestricted. This was a decrease of \$6.4 million from fiscal year 2010, a decrease of \$7.4 million in the government activities and an increase of \$1 million in the business-type activities.
- The governmental activities revenues decreased by approximately \$8.2 million over the previous year.
- The business-type activities operating revenues increased by \$1.0 million from the previous year.
- The General Fund reported expenses in excess of revenue and other financial sources and uses by \$3.4 million for the year.
- At June 30, 2011, committed balance for the General Fund was \$22.6 million, or 65% of General Fund expenses for fiscal year 2011.
- At June 30, 2011, unassigned fund balance of the governmental funds was \$1.6 million.
- The governmental activities general revenues of \$47.6 million were \$7.4 million less than the \$55.0 million of expenses before other financial sources and uses.
- The business-type activities net assets were \$64.8 million as of June 30, 2011 which is an increase of \$1.0 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, expenses, 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 funds are used for activities in which the City is the customer. The fleet maintenance and self insurance fund are the two City's internal service funds. Their purposes are to provide vehicle maintenance services to City departments and to provide cost accounting for insurance costs and risk.

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 37-72) 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, 2011.

### 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, 2011 compared to the prior year.

Condensed Statement of Net Assets  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$117.1	\$ 96.2	\$ 22.8	\$ 22.6	\$139.9	\$118.8
Capital assets	201.2	213.3	99.5	112.2	300.7	325.5
Total assets	<u>318.3</u>	<u>309.5</u>	<u>122.3</u>	<u>134.8</u>	<u>440.6</u>	<u>444.3</u>
Other liabilities	5.7	4.0	3.6	2.4	9.3	6.4
Long-term liabilities	52.5	52.8	55.0	67.7	107.5	120.5
Total liabilities	<u>58.2</u>	<u>56.8</u>	<u>58.6</u>	<u>70.1</u>	<u>116.8</u>	<u>126.9</u>
Net assets:						
Invested Capital assets net of related debt	169.0	163.9	46.7	46.9	215.7	210.9
Restricted	66.3	68.0	12.0	10.3	78.3	78.3
Unrestricted	24.8	20.8	5.1	7.5	29.9	28.2
Total net assets	<u>\$260.1</u>	<u>\$252.7</u>	<u>\$63.8</u>	<u>\$64.7</u>	<u>\$323.9</u>	<u>\$317.4</u>

The net assets of the City decreased by \$6.4 million from June 30, 2010. At year end June 30, 2011 the net assets of the City totaled \$317.4 million. Of this \$317.4 million, \$252.7 million was in the governmental activities, a 2.8% decrease and \$64.7 million was in the business-type activities, a 1.2% increase.

Net Assets consist of three components. The largest portion of net assets (\$210.8 million or 66%) 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 (\$78.3 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 (\$28.2 million or 8.8%), which may be used to meet the City's ongoing obligation to citizens and creditors.

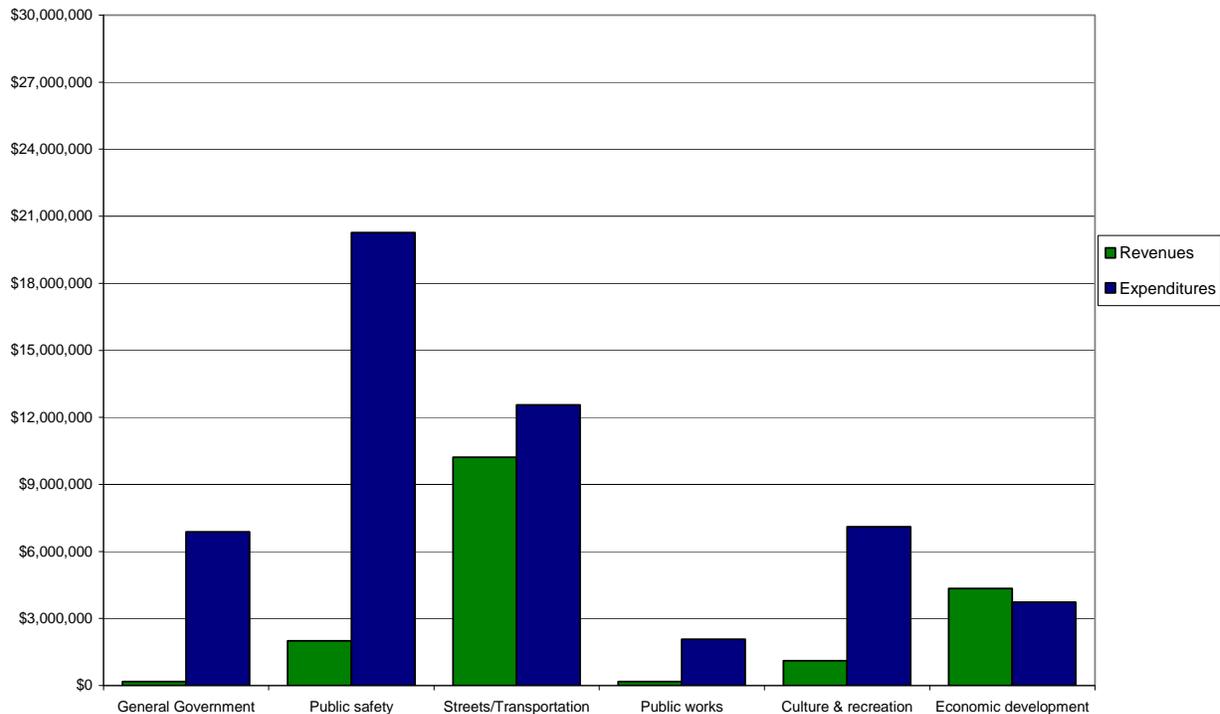
**Changes in Net Assets.** The City's total revenues for the year ended June 30, 2011 were \$60,571,908. The total cost of all programs and services was \$66,977,913. The following table presents a summary of the changes in net assets for the year ended June 30, 2011.

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
<b>Revenues</b>						
Program revenues						
Charges for services	\$5,719	\$5,050	\$12,430	\$13,449	\$18,149	\$18,499
Operating grants and contributions	7,469	6,267	-	-	7,469	6,267
Capital grants and contributions	4,841	316	896	-	5,737	316
General revenues						
Property taxes	7,423	6,570	-	-	7,423	6,570
Sales taxes	19,776	18,973	26	29	19,802	19,002
Franchise taxes	1,947	2,196	-	-	1,947	2,196
Shared revenues	8,523	7,480	-	-	8,523	7,480
Other	733	190	19	51	752	241
<b>Total revenues</b>	<u>56,431</u>	<u>47,042</u>	<u>13,371</u>	<u>13,529</u>	<u>69,802</u>	<u>60,571</u>
<b>Expenses</b>						
General government	6,962	6,876	-	-	6,962	6,876
Public safety	20,367	20,265	-	-	20,367	20,265
Streets/Transportation	12,008	12,555	-	-	12,008	12,555
Public works	2,336	2,067	-	-	2,336	2,067
Culture and recreation	6,828	7,104	-	-	6,828	7,104
Economic development	4,700	3,731	-	-	4,700	3,731
Other	2,145	2,436	-	-	2,145	2,436
Water	-	-	160	150	160	150
Golf course	-	-	1,243	1,203	1,243	1,203
Sewer	-	-	5,529	5,562	5,529	5,562
Sanitation	-	-	4,653	5,028	4,653	5,028
<b>Total expenses</b>	<u>55,346</u>	<u>55,034</u>	<u>11,585</u>	<u>11,943</u>	<u>66,931</u>	<u>66,977</u>
<b>Excess before transfer</b>	1,085	(7,992)	1,786	1,586	2,871	(6,406)
<b>Transfers In (Out)</b>	(631)	593	631	(593)	-	-
<b>Increase (decrease) in Net Assets</b>	<u>\$454</u>	<u>(\$7,399)</u>	<u>\$2,417</u>	<u>\$993</u>	<u>\$2,871</u>	<u>(\$6,406)</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 78% of the total revenues of the City and 82% of the total expenses in fiscal year 2011. This compares to 80% of total revenues and 82% of expenses in fiscal year 2010.

**Governmental Programs Revenues and Expenses  
Fiscal Year 2011**



#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

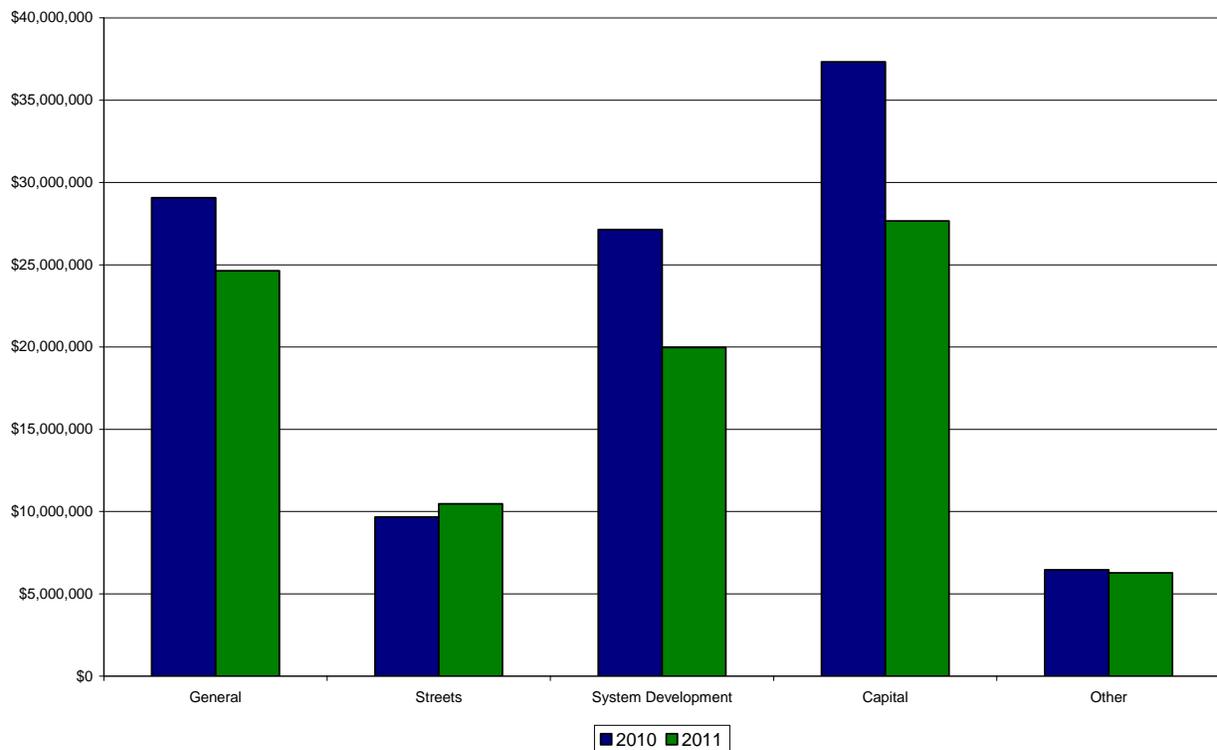
#### Governmental Funds

The focus of governmental fund financial statements (pages 15-27) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 73-76.

For fiscal year ended June 30, 2011, the governmental funds reflect a combined fund balance of \$89.0 million, a decrease of \$20.7 million. A portion of the fund balance, \$37.1 million is reserved for specific expenses or is legally segregated for a specific future use. The remaining \$51.9 million is classified as assigned or unassigned. This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year.

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

### Governmental Fund Balances



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, community services, development services and general administrative services. The General Fund revenues total \$31.4 million, a decrease of \$1.9 million, in fiscal year 2011. The primary decreases are in local sales tax, state shared revenue and license and permits. The expenses, before other financing sources and uses, totaled \$34.9 million, an increase of \$1.2 million. Transfers to other funds were a net of (\$1.0) million resulting in a decrease to fund balance of \$4.4 million.

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 only. 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 \$4.5 million, a decrease of \$.1 million, while expenses totaled \$3.1 million, no change from the fiscal year ended June 30, 2011.

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 is 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 planned expenditures for capital projects.

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 provide a variety of housing and neighborhood improvement 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 \$64.8 million, an increase of \$1 million as of June 30, 2011. This increase includes an increase to unrestricted assets of \$2.3 million. Operating revenues in fiscal year 2011 were \$13.5 million, an increase of \$1.1 million from the prior fiscal year, while operating expenses totaled \$11.2 million, an increase of \$.6 million, resulting in \$2.3million of net 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 \$177,426,730 during fiscal year 2011. 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 \$31.4 million, on a budgetary basis, were less than budgeted inflows of \$33.6 million, while actual outflows (expenditures and other uses) of \$34.9 million were 93% of original budgeted outflows. The decrease in General Fund outflows over budgeted amounts is primarily due to a continued emphasis on cost reductions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2011, the City had \$325.5 million invested in various capital assets, net of accumulated depreciation, up \$24.7 million. Of the \$325.5 million \$213.3 million (66%) is invested in governmental activities and \$112.2 million (34%) is invested in business-type activities.

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

- ✓ Completed construction of wastewater treatment plant for \$14.3 million.
- ✓ Completed construction of Public Safety facility for \$10.3 million.
- ✓ Construction in progress of the City Court building for \$2.9 million.
- ✓ Completed remodeling of the Len Colla Recreation center for \$450,000.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2011. Additional information on the City's capital assets may be found in Note 7 on pages 55 & 56.

	Capital Assets (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land & Const. in progress	\$ 37,023	\$ 22,126	\$52,092	\$62,671	\$ 89,115	\$ 84,797
Building and improvements	155,051	183,066	41,992	44,243	197,043	227,309
Machines and equipment	9,171	8,095	5,424	5,306	14,595	13,401
<b>Total</b>	<b>\$201,245</b>	<b>\$213,287</b>	<b>\$99,508</b>	<b>\$112,220</b>	<b>\$239,356</b>	<b>\$325,507</b>

## Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, capital leases, and compensated absences, was \$105.4 million at June 30, 2011, with \$6.8 million due within one year. Of this total, \$52.6 million was in governmental activities and \$52.8 million was in business-type activities. Of the outstanding debt, \$72.8 million is excise tax revenue obligation bond collateralized by the City's excise tax stream. 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, 2011. Further details can be found in Notes 10 to 15 on pages 61-68.

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Compensated absences	\$ 1,668	\$ 1,767	\$ 215	\$ 222	\$ 1,883	\$ 1,989
Capital leases	2,599	2,332	5	-	2,604	2,332
Bonds payable	48,335	48,999	14,118	13,113	62,453	62,112
Notes/loans payable	-	-	38,502	51,739	38,502	51,739
<b>Total</b>	<u>\$52,602</u>	<u>\$53,098</u>	<u>\$52,840</u>	<u>\$65,074</u>	<u>\$105,442</u>	<u>\$118,172</u>

## ECONOMIC FACTORS

Casa Grande's population has grown steadily since 2000. The growth rate over the course of the past 10 years was 92% and is expected to be 1% in 2012. The unemployment rate in Casa Grande for June 2011 was 11%, which is higher than the state (9.3%) and higher than the national average (9.2%). While the local economy witnessed a solid year, it has been largely driven by commercial construction. The retail sales tax remained fairly 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 sluggish. Population growth is reduced to less than 1,000 persons in 2010 and personal income increased by less than 1%. Within Casa Grande, the local economy is experiencing a temporary reduction in sales tax collection as the economy changes focus from one of spending to one of saving and repaying debt. Casa Grande continues to be considered the site for a global sourcing center, in addition to new industrial and manufacturing companies.

Total assessed value in Casa Grande has historically increased progressively, showing a 326% overall increase from 2000 to 2010. For tax year 2011 the values decreased by 5.3% and decreased another 6.5% for tax year 2012 reflective of home value decreases. Residential value in 2011 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](mailto:darcher@casagrandeaz.gov).



## **BASIC FINANCIAL STATEMENTS**



**City of Casa Grande, Arizona**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 9,367,301	\$ 1,119,482	\$ 10,486,783
Investments	77,691,323	19,687,111	97,378,434
Receivables (net of allowance for uncollectibles)	5,213,404	1,536,312	6,749,716
Due from other governments	969,112	-	969,112
Internal balances	100,000	(100,000)	-
Inventories	330,241	29,093	359,334
Prepays	304,903	-	304,903
Restricted assets:			
Restricted investments	1,645,357	125,332	1,770,689
Deferred bond costs	600,199	232,741	832,940
Capital assets:			
Land and construction in progress	22,126,491	62,671,435	84,797,926
Other capital assets (net of accumulated depreciation)	191,160,370	49,549,168	240,709,538
<b>Total assets</b>	<b>309,508,702</b>	<b>134,850,674</b>	<b>444,359,376</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,862,651	1,621,971	4,484,622
Deposits held	-	16,104	16,104
Accrued wages and benefits	759,569	94,001	853,570
Accrued interest payable	364,406	634,234	998,640
Unearned revenue	1,854	-	1,854
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	1,766,775	222,368	1,989,143
Current portion of capital leases and notes	262,564	2,309,262	2,571,826
Current portion of excise tax revenue obligations	908,790	606,210	1,515,000
Current portion of bonds payable	820,454	44,546	865,000
Due in more than one year:			
Noncurrent portion of capital leases	2,069,117	-	2,069,117
Noncurrent portion of notes payable	-	49,429,499	49,429,499
Noncurrent portion of excise tax revenue obligations	19,699,928	11,811,157	31,511,085
Noncurrent portion of bonds payable	27,328,096	1,247,140	28,575,236
Less: Deferred amount on refunding	(20,624)	(105,627)	(126,251)
Closure and postclosure liability	-	2,162,685	2,162,685
<b>Total liabilities</b>	<b>56,823,580</b>	<b>70,093,550</b>	<b>126,917,130</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	163,072,110	47,003,748	210,075,858
Restricted for:			
Highways and streets	10,177,366	-	10,177,366
Grant purposes	1,002,501	-	1,002,501
Community development	28,057,076	-	28,057,076
Debt service	1,662,366	-	1,662,366
Capital projects	27,918,412	10,324,306	38,242,718
Unrestricted	20,795,291	7,429,067	28,224,358
<b>Total net assets</b>	<b>\$252,685,122</b>	<b>\$64,757,120</b>	<b>\$317,442,242</b>

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, 2011**

<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>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,875,962	\$ 215,969	\$ 14,790	\$ -
Public safety	20,265,216	1,028,639	719,263	211,558
Streets/Transportation	12,554,956	1,213,808	4,484,180	83,098
Public works	2,067,097	12,018	-	-
Culture and recreation	7,103,723	771,516	385,468	20,957
Economic development	3,731,265	1,808,489	663,155	-
Interest on long-term debt	2,436,221	-	-	-
<b>Total governmental activities</b>	<b>55,034,440</b>	<b>5,050,439</b>	<b>6,266,856</b>	<b>315,613</b>
Business-type activities:				
Water	150,493	167,772	-	-
Golf course	1,203,084	1,119,396	-	-
Wastewater	5,561,882	6,304,052	-	-
Sanitation	5,028,014	5,858,238	-	-
<b>Total business-type activities</b>	<b>11,943,473</b>	<b>13,449,458</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$66,977,913</b>	<b>\$18,499,897</b>	<b>\$6,266,856</b>	<b>\$315,613</b>

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**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (6,645,203)	\$ -	\$ (6,645,203)
(18,305,756)	-	(18,305,756)
(6,773,870)	-	(6,773,870)
(2,055,079)	-	(2,055,079)
(5,925,782)	-	(5,925,782)
(1,259,621)	-	(1,259,621)
(2,436,221)	-	(2,436,221)
<b>(43,401,532)</b>	<b>-</b>	<b>(43,401,532)</b>
-	17,279	17,279
-	(83,688)	(83,688)
-	742,170	742,170
-	830,224	830,224
<b>-</b>	<b>1,505,985</b>	<b>1,505,985</b>
<b>(\$43,401,532)</b>	<b>\$1,505,985</b>	<b>(\$41,895,547)</b>
6,570,203	-	6,570,203
18,973,408	28,802	19,002,210
2,196,398	-	2,196,398
2,590,692	-	2,590,692
2,897,028	-	2,897,028
1,992,071	-	1,992,071
108,552	45,969	154,521
81,130	5,289	86,419
593,445	(593,445)	-
36,002,927	(513,385)	35,489,542
(7,398,605)	992,600	(6,406,005)
260,083,727	63,764,520	323,848,247
<b>\$252,685,122</b>	<b>\$64,757,120</b>	<b>\$317,442,242</b>

**City of Casa Grande, Arizona**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

<b>ASSETS</b>	<b>General</b>	<b>Highway Users</b>	<b>Grants &amp; Subsidies</b>	<b>CDBG</b>	<b>Self-help Technical Assistance</b>
Cash	\$ 5,555,444	\$ 92,303	\$ 5,159	\$ 61,334	\$ 7,567
Investments	15,831,824	10,207,133	105,501	-	-
Accounts receivable (less allowance for uncollectibles)	3,583,680	547,554	-	516,137	-
Due from other governments	31,148	-	362,217	6,819	30,579
Due from other funds	1,166,000	-	-	-	-
Inventories	7,411	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
<b>Total assets</b>	<b><u>\$26,175,507</u></b>	<b><u>\$10,846,990</u></b>	<b><u>\$472,877</u></b>	<b><u>\$584,290</u></b>	<b><u>\$38,146</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and other current liabilities	\$ 442,050	\$ 336,131	\$ 18,931	\$ 87,678	\$ -
Accrued wages and benefits	640,390	33,835	33,973	-	1,604
Due to other funds	-	-	-	-	30,000
Deferred revenue	452,260	-	257,139	-	-
Compensated absences	10,063	120	-	-	-
<b>Total liabilities</b>	<b><u>1,544,763</u></b>	<b><u>370,086</u></b>	<b><u>310,043</u></b>	<b><u>87,678</u></b>	<b><u>31,604</u></b>
<b>Fund balances:</b>					
Nonspendable	7,411	-	-	-	-
Restricted	33,225	10,476,904	162,834	496,612	6,542
Committed	22,625,496	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,964,612	-	-	-	-
<b>Total fund balances</b>	<b><u>24,630,744</u></b>	<b><u>10,476,904</u></b>	<b><u>162,834</u></b>	<b><u>496,612</u></b>	<b><u>6,542</u></b>
 <b>Total liabilities and fund balances</b>	 <b><u>\$26,175,507</u></b>	 <b><u>\$10,846,990</u></b>	 <b><u>\$472,877</u></b>	 <b><u>\$584,290</u></b>	 <b><u>\$38,146</u></b>

The accompanying notes are an integral part of the financial statements

Home/HUD	General Obligation	Capital Replacement/ Recreation/ Development	System Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 7,363	\$ 1,040,654	\$ 12,231	\$ -	\$ 287,906	\$ 340,624	\$ 7,410,586
-	125,346	27,629,817	20,179,088	-	3,612,666	77,691,374
-	50,815	254,845	-	7,827	238,129	5,198,987
52,637	-	363,808	-	-	121,905	969,112
-	-	-	-	-	-	1,166,000
-	-	-	-	-	57,949	65,360
-	-	853,574	-	791,782	-	1,645,356
<b>\$60,000</b>	<b>\$1,216,815</b>	<b>\$29,114,275</b>	<b>\$20,179,088</b>	<b>\$1,087,515</b>	<b>\$ 4,371,272</b>	<b>\$94,146,775</b>

\$ -	\$ -	\$ 1,195,857	\$ 199,517	\$ 4,000	\$ 138,029	\$ 2,422,193
-	-	-	-	-	4,208	714,010
60,000	-	-	-	-	741,000	831,000
8,855	-	254,845	-	-	177,528	1,150,627
-	-	-	-	-	-	10,183
<b>68,855</b>	<b>-</b>	<b>1,450,702</b>	<b>199,517</b>	<b>4,000</b>	<b>1,060,766</b>	<b>5,128,014</b>

-	-	-	-	-	57,949	65,360
-	1,216,815	-	19,979,571	1,083,515	890,542	34,346,560
-	-	-	-	-	-	22,625,496
-	-	27,663,573	-	-	2,731,505	30,395,078
(8,855)	-	-	-	-	(369,490)	1,586,267
<b>(8,855)</b>	<b>1,216,815</b>	<b>27,663,573</b>	<b>19,979,571</b>	<b>1,083,515</b>	<b>3,310,506</b>	<b>89,018,760</b>
<b>\$60,000</b>	<b>\$1,216,815</b>	<b>\$29,114,275</b>	<b>\$20,179,088</b>	<b>\$1,087,515</b>	<b>\$4,371,272</b>	<b>\$94,146,775</b>

**City of Casa Grande, Arizona**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2011**

Fund balance - total governmental funds balance sheet		\$89,018,760
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$314,421,870	
Less accumulated depreciation	(101,221,368)	
Internal service capital assets	376,958	
Less accumulated depreciation	<u>(290,599)</u>	
		213,286,861
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	(1,766,775)	
Capital leases	(2,331,681)	
Bonds payable	(49,004,634)	
Bond issuance costs	600,199	
Bond discount	354,540	
Deferred Loss	20,624	
Bond premium	<u>(107,174)</u>	
		(52,234,901)
<p>Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net assets.</p>		
Property Tax	260,956	
Grant / Sales Tax / Facility Use Revenue	<u>887,816</u>	
		1,148,772
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		(370,402)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds.</p>		
<p>The assets and liabilities of the internal service funds (excluding capital assets) are reported with governmental activities.</p>		<u>1,836,032</u>
Net assets of governmental activities - statement of net assets		<u><u>\$252,685,122</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, 2011

<b>REVENUES</b>	<b>General</b>	<b>Highway Users</b>	<b>Grants &amp; Subsidies</b>	<b>CDBG</b>	<b>Self-help Technical Assistance</b>
Taxes:					
Property taxes	\$ 3,222,289	\$ -	\$ -	\$ -	\$ -
City sales tax	16,202,385	-	-	-	-
Franchise tax	2,196,397	-	-	-	-
Licenses and permits	546,628	-	-	-	-
Intergovernmental revenues	7,580,679	4,447,252	1,359,959	74,074	182,235
Charges for services	611,247	-	-	-	-
Fines	807,884	-	-	-	-
Investment earnings	32,927	11,680	174	-	-
Contributions and donations	6,371	-	54,405	-	-
Rental and sale of city property	149,200	-	-	-	-
Miscellaneous	91,943	26,720	-	45,209	3,000
<b>Total revenues</b>	<b>31,447,950</b>	<b>4,485,652</b>	<b>1,414,538</b>	<b>119,282</b>	<b>185,235</b>
<b>EXPENDITURES</b>					
Current:					
General government	6,409,828	-	-	-	-
Public safety	18,442,122	-	1,103,431	-	-
Streets/Transportation	-	2,770,032	-	-	-
Public works	1,959,265	-	-	-	-
Culture and recreation	5,065,524	2,055	532,672	-	-
Planning and economic development	1,865,645	-	63,485	169,747	165,766
Capital outlay	1,027,597	189,849	295,630	-	-
Debt Service:					
Bond issuance costs	-	-	-	-	-
Principal	54,031	82,292	-	-	-
Interest and fiscal charges	30,170	72,297	-	-	-
<b>Total expenditures</b>	<b>34,854,182</b>	<b>3,116,525</b>	<b>1,995,218</b>	<b>169,747</b>	<b>165,766</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,406,232)</b>	<b>1,369,127</b>	<b>(580,679)</b>	<b>(50,465)</b>	<b>19,469</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,708,744	-	434,419	-	-
Transfers out	(2,749,773)	(549,168)	-	-	-
Bond issuance	-	-	-	-	-
Bond discount	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(1,041,029)</b>	<b>(549,168)</b>	<b>434,419</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,447,261)</b>	<b>819,959</b>	<b>(146,260)</b>	<b>(50,465)</b>	<b>19,469</b>
<b>Fund balances - beginning of year</b>	<b>29,078,005</b>	<b>9,656,945</b>	<b>309,094</b>	<b>547,077</b>	<b>(12,927)</b>
<b>Fund balances - end of year</b>	<b>\$24,630,744</b>	<b>\$10,476,904</b>	<b>\$162,834</b>	<b>\$496,612</b>	<b>\$ 6,542</b>

The accompanying notes are an integral part of the financial statements

Home/HUD	General Obligations	Capital Replacement/ Recreation/ Development	System Development	Community Facilities Districts Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,793,944	\$ -	\$ -	\$ 561,836	\$ -	\$ 6,578,069
-	-	2,343,098	-	-	236,622	18,782,105
-	-	-	-	-	-	2,196,397
-	-	-	-	-	-	546,628
188,135	-	-	-	-	319,248	14,151,581
-	-	-	994,666	-	55,425	1,661,339
-	-	-	-	-	-	807,884
-	136	30,730	28,769	24	4,109	108,549
-	-	-	-	-	-	60,776
-	-	-	-	-	1,340,626	1,489,826
-	-	43,140	-	-	78,809	288,821
<b>188,135</b>	<b>2,794,080</b>	<b>2,416,968</b>	<b>1,023,436</b>	<b>561,860</b>	<b>2,034,839</b>	<b>46,671,975</b>
-	-	-	-	-	1,616,434	8,026,262
-	-	-	997	-	144,710	19,691,260
-	-	-	-	-	-	2,770,032
-	-	-	-	-	-	1,959,265
-	-	-	232,005	-	15,516	5,847,772
156,990	750	18,735	-	17,412	194,433	2,652,964
-	-	18,871,273	1,706,758	2,059,000	527,363	24,677,470
-	-	-	-	67,655	-	67,655
-	1,011,362	-	-	75,000	677,075	1,899,760
-	1,158,206	-	-	199,662	1,066,147	2,526,482
<b>156,990</b>	<b>2,170,318</b>	<b>18,890,008</b>	<b>1,939,760</b>	<b>2,418,729</b>	<b>4,241,679</b>	<b>70,118,923</b>
<b>31,145</b>	<b>623,762</b>	<b>(16,473,040)</b>	<b>(916,324)</b>	<b>(1,856,869)</b>	<b>(2,206,840)</b>	<b>(23,446,948)</b>
-	-	7,941,232	-	-	1,705,996	11,790,392
-	(336,360)	(1,127,329)	(6,230,741)	-	(108,389)	(11,101,760)
-	-	-	-	2,200,000	-	2,200,000
-	-	-	-	(66,000)	-	(66,000)
-	<b>(336,360)</b>	<b>6,813,903</b>	<b>(6,230,741)</b>	<b>2,134,000</b>	<b>1,597,607</b>	<b>2,822,632</b>
<b>31,145</b>	<b>287,402</b>	<b>(9,659,137)</b>	<b>(7,147,065)</b>	<b>277,131</b>	<b>(609,233)</b>	<b>(20,624,316)</b>
<b>(40,000)</b>	<b>929,413</b>	<b>37,322,710</b>	<b>27,126,637</b>	<b>806,384</b>	<b>3,919,738</b>	<b>109,643,076</b>
<b>(\$8,855)</b>	<b>\$1,216,815</b>	<b>\$27,663,573</b>	<b>\$19,979,571</b>	<b>\$1,083,515</b>	<b>\$3,310,505</b>	<b>\$89,018,760</b>

**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, 2011**

Net change in fund balances - total governmental funds (\$20,624,316)

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	\$24,610,352	
Less current year depreciation	<u>(12,539,254)</u>	
		12,071,098

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		(7,866)
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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 .

85,970

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	(2,200,000)	
Bond payments	1,733,114	
Lease payments	<u>412,483</u>	
		(54,403)

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.

Grants		482,164
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The internal service fund net revenue is reported with governmental activities.

887,116

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		(98,460)
Interest expense on long-term debt		<u>(139,908)</u>

Change in net assets of governmental activities		<u>(\$7,398,605)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 3,129,000	\$ 3,129,000	\$ 3,222,289	\$ 93,289
City sales tax	16,775,000	16,775,000	16,202,385	(572,615)
Franchise tax	2,220,000	2,220,000	2,196,397	(23,603)
Licenses and permits	925,000	925,000	546,628	(378,372)
Intergovernmental revenues	7,676,760	7,676,760	7,580,679	(96,081)
Charges for services	919,000	919,000	611,247	(307,753)
Fines	1,196,000	1,196,000	807,884	(388,116)
Investment earnings	115,000	115,000	32,927	(82,073)
Contributions and donations	-	-	6,371	6,371
Rental and sale of city property	280,000	280,000	149,200	(130,800)
Miscellaneous	365,000	365,000	91,943	(273,057)
<b>Total revenues</b>	<b>33,600,760</b>	<b>33,600,760</b>	<b>31,447,950</b>	<b>(2,152,810)</b>
<b>EXPENDITURES</b>				
Current:				
General government				
Mayor and Council	3,547,600	1,895,910	1,374,880	521,030
City manager	819,770	939,370	937,300	2,070
Attorney	639,710	633,270	630,246	3,024
Clerk	431,870	406,140	404,689	1,451
Finance	972,310	1,001,592	1,001,199	393
Information Technology	1,647,690	1,436,460	1,435,116	1,344
Administrative Services	705,690	631,690	626,397	5,293
Public safety				
Police	10,875,480	11,346,600	11,326,562	20,038
Fire	6,331,840	6,342,310	6,333,048	9,262
Court	590,310	498,940	498,551	389
Animal Control	288,350	290,267	283,962	6,305
Public works	2,106,940	2,284,810	1,959,265	325,545
Culture and Recreation	5,025,210	5,332,040	5,065,524	266,516
Planning and Economic Development	2,035,030	1,883,340	1,865,645	17,695
Capital Outlay	1,081,000	1,110,490	1,027,597	82,893
Debt Service:				
Principal	84,220	56,260	54,031	2,229
Interest and fiscal charges	-	30,170	30,170	-
<b>Total expenditures</b>	<b>37,183,020</b>	<b>36,119,659</b>	<b>34,854,182</b>	<b>1,265,477</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,582,260)</b>	<b>(2,518,899)</b>	<b>(3,406,232)</b>	<b>(887,333)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,708,760	1,708,760	1,708,744	(16)
Transfers out	(1,849,510)	(2,851,690)	(2,749,773)	101,917
<b>Total other financing sources and uses</b>	<b>(140,750)</b>	<b>(1,142,930)</b>	<b>(1,041,029)</b>	<b>101,901</b>
<b>Net change in fund balance</b>	<b>(3,723,010)</b>	<b>(3,661,829)</b>	<b>(4,447,261)</b>	<b>(785,432)</b>
<b>Fund balance - beginning of year</b>	<b>3,723,010</b>	<b>3,661,829</b>	<b>29,078,005</b>	<b>25,416,176</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$24,630,744</b>	<b>\$24,630,744</b>

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
State-shared gas tax	\$ 2,702,630	\$ 2,702,630	\$ 2,708,673	\$ 6,043
Local transportation assistance	180,000	180,000	-	(180,000)
County sales tax	2,300,000	2,300,000	1,738,579	(561,421)
Investment earnings	20,000	20,000	11,680	(8,320)
Miscellaneous	20,000	20,000	26,720	6,720
<b>Total revenues</b>	<b><u>5,222,630</u></b>	<b><u>5,222,630</u></b>	<b><u>4,485,652</u></b>	<b><u>(736,978)</u></b>
<b>EXPENDITURES</b>				
Culture and recreation				
Contractual services	-	2,060	2,055	5
<b>Total Culture and recreation</b>	<b><u>-</u></b>	<b><u>2,060</u></b>	<b><u>2,055</u></b>	<b><u>5</u></b>
Streets/Transportation				
Personal services	1,304,940	1,236,930	1,223,548	13,382
Contractual services	1,748,540	1,748,540	719,099	1,029,441
Materials and supplies	1,273,130	1,238,660	827,385	411,275
Capital outlay	3,453,000	3,453,000	189,849	3,263,151
Debt service	159,250	259,670	154,589	105,081
<b>Total Streets/Transportation</b>	<b><u>7,938,860</u></b>	<b><u>7,936,800</u></b>	<b><u>3,114,470</u></b>	<b><u>4,822,330</u></b>
<b>Total expenditures</b>	<b><u>7,938,860</u></b>	<b><u>7,938,860</u></b>	<b><u>3,116,525</u></b>	<b><u>4,822,335</u></b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b><u>(2,716,230)</u></b>	<b><u>(2,716,230)</u></b>	<b><u>1,369,127</u></b>	<b><u>4,085,357</u></b>
<b>OTHER FINANCING USES</b>				
Transfers out	(549,170)	(549,170)	(549,168)	2
<b>Total other financing sources and uses</b>	<b><u>(549,170)</u></b>	<b><u>(549,170)</u></b>	<b><u>(549,168)</u></b>	<b><u>2</u></b>
<b>Net change in fund balance</b>	<b><u>(3,265,400)</u></b>	<b><u>(3,265,400)</u></b>	<b><u>819,959</u></b>	<b><u>4,085,359</u></b>
Fund balance - beginning of year	3,265,400	3,265,400	9,656,945	6,391,545
Fund balance - end of year	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$10,476,904</u></b>	<b><u>\$10,476,904</u></b>

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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$3,509,840	\$3,509,840	\$1,359,959	(\$2,149,881)
Investment earnings	-	-	174	174
Contributions and donations	8,050	8,050	54,405	46,355
<b>Total revenues</b>	<b>3,517,890</b>	<b>3,517,890</b>	<b>1,414,538</b>	<b>(2,103,352)</b>
<b>EXPENDITURES</b>				
Public safety				
Personal services	465,800	944,270	882,444	61,826
Contractual services	3,500	20,610	17,525	3,085
Materials and supplies	161,000	208,470	203,462	5,008
Capital outlay	2,210,000	1,573,500	295,630	1,277,870
Total Public Safety	2,840,300	2,746,850	1,399,060	1,347,790
Culture and recreation				
Personal services	175,920	199,690	109,183	90,507
Contractual services	252,300	246,230	167,388	78,842
Materials and supplies	373,750	401,510	256,101	145,409
Capital outlay	75,500	75,000	-	75,000
Total Culture and Recreation	877,470	922,430	532,672	389,758
Community Development				
Contractual services	180,000	63,490	63,485	5
Total Community Development	180,000	63,490	63,485	5
<b>Total expenditures</b>	<b>3,897,770</b>	<b>3,732,770</b>	<b>1,995,217</b>	<b>1,737,553</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(379,880)</b>	<b>(214,880)</b>	<b>(580,679)</b>	<b>(365,799)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	124,000	124,000	434,419	310,419
Transfers out	153,650	-	-	-
<b>Total other financing sources and uses</b>	<b>277,650</b>	<b>124,000</b>	<b>434,419</b>	<b>310,419</b>
<b>Net change in fund balance</b>	<b>(102,230)</b>	<b>(90,880)</b>	<b>(146,260)</b>	<b>(55,380)</b>
<b>Fund balance - beginning of year</b>	<b>102,230</b>	<b>90,880</b>	<b>309,094</b>	<b>218,214</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$162,834</b>	<b>\$162,834</b>

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
<b>REVENUES</b>				<b>Positive</b>
Intergovernmental revenues	\$716,000	\$716,000	\$74,074	(\$641,926)
Program income	-	-	45,209	45,209
<b>Total revenues</b>	<b>716,000</b>	<b>716,000</b>	<b>119,282</b>	<b>(596,718)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	-	20,840	20,835	5
Contractual services	700,000	666,070	146,584	519,486
Materials and supplies	-	2,340	2,328	12
<b>Total expenditures</b>	<b>700,000</b>	<b>689,250</b>	<b>169,747</b>	<b>519,503</b>
<b>Excess (deficiency) of revenues</b>				
<b>over (under) expenditures</b>	<u>16,000</u>	<u>26,750</u>	<u>(50,465)</u>	<u>(77,215)</u>
<b>Fund balance - beginning of year</b>	<b>(16,000)</b>	<b>(26,750)</b>	<b>547,077</b>	<b>573,827</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$496,612</b>	<b>\$496,612</b>

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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$300,000	\$300,000	\$182,235	(\$117,765)
Miscellaneous	-	-	3,000	3,000
<b>Total revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>185,235</b>	<b>(114,765)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	277,970	206,550	163,972	42,578
Contractual services	-	270	267	3
Materials and supplies	-	1,520	1,527	(7)
<b>Total expenditures</b>	<b>277,970</b>	<b>208,340</b>	<b>165,766</b>	<b>42,574</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>22,030</b>	<b>91,660</b>	<b>19,469</b>	<b>(72,191)</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>(91,660)</b>	<b>(12,927)</b>	<b>78,733</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,542</b>	<b>\$ 6,542</b>

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$330,000	\$330,000	\$188,135	(\$141,865)
<b>Total revenues</b>	<b>330,000</b>	<b>330,000</b>	<b>188,135</b>	<b>(141,865)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	-	2,490	2,490	-
Contractual services	330,000	280,760	154,500	126,260
<b>Total expenditures</b>	<b>330,000</b>	<b>283,250</b>	<b>156,990</b>	<b>126,260</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>46,750</b>	<b>31,145</b>	<b>(15,605)</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>(46,750)</b>	<b>(40,000)</b>	<b>6,750</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$8,855)</b>	<b>(\$8,855)</b>

The accompanying notes are an integral part of the financial statements

**City of Casa Grande, Arizona**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 918,734	\$ 78,485	\$ -
Investments	-	7,235,370	10,319,148
Receivables, net of uncollectibles	9,747	872,360	5,158
Restricted assets - investments	-	-	-
Prepaid Expense	-	-	-
Inventories	-	-	-
<b>Total current assets</b>	<b>928,481</b>	<b>8,186,215</b>	<b>10,324,306</b>
Noncurrent assets:			
Deferred bond costs	-	204,536	-
Capital assets:			
Land	-	-	2,700,724
Buildings and improvements	1,023,139	54,203,468	-
Machinery and equipment	-	1,401,823	4,149,274
Construction in progress	-	58,979,351	708,360
Less accumulated depreciation	(446,207)	(17,113,885)	(84,697)
<b>Total capital assets, net</b>	<b>576,932</b>	<b>97,470,757</b>	<b>7,473,661</b>
<b>Total noncurrent assets</b>	<b>576,932</b>	<b>97,675,293</b>	<b>7,473,661</b>
<b>Total assets</b>	<b>1,505,413</b>	<b>105,861,508</b>	<b>17,797,967</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,418	1,455,967	-
Deposits held	16,104	-	-
Accrued wages and benefits	1,686	17,904	-
Accrued interest payable	2,724	631,510	-
Due to other funds	-	100,000	-
Compensated absences	-	22,622	-
Notes/Loans payable	11,306	2,297,957	-
GO Bond/Excise tax revenue obligations	-	606,210	-
<b>Total current liabilities</b>	<b>33,238</b>	<b>5,132,171</b>	<b>-</b>
Noncurrent liabilities:			
Notes/Loans payable	105,623	49,323,876	-
General obligation bond	-	-	-
Excise tax revenue obligations	-	11,811,157	-
Deferred amount on refunding	-	(105,627)	-
Closure and postclosure liability	-	-	-
<b>Total noncurrent liabilities</b>	<b>105,623</b>	<b>61,029,406</b>	<b>-</b>
<b>Total liabilities</b>	<b>138,861</b>	<b>66,161,577</b>	<b>-</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	460,003	33,537,184	7,473,661
Restricted for:			
Construction	-	-	10,324,306
Unrestricted	906,547	6,162,747	-
<b>Total net assets</b>	<b>\$1,366,550</b>	<b>\$39,699,931</b>	<b>\$17,797,967</b>

The accompanying notes are an integral part of the financial statements

<b>Business-type Activities-Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Sanitation</b>	<b>Golf Course</b>	<b>Total</b>	
\$ 59,720	\$ 62,544	\$ 1,119,483	\$ 1,956,663
2,017,747	114,846	19,687,111	-
644,862	4,186	1,536,313	14,416
-	125,332	125,332	-
-	-	-	304,903
-	29,093	29,093	264,886
<u>2,722,329</u>	<u>336,001</u>	<u>22,497,331</u>	<u>2,540,868</u>
-	28,205	232,741	-
-	283,000	2,983,724	-
138,497	2,527,770	57,892,873	52,354
7,413,703	629,812	13,594,612	324,604
-	-	59,687,711	-
<u>(3,270,911)</u>	<u>(1,022,620)</u>	<u>(21,938,319)</u>	<u>(290,599)</u>
<u>4,281,289</u>	<u>2,417,962</u>	<u>112,220,601</u>	<u>86,359</u>
<u>4,281,289</u>	<u>2,446,167</u>	<u>112,453,342</u>	<u>86,359</u>
<u><b>7,003,618</b></u>	<u><b>2,782,167</b></u>	<u><b>134,950,674</b></u>	<u><b>2,627,227</b></u>
24,757	139,828	1,621,970	444,458
-	-	16,104	-
64,480	9,931	94,001	14,585
-	-	634,234	-
-	-	100,000	225,000
166,221	33,525	222,368	20,793
-	-	2,309,263	-
-	44,546	650,756	-
<u>255,458</u>	<u>227,829</u>	<u>5,648,696</u>	<u>704,836</u>
-	-	49,429,499	-
-	1,247,140	1,247,140	-
-	-	11,811,157	-
-	-	(105,627)	-
2,162,685	-	2,162,685	-
<u>2,162,686</u>	<u>1,247,140</u>	<u>64,544,855</u>	<u>-</u>
<u><b>2,418,143</b></u>	<u><b>1,474,969</b></u>	<u><b>70,193,554</b></u>	<u><b>704,836</b></u>
4,281,289	1,251,608	47,003,745	86,359
-	-	10,324,306	-
304,183	55,591	7,429,068	1,836,032
<u><b>\$4,585,471</b></u>	<u><b>\$1,307,199</b></u>	<u><b>\$64,757,119</b></u>	<u><b>\$1,922,391</b></u>

**City of Casa Grande, Arizona**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>Operating revenues:</b>			
Service fees	\$ 167,772	\$ 5,801,697	\$ -
Connection fees	-	7,566	-
Department Insurance charges	-	-	-
Rental	-	-	-
Green fees	-	-	-
Impact fees	-	-	-
Miscellaneous	-	8,443	-
<b>Total operating revenue</b>	<b>167,772</b>	<b>5,817,706</b>	<b>-</b>
<b>Operating expenses:</b>			
Personal services	54,326	567,338	-
Contractual services	7,073	1,307,675	-
Materials and supplies	39,720	1,104,349	-
Depreciation	45,167	1,774,330	68,941
Closure and postclosure costs	-	-	-
<b>Total operating expenses</b>	<b>146,286</b>	<b>4,753,692</b>	<b>68,941</b>
<b>Operating income (loss)</b>	<b>21,486</b>	<b>1,064,014</b>	<b>(68,941)</b>
<b>Nonoperating revenues (expense):</b>			
Investment earnings	-	10,266	12,859
Interest expense	(4,207)	(739,250)	-
City sales tax	-	-	-
<b>Total nonoperating revenues (expense)</b>	<b>(4,207)</b>	<b>(728,984)</b>	<b>12,859</b>
<b>Income (loss) before contributions and transfers</b>	<b>17,279</b>	<b>335,030</b>	<b>(56,082)</b>
Capital contributions	-	-	488,696
Transfers in	15,037	3,924,071	-
Transfers out	(25,248)	(2,317,735)	(2,001,276)
<b>Change in net assets</b>	<b>7,068</b>	<b>1,941,366</b>	<b>(1,568,662)</b>
<b>Total net assets-beginning of year</b>	<b>1,359,482</b>	<b>37,758,566</b>	<b>19,366,628</b>
<b>Total net assets-end of year</b>	<b>\$1,366,550</b>	<b>\$39,699,932</b>	<b>\$17,797,967</b>

The accompanying notes are an integral part of the financial statements

<b>Business-type Activities-Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Sanitation</b>	<b>Golf Course</b>	<b>Total</b>	
\$5,643,879	\$ -	\$11,613,348	\$1,539,384
-	-	7,566	-
-	-	-	5,470,502
-	142,412	142,412	-
-	976,866	976,866	-
35,790	-	35,790	-
28,624	3,057	40,124	98,065
<b>5,708,293</b>	<b>1,122,335</b>	<b>12,816,106</b>	<b>7,107,951</b>
2,316,463	474,621	3,412,748	2,030,188
1,032,152	172,164	2,519,064	3,418,584
832,661	430,812	2,407,542	650,988
654,084	125,133	2,667,655	25,887
192,654	-	192,654	-
<b>5,028,014</b>	<b>1,202,730</b>	<b>11,199,664</b>	<b>6,125,647</b>
<b>680,279</b>	<b>(80,395)</b>	<b>1,616,443</b>	<b>982,304</b>
2,416	178	25,719	-
-	(353)	(743,810)	-
-	28,802	28,802	-
<b>2,416</b>	<b>28,627</b>	<b>(689,288)</b>	<b>-</b>
<b>682,695</b>	<b>(51,768)</b>	<b>927,155</b>	<b>982,304</b>
170,194	-	658,890	-
538,596	563,894	5,041,598	-
(1,140,764)	(150,020)	(5,635,043)	(95,188)
<b>250,721</b>	<b>362,106</b>	<b>992,600</b>	<b>887,116</b>
<b>4,334,750</b>	<b>945,093</b>	<b>63,764,519</b>	<b>1,035,275</b>
<b>\$4,585,471</b>	<b>\$1,307,199</b>	<b>\$64,757,119</b>	<b>\$1,922,391</b>

**City of Casa Grande, Arizona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$169,312	\$5,701,462	\$ -
Payments to suppliers	(51,238)	(4,084,922)	(542,704)
Payments to employees	(54,121)	(562,331)	-
<b>Net cash provided (used) by operating activities</b>	<b>63,953</b>	<b>1,054,209</b>	<b>(542,704)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
City sales tax	-	-	-
Transfers to other funds	(25,248)	(2,317,735)	(2,001,276)
Transfers from other funds	15,037	3,924,071	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(10,211)</b>	<b>1,606,336</b>	<b>(2,001,276)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	2,721	-	-
Purchases of capital assets	(15,037)	(14,321,421)	(142,288)
Proceeds from capital debt	-	15,456,886	-
Contributions	-	-	488,696
Principal paid on capital debt	(10,931)	(2,792,206)	-
Interest paid on capital debt	(1,483)	(583,956)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(24,730)</b>	<b>(2,240,697)</b>	<b>346,408</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	-	10,268	12,860
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>10,268</b>	<b>12,860</b>
Net increase (decrease) in cash	29,012	430,116	(2,184,712)
<b>Cash and cash equivalents at beginning of year</b>	<b>889,722</b>	<b>6,883,739</b>	<b>12,503,860</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 918,734</b>	<b>\$ 7,313,855</b>	<b>\$ 10,319,148</b>
Cash	\$ 918,734	\$ 78,485	\$ -
Cash with fiscal agent	-	-	-
Investments	-	7,235,370	10,319,148
	<b>\$918,734</b>	<b>\$7,313,855</b>	<b>\$10,319,148</b>

The accompanying notes are an integral part of the financial

<b>Business-type Activities-Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
<b>Sanitation</b>	<b>Golf Course</b>	<b>Total</b>	
\$5,663,850	\$1,121,567	\$12,656,191	\$7,093,535
(1,857,292)	(589,990)	(7,126,146)	(4,725,939)
<u>(2,305,032)</u>	<u>(471,639)</u>	<u>(3,393,123)</u>	<u>(2,027,038)</u>
<b>1,501,526</b>	<b>59,938</b>	<b>2,136,922</b>	<b>340,558</b>
-	28,802	28,802	-
(1,140,764)	(150,020)	(5,635,043)	(95,188)
<u>538,596</u>	<u>563,894</u>	<u>5,041,598</u>	<u>-</u>
<b>(602,168)</b>	<b>442,676</b>	<b>(564,643)</b>	<b>(95,188)</b>
-	-	2,721	-
(685,731)	(227,960)	(15,392,437)	-
-	-	15,456,886	-
170,194	-	658,890	-
(4,651)	(111,875)	(2,919,663)	-
<u>-</u>	<u>(353)</u>	<u>(585,792)</u>	<u>-</u>
<b>(520,188)</b>	<b>(340,188)</b>	<b>(2,779,395)</b>	<b>-</b>
2,418	178	25,724	-
<b>2,418</b>	<b>178</b>	<b>25,724</b>	<b>-</b>
381,588	162,604	(1,181,392)	245,370
<u>1,695,879</u>	<u>140,118</u>	<u>22,113,318</u>	<u>1,711,293</u>
<b>\$ 2,077,467</b>	<b>\$ 302,722</b>	<b>\$ 20,931,926</b>	<b>\$ 1,956,663</b>
\$ 59,720	\$ 62,544	\$ 1,119,483	\$ 1,956,663
-	-	-	-
2,017,747	240,178	19,812,443	-
<b>\$2,077,467</b>	<b>\$302,722</b>	<b>\$20,931,926</b>	<b>\$1,956,663</b>

**City of Casa Grande, Arizona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 21,486	\$ 1,064,014	\$ (68,941)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Closure and postclosure costs	-	-	-
Depreciation expense	45,167	1,774,330	68,941
(Increase) decrease in prepaid expense	-	-	-
(Increase) decrease in accounts receivable	440	(116,244)	-
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	(4,445)	(872,898)	(542,704)
Increase (decrease) in deposits held	1,100	-	-
Increase (decrease) in accrued wages	205	5,432	-
Increase (decrease) in due to other funds	-	(800,000)	-
Increase (decrease) in compensated absences	-	(425)	-
Total adjustments	<u>42,467</u>	<u>(9,805)</u>	<u>(473,763)</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 63,953</u></b>	<b><u>\$ 1,054,209</u></b>	<b><u>\$ (542,704)</u></b>

The accompanying notes are an integral part of the financial statements

<b>Business-type Activities-Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
<b>Sanitation</b>	<b>Golf Course</b>	<b>Total</b>	
<u>\$ 680,279</u>	<u>\$ (80,395)</u>	<u>\$ 1,616,443</u>	<u>\$ 982,304</u>
192,654	-	192,654	-
654,084	125,133	2,667,655	25,887
-	-	-	(304,903)
(44,443)	(768)	(161,015)	(14,416)
-	(6,084)	(6,084)	8,163
7,521	79,070	(1,333,456)	(414,627)
-	-	1,100	-
6,398	630	12,665	1,437
-	(60,000)	(860,000)	55,000
5,033	2,352	6,960	1,713
<u>821,247</u>	<u>140,333</u>	<u>520,479</u>	<u>(641,746)</u>
<u><b>\$ 1,501,526</b></u>	<u><b>\$ 59,938</b></u>	<u><b>\$ 2,136,922</b></u>	<u><b>\$ 340,558</b></u>

**City of Casa Grande, Arizona**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<b>Agency Funds</b>	<b>Part-Time Firemen's Pension</b>
<b>ASSETS</b>		
Cash	\$ 31,075	\$ 2,788
Investments, at fair value	1,663,367	581,158
<b>Total assets</b>	<b>1,694,442</b>	<b>583,946</b>
<b>LIABILITIES</b>		
Other liabilities	1,694,442	-
<b>Total liabilities</b>	<b>1,694,442</b>	<b>-</b>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ -	\$ 583,946

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, 2011**

	<b>Part-Time Firemen's Pension</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ -
Plan members	-
<b>Total contributions</b>	-
Investment earnings:	
Interest	13,209
Change in the fair value of investments	127,312
<b>Total investment earnings</b>	140,521
Less investment expense	(9,477)
<b>Net investment earnings</b>	131,044
<b>Total additions</b>	<b>131,044</b>
<b>DEDUCTIONS</b>	
Pension payments	115,000
Administrative expenses	1,600
<b>Total deductions</b>	<b>116,600</b>
Change in net assets	14,444
<b>Net assets-beginning of year</b>	<b>569,501</b>
<b>Net assets-end of year</b>	<b>\$ 583,946</b>

The accompanying notes are an integral part of the financial statements

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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 Units – 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, 2011**

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;

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, 2011**

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/Recreation/Development Fund is a major fund presented in the basic financial statements. This fund is used to account for the replacement of various capital items, recreation facilities construction and development of infrastructure. The System Development Fund collects fees to defray the costs of specific growth related development. 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, 2011**

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 two internal services funds: Equipment Mechanics is used to account for the maintenance and operations of City owned vehicles and Risk Management is used for self insurance activities.

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, 2011**

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, 2011**

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, 2011**

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.

**8. Governmental Accounting Standards Board Statement No. 54**

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined categories to make the nature and extent of constraints placed on a government's fund balance more transparent.

(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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

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.

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, 2011, 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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

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.
- (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 2010-2011.
- (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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

(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.

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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

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 \$1,715,112 was capitalized for the wastewater treatment plant expansion.

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**

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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

(K) **Compensated Absences** (continued)

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 288 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.

(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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

(N) **Fund Equity**

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

(O) **Fund Balance Policies**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that cannot be spent because it is not in a spendable form such as inventory or prepaid items. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors and laws and regulations of other governments. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, the City Council. Council approval is required to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

For fund balance details by classification, see note 21 on page 73.

NOTE 2: **Cash and Investments**

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

Cash	\$ 10,520,646
Investments	99,622,959
Restricted investments	<u>1,770,689</u>
Total cash and investments	<u>\$111,914,294</u>

**Custodial Credit Risk**

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

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

The carrying amount of the City's cash in bank totaled \$10,520,646 and the bank balance was \$11,120,409. Federal Depository Insurance covered the City's deposits at June 30, 2011, to the extent of \$250,000. Deposits of \$10,870,409 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name. Casa Grande does not have a deposit policy for custodial credit risk.

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

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash	\$ 9,367,301	\$ 1,119,482	\$ 33,863	\$ 10,520,646
Investments	77,691,323	19,687,111	2,244,525	99,622,959
Restricted investments	1,645,357	125,332	-	1,770,689
	<u>\$88,703,981</u>	<u>\$20,931,925</u>	<u>\$2,278,388</u>	<u>\$111,914,294</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, 2011 was \$1.8 billion in assets.

**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, 2011**

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.

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Ratings at year end</u>
			<u>Unrated</u>
LGIP	State Investment Pool	\$93,670,925	\$93,670,925
Firefighter Pension:			
American Funds	Money Market	6,662	6,662
Linsco	Money Market/Mut Fnds	574,496	574,496
Bank of New York	Money Market	853,577	853,577
National Bank of AZ	Cert of Deposit	250,000	250,000
Great Western Bank	Cert of Deposit	250,000	250,000
US Treasury	Treasury bill	4,996,206	4,996,206
Wells Fargo	Money Market	791,782	791,782
		<u>\$101,393,648</u>	<u>\$101,393,648</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
LGIP	State Investment Pool	\$93,670,925
Firefighter Pension:		
American Funds	Money Market	6,662
Linsco	Money Market/Mut Fnds	574,496
Bank of New York	Money Market	853,577
National Bank of AZ	Cert of Deposit	250,000
Great Western Bank	Cert of Deposit	250,000
US Treasury	Treasury bill	4,996,206
Wells Fargo	Money Market	791,782
		<u>\$101,393,648</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

In November 2006, December 2008 and August 2010 the Villago Community Facilities District issued long-term revenue obligations. Certain resources set aside for repayment are classified as restricted cash on the statement of net assets and on the balance sheet because their use is limited by applicable bond covenants.

Fund Type	Description of Designated Capital	Balance at June 30, 2011
Capital - CFD	Infrastructure	\$494,862

In April 2005, the Mission Royale Community Facilities District issued long-term revenue obligations. Certain resources set aside for repayment are classified as restricted cash on the statement of net assets and on the balance sheet because their use is limited by applicable bond covenants.

Fund Type	Description of Designated Capital	Balance at June 30, 2011
Capital - CFD	Sewer Line	\$296,920

In August 2009, 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 purpose of the funds is to finance a courthouse, a sports complex and street improvements.

Fund Type	Description of Designated Capital	Balance at June 30, 2011
Capital Project	Courthouse	\$853,575

In June 2008 and August 2009 the City issued general obligation bonds. The purpose of the funds is to finance an irrigation system at the Golf Course.

Fund Type	Description of Designated Capital	Balance at June 30, 2011
Enterprise – Golf Course	Irrigation System	125,332
		\$1,770,689

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 4: **Receivables**

The following table summarizes the City's governmental activities receivables as of June 30, 2011:

	General	Special Revenue	Debt Service	Capital	Total
Receivables:					
Taxes	\$3,553,993	\$ 572,614	\$50,034	\$ 255,715	\$4,432,356
Accounts	29,936	721,632	782	21,374	773,724
Interest	-	7,574	-	-	7,574
Gross Receivables	3,583,929	1,301,820	50,816	277,089	5,213,654
Less: allowance for uncollectible	(250)	-	-	-	(250)
Net total receivables	\$3,583,679	\$1,301,820	\$50,816	\$277,089	\$5,213,404

The following table summarizes the City's business-type activities receivables as of June 30, 2011

	Water	Wastewater	Sanitation	Golf Course	Total
Receivables:					
Accounts	\$9,747	\$2,662,648	\$1,885,313	\$4,186	\$4,561,894
Gross Receivables	9,747	2,662,648	1,885,313	4,186	4,561,894
Less: allowance for uncollectible	-	(1,785,130)	(1,240,451)	-	(3,025,581)
Net total receivables	\$9,747	\$ 877,518	\$ 644,862	\$4,186	\$ 1,536,313

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	\$ 460,821
Uncollectibles related to sanitation	199,957
Total uncollectibles of the current fiscal year	<u>\$ 660,778</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, 2011, there were 56 of these loans outstanding, totaling \$508,563.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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 2010-2011 maximum primary levy limit was \$3,153,508. The primary tax levy was \$3,129,000. The City's secondary tax levy was \$2,710,000.

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, 2011, are \$60,110 and \$260,956 respectively.

NOTE 7: **Capital Assets**

A summary of business-type activities property, plant and equipment at June 30, 2011 follows:

	Balance June 30, 2010	Additions & Adjustments	Disposals & Adjustments	Balance June 30, 2011
Capital assets not being depreciated:				
Land/Constr in progress	\$52,184,437	\$14,293,730	\$(3,806,732)	\$62,671,435
Capital assets being depreciated:				
Building & Improvements	57,757,299	4,125,651	-	61,882,950
Machinery & Equipment	8,924,203	804,454	(124,120)	9,604,537
Total Capital Assets	118,865,939	19,223,835	(3,930,852)	134,158,922
Less: accumulated depreciation	(19,358,106)	(2,686,423)	106,210	(21,938,319)
Net Capital Assets	\$99,507,833	\$16,537,412	\$(3,824,642)	\$112,220,603

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
Buildings & improvements	\$15,755,743	\$1,884,539	\$ -	\$17,640,282
Machinery & equipment	3,602,363	801,884	(106,210)	4,298,037
<b>Total Accumulated Depreciation</b>	<b>\$19,358,106</b>	<b>\$2,686,423</b>	<b>\$(106,210)</b>	<b>\$21,938,319</b>

A summary of changes in governmental activities capital assets follows:

	Balance June 30, 2010	Adjustments & Additions	Adjustments & Disposals	Balance June 30, 2011
Capital assets not being depreciated:				
Land & construction in progress	\$37,022,894	\$2,913,323	\$(17,809,726)	\$22,126,491
Capital assets being depreciated:				
Buildings	35,681,642	27,899,062	-	63,580,704
Improvements	195,532,812	10,662,081	-	206,194,893
Heavy machinery & equipment	1,799,445	-	-	1,799,445
Operational Equipment	20,259,235	945,612	(107,551)	21,097,296
<b>Total General Capital Assets</b>	<b>290,296,028</b>	<b>42,420,078</b>	<b>(17,917,277)</b>	<b>314,798,829</b>

Less Accumulated Depreciation for:

Buildings	8,651,579	1,518,847	-	10,170,426
Improvements	67,511,720	9,027,500	-	76,539,220
Heavy machinery & equipment	1,478,979	128,820	-	1,607,799
Operational equipment	11,408,444	1,893,629	(107,551)	13,194,522
<b>Total Accumulated Depreciation</b>	<b>89,050,722</b>	<b>12,568,796</b>	<b>(107,551)</b>	<b>101,511,967</b>
<b>Total General Capital Assets</b>	<b>\$201,245,306</b>	<b>\$29,851,282</b>	<b>\$(17,809,726)</b>	<b>\$213,286,862</b>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

Governmental Activities:

General Government	\$ 408,758
Public Safety	1,569,197
Streets/Transportation	8,483,694
Public Works	37,877
Culture and Recreation	1,287,640
Economic Development	752,178
Internal Service	<u>29,452</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$12,568,796</u></u>

Business-type Activities:

Water	\$ 45,167
Wastewater	1,862,039
Sanitation	654,084
Golf Course	<u>125,133</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$2,686,423</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, 2011**

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, 2011, active ASRS members were each required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent retirement and 0.25 percent long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 9.85% (9.01% retirement, .59% for health insurance premium and .25% long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2011, 2010 and 2009 were \$1,310,650, \$1,281,990 and \$1,263,961, respectively, which were equal to the required contributions for those years. Prior year's rates are 9.4% for 2010 and 9.45% for 2009. The City contribution for the current year is as follows:

June 30, 2011	<u>Retirement</u>	<u>Health Insurance</u>	<u>Disability</u>	<u>Total</u>
	\$1,198,879	\$ 78,505	\$33,266	\$1,310,650

(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, 2010 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 23.80 percent and 17.90 percent for covered payroll totaling \$5,079,289 and \$4,250,259 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, 2011**

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, 2010, the date of the most recent actuarial valuation, and related information follow.

	PSPRS - Police	PSPRS - Fire
Contribution rates:		
City - retirement	22.66%	17.06%
City - health insurance premium	1.14%	.84%
Plan members	7.65%	7.65%
Annual pension cost:	1,048,059	690,680
Retirement	997,858	658,268
Health insurance premium	50,201	32,412
Contributions made:	1,048,059	690,680
Retirement	997,858	658,268
Health insurance premium	50,201	32,412
Actuarial valuation date	June 30, 2010	June 30, 2010
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	5.5%	5.5%
Amortization method	Level Percentage	Level Percentage
	Open	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	2010	\$1,048,059	100%	-
	2009	1,068,355	100%	-
	2008	804,354	100%	-
PSPRS - Fire	2010	\$690,680	100%	-
	2009	886,339	100%	-
	2008	524,248	100%	-

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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, 2010 determines the fiscal year 2011 rates. Beginning in fiscal year 2008, GASB statement Nos. 43 and 45 measurements were made and reported and these benefits are disaggregated and reported separately. For fiscal year 2007 the benefits are aggregated and shown in pension plan amounts.

PSPRS – Police Pension Plan:

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]
6/30/09	14,941,827	25,601,105	10,659,278	58.4%	5,045,343	211.3%
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%

PSPRS – Police Health Insurance Plan:

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]
6/30/09	0	518,058	518,058	0%	5,045,343	10.27%
6/30/08	0	562,969	562,969	0%	4,958,997	11.35%

PSPRS – Fire Pension Plan:

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]
6/30/09	9,084,607	14,493,872	5,409,265	62.7%	4,130,364	131.0%
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%

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

PSPRS – Fire Health Insurance Plan:

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]
6/30/09	0	312,242	312,242	0%	4,130,364	7.56%
6/30/08	0	281,771	281,771	0%	3,980,691	7.08%

(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.

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, 2011, there were 15 eligible employees participating in the plan. The plan is administered by The Innes Associates.

As of June 30, 2011, the plan’s assets consisted of the following:

Cash	\$ 2,788
Money Market Funds	6,662
Mutual Funds	574,496
Total Assets	<u>\$583,946</u>

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

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

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 9: **Risk Management**

The City operates with traditional commercial insurance programs against major losses in property, plant, equipment and liability. Administrative responsibility for the safety program, education and loss prevention resides with the Administrative Services Department. Insurance is procured on a competitive quotation basis, using the services of an independent broker as a consultant. The City processes all claims and evaluates their validity to determine if insurance reporting and investigation are warranted or if the claim can be resolved administratively. Claims settled administratively are paid from the funds where the claims occurred. During fiscal year 2011 there was no reduction in insurance coverage from prior years and settlements have not exceeded insurance coverage during any of the last three fiscal years.

On July 1, 2009 the City established a self-insurance fund (internal service) to account for and finance its uninsured risks of loss for medical claims. The City purchases commercial stop loss insurance to limit the claims liability to the employee benefit self-insurance fund. The stop loss insurance provides specific (individual member) coverage for claims incurred in excess of \$85,000 on the plan year and aggregate (plan wide) coverage for claims incurred over \$3,574,213 on the plan year. For policy year 2010/2011 no liability for incurred but not reported (IBNR) claims is calculated because the plan is fully funded to maximum liability.

NOTE 10: **Capital Leases**

Leases at June 30, 2011, 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.	\$2,156,474
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Lease with option to purchase Airport T-hangers. Quarterly installments of \$20,972 including interest of 5.081%, due through August 20, 2013.	<u>175,206</u>
--	----------------

Total Governmental Activities Capital Lease Obligation	<u>\$2,331,680</u>
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Total Long-Term Lease Payable	<u>\$2,331,680</u>
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(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities	Business-type Activities	Total
2012	\$381,388	-	\$381,388
2013	381,388	-	381,388
2014	315,619	-	315,619
2015	297,500	-	297,500
2016	297,500	-	297,500
2017-2020	1,190,003	-	1,190,003
<hr/>			
Total minimum lease payments	2,863,398	-	2,863,398
Less: amount representing interest	(531,718)	-	(531,718)
Present value of future minimum lease payments	2,331,680	-	2,331,680
Less: current portion	(262,564)	-	(262,564)
Noncurrent portion	<u>\$2,069,117</u>	<u>-</u>	<u>\$2,069,117</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	\$(629,638)	\$3,387,301
Total Building and Improvement	<u>4,016,939</u>	<u>(629,638)</u>	<u>3,387,301</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 11: **Bond Debt**

A summary of long-term bond debt transactions for the year ended June 30, 2011, follows:

	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
<b>Governmental Activities</b>				
General obligation bonds	<u>\$27,282,278</u>	<u>\$2,200,000</u>	<u>\$(1,086,363)</u>	<u>\$28,395,915</u>
Total Bonds Outstanding	<u>\$27,282,278</u>	<u>\$2,200,000</u>	<u>\$(1,086,363)</u>	<u>\$28,395,915</u>
<b>Business-type Activities</b>				
General obligation bonds	<u>\$1,382,721</u>	-	<u>\$(113,638)</u>	<u>\$1,269,083</u>
Total Bonds Outstanding	<u>\$1,382,721</u>	-	<u>\$(113,638)</u>	<u>\$1,269,083</u>

Summarization of the long-term bond debt payable at June 30, 2011, follows:

Bond Description	Original Issue Amount	Amount of Installment	Interest Rate	Date of Final Payment
General obligation	\$34,740,000	\$10,000 – 2,170,000	3.50% - 5.80%	07/15/35

**Total Bonds Outstanding**

The following table summarizes the City's future bond debt service requirements as of June 30, 2011:

Year Ending June30,	<u>Governmental Activities</u>		<u>Business Activities</u>		Total	
	General Obligation Bonds		General Obligation Bonds			
	Bonds	Interest	Bonds	Interest	Bonds	Interest
2012	\$820,454	\$1,313,869	44,546	51,043	\$865,000	\$1,364,912
2013	670,454	1,290,810	54,546	49,308	725,000	1,340,118
2014	650,454	1,263,651	54,546	47,399	705,000	1,311,050
2015	655,454	1,237,009	54,546	45,422	710,000	1,282,431
2016	765,454	1,209,432	54,546	43,377	820,000	1,252,809
2017-2021	4,688,177	5,473,078	431,823	168,177	5,120,000	5,641,255
2022-2026	6,630,498	4,250,151	574,530	61,374	7,205,028	4,311,525
2027-2031	7,645,000	2,631,804	-	-	7,645,000	2,631,804
2032	5,869,970	685,955	-	-	5,869,970	685,955
	<u>\$28,395,915</u>	<u>\$19,355,759</u>	<u>\$1,269,083</u>	<u>\$466,100</u>	<u>\$29,664,998</u>	<u>\$19,821,859</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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.

Villago Community Facilities District issued General Obligation bonds to finance construction of \$455,000 in November 2006, \$750,000 in December, 2008 and \$2,200,000 in August, 2010. 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) 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.

3) In July 2009 the City issued \$19,000,000 of General Obligation bond 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 and with interest paid semiannually on July 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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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.

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 April 1, 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 April 1, 2010.

The 1997, 2003 and 2009 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, 2011:

Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	908,790	1,082,941	606,210	561,984	1,515,000	1,644,925
2013	940,828	1,049,829	629,173	539,251	1,570,001	1,589,080
2014	982,865	1,009,051	652,135	514,084	1,635,000	1,523,135
2015	1,025,718	962,686	684,283	487,999	1,710,001	1,450,685
2016	1,077,755	912,192	707,245	460,628	1,785,000	1,372,820
2017-2021	5,326,892	3,681,913	7,403,112	1,529,487	12,730,004	5,211,400
2022-2026	6,025,190	2,035,648	1,469,626	73,480	7,494,816	2,109,128
2027-2030	4,314,998	421,196	-	-	4,314,998	421,196
	<u>\$20,603,036</u>	<u>\$11,155,456</u>	<u>\$12,151,784</u>	<u>\$4,166,913</u>	<u>\$32,754,820</u>	<u>\$15,322,369</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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, 2010 is \$51,621,835. The following schedule shows estimated payments based on the amount due of \$51,621,835.

Year Ending June 30,	Principal	Interest
2012	\$2,208,958	\$2,080,360
2013	2,297,957	1,991,339
2014	2,390,542	1,898,731
2015	2,486,857	1,802,393
2016	2,587,052	1,702,172
2017-21	14,585,314	6,860,397
2022-26	17,734,018	3,674,901
2027-28	7,331,138	429,897
Total	<u>\$51,621,835</u>	<u>\$20,440,190</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, 2011**

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

	Balance			Balance	Amounts
Governmental Activities:	July 1, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Compensated absences	\$1,668,315	\$998,460	\$(900,000)	\$1,766,775	\$1,766,775
Bonds payable	27,282,278	2,200,000	(1,086,363)	28,395,915	820,454
Excise tax revenue obligations	21,249,788	-	(641,070)	20,608,718	908,790
Capital leases	2,598,870	-	(267,189)	2,331,681	262,564
Bond premium	113,972	-	(6,798)	107,174	-
Bond discount	(310,929)	(66,000)	22,389	(354,540)	-
Total Governmental Activities	<u>\$52,602,294</u>	<u>\$3,132,460</u>	<u>\$(2,879,031)</u>	<u>\$52,855,723</u>	<u>\$3,758,583</u>

	Balance			Balance	Amounts
Business-type Activities:	July 1, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Compensated absences	\$215,408	\$101,960	\$(95,000)	\$222,368	\$222,368
Bond payable	1,382,721	-	(91,035)	1,291,686	44,546
Capital leases	4,652	-	(4,652)	-	-
Excise tax revenue obligations	12,426,957	-	(290,882)	12,136,075	606,210
Notes payable (1)	127,909	-	(10,980)	116,929	11,306
Loan payable – see note 13	38,373,905	15,456,886	(2,208,958)	51,621,833	2,297,957
Bond premium	308,075	-	(26,783)	281,292	-
Total Business-type Activities	<u>\$52,839,627</u>	<u>\$15,558,846</u>	<u>\$(2,728,290)</u>	<u>\$65,670,183</u>	<u>\$3,182,387</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%.

Compensated absences are liquidated when mature by the various operating funds accruing the liability.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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 \$56,116,136.

Year Ending June 30,	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total Principal
	Principal	Interest	Principal	Interest	
2012	\$1,991,808	\$2,505,634	\$2,859,714	\$2,693,387	\$4,851,522
2013	1,897,379	2,435,929	2,981,676	2,579,898	4,879,055
2014	1,866,980	2,354,660	3,097,223	2,460,214	4,964,203
2015	1,907,655	2,270,712	3,225,686	2,335,814	5,133,341
2016	2,080,948	2,181,385	3,348,843	2,206,177	5,429,791
2017-2021	11,100,205	9,269,859	22,420,249	8,558,061	33,520,454
2022-2026	12,655,688	6,285,799	19,778,174	3,809,755	32,433,862
2027-2031	11,959,998	3,053,000	7,331,138	429,897	19,291,136
2032	5,869,970	685,955	-	-	5,869,970
	<u>\$51,330,631</u>	<u>\$31,042,933</u>	<u>\$65,042,703</u>	<u>\$25,073,203</u>	<u>\$116,373,334</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, 2011 the City has reported a \$2,162,685 landfill closure and postclosure care liability that represents the total current cost based on 47.8 percent of estimated capacity of the landfill.

The remaining cost of \$2,359,838 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 19 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 2011 valuation of the total closure and postclosure costs were estimated to be \$4,522,523.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

NOTE 17: **Construction Commitments**

The City has one significant construction commitment as of June 30, 2011:

Hunter Contracting Company is constructing a wastewater plant expansion. The contract sum is \$51,160,812 and of that amount \$50,306,897 has been paid.

NOTE 18: **Summary of Interfund Transactions**

Interfund transactions as of June 30, 2011, were as follows:

Interfund Receivable/Payable:

Fund	Receivable Amount	Payable Amount
General	\$1,166,000	\$ -
Airport		300,000
Wildland Fire	-	100,000
Housing	-	110,000
Performance Institute	-	320,000
Flexible Spending Plan	-	10,000
Debt Service	-	1,000
WWTP expansion	-	100,000
Equipment maintenance	-	225,000
Total	<u>\$1,166,000</u>	<u>\$1,166,000</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

The interfund balances at June 30, 2011 are short-term loans to cover temporary cash deficits in various funds.

Transfers:

Fund	Transfers Out	Transfers In
Governmental Funds:		
General	\$2,749,773	\$1,708,744
Highway Users	549,168	-
System Development	6,230,741	-
Capital Replacement	1,127,329	7,941,232
GO Debt	336,360	-
Grants	-	434,419
Other Non-major Governmental	108,389	1,705,997
Total Governmental Funds	11,101,760	11,790,392
Enterprise Funds:		
Water	25,248	15,037
Golf Course	150,020	563,894
Wastewater	4,319,011	3,924,072
Sanitation	1,140,764	538,596
Total Enterprise Funds	5,635,043	5,041,599
Internal Service Fund	95,188	-
Grand Totals	\$16,831,991	\$16,831,991

There were no significant transfers during fiscal year 2011 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, 2011**

Note 19: **Deficit in Net Assets**

Four funds had deficits in net assets. The Home/HUD fund has a deficit of (\$8,855) because \$8,855 in Due from other governments was not received within 60 days of year end and is shown in deferred revenue. The Municipal Airport operating fund had a deficit of (\$299,539) because air traffic and fuel sales were less than anticipated. The Promotion and Tourism has a deficit of (\$11,057) because \$175,965 in receivables was not received within 60 days of year end and is shown in deferred revenue. The Recreation Debt Service fund has a deficit of (\$945) because transfers were not sufficient to cover debt payments.

The Municipal Airport is supported through fuel sales and hanger rentals. The mark-up on fuel was increased and more hangers are going to be built. Also, the lease expense for T-hangers will be paid off in 2013. For the other fund deficits management expects to receive revenue in the subsequent year.

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, 2011 \$3,313,482 (including \$1,249,533 in interest) has been paid.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Note 21: **Fund Balance Details by Classification**

<b>Fund Balances</b>	<u>General Fund</u>	<u>Major Funds</u>	<u>Non-Major Funds</u>	<u>Total Government Funds</u>
<b>Nonspendable:</b>				
Inventories	7,411		57,949	65,360
<b>Restricted:</b>				
City Court JCEF	33,225			33,225
Highway Users		10,476,904		10,476,904
System Development		19,979,571		19,979,571
Grants		162,834		162,834
Housing Funds		503,154		503,154
Debt Service		1,216,815		1,216,815
Court Enhancement			589,900	589,900
Housing Funds			78,815	78,815
Public Safety			852	852
Debt Service			25,116	25,116
Capital Projects			195,858	195,858
CFD Capital projects		1,083,515		1,083,515
<b>Committed:</b>				
Downtown Revitalization	247,560			247,560
Aesthetic Revitalization	3,088,191			3,088,191
Economic Redevelopment	250,000			250,000
50% general fund exp budget	19,039,745			19,039,745
<b>Assigned:</b>				
Capital Replacement/Dev.		27,663,573		27,663,573
Parks Development			877,753	877,753
Community Arts			13,762	13,762
Development			1,839,990	1,839,990
<b>Unassigned:</b>	<u>1,964,612</u>	<u>(8,855)</u>	<u>(369,490)</u>	<u>1,586,267</u>
	24,630,744	61,077,511	3,310,505	89,018,760





## **COMBINING STATEMENTS**

**City of Casa Grande, Arizona**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	<b>Special Revenue</b>					
	<b>Municipal Airport</b>	<b>Parks Develop.</b>	<b>Community Arts</b>	<b>Redevelop- ment</b>	<b>Promotion &amp; Tourism</b>	<b>Court Enhancement</b>
<b>ASSETS</b>						
Cash	\$ 35,788	\$ 18,382	\$ 2,747	\$ 12,939	\$ 36,371	\$ 8,006
Investments	50	859,371	11,015	1,838,375	239,594	581,895
Receivables (less allowance for uncollectibles)	19,421	-	-	-	218,017	-
Due from other governments	-	-	-	-	-	-
Fuel Inventory	57,949	-	-	-	-	-
<b>Total assets</b>	<b>\$ 113,208</b>	<b>\$ 877,753</b>	<b>\$ 13,762</b>	<b>\$ 1,851,314</b>	<b>\$ 493,983</b>	<b>\$ 589,901</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and other current liabilities	\$ 108,538	\$ -	\$ -	\$ 11,323	\$ 9,073	\$ -
Due to other funds	300,000	-	-	-	320,000	-
Accrued wages and benefits	4,208	-	-	-	-	-
Deferred revenue	-	-	-	-	175,967	-
<b>Total liabilities</b>	<b>412,746</b>	<b>-</b>	<b>-</b>	<b>11,323</b>	<b>505,040</b>	<b>-</b>
<b>Fund balances:</b>						
Nonspendable	57,949	-	-	-	-	-
Restricted	-	-	-	-	-	589,901
Committed	-	-	-	-	-	-
Assigned	-	877,753	13,762	1,839,990	-	-
Unassigned	(357,488)	-	-	-	(11,057)	-
<b>Total fund balances</b>	<b>(299,539)</b>	<b>877,753</b>	<b>13,762</b>	<b>1,839,990</b>	<b>(11,057)</b>	<b>589,901</b>
<b>Total liabilities and fund balance</b>	<b>\$ 113,208</b>	<b>\$ 877,753</b>	<b>\$ 13,762</b>	<b>\$ 1,851,314</b>	<b>\$ 493,983</b>	<b>\$ 589,901</b>

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Wildland Fire/ Public Safety	Redevelopment	2009 Excise Recreation	Recreation Improvement	Airport Improvement	
\$ 13,918	\$ 13,730	\$ 25,116	\$ 55	\$ 1,156	\$ 172,416	\$ 340,624
68,106	14,259	-	-	-	-	3,612,666
691	-	-	-	-	-	238,129
16,100	79,738	-	-	-	26,067	121,905
-	-	-	-	-	-	57,949
<b>\$ 98,815</b>	<b>\$ 107,727</b>	<b>\$ 25,116</b>	<b>\$ 55</b>	<b>\$ 1,156</b>	<b>\$ 198,483</b>	<b>\$ 4,371,273</b>
\$ -	\$ 6,875	\$ -	\$ -	\$ -	\$ 2,220	\$ 138,029
20,000	100,000	-	1,000	-	-	741,000
-	-	-	-	-	-	4,208
-	-	-	-	-	1,561	177,528
<b>20,000</b>	<b>106,875</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>3,781</b>	<b>1,060,766</b>
78,815	852	25,116	-	1,156	194,702	57,949
-	-	-	-	-	-	890,542
-	-	-	(945)	-	-	-
<b>78,815</b>	<b>852</b>	<b>25,116</b>	<b>(945)</b>	<b>1,156</b>	<b>194,702</b>	<b>2,731,505</b>
<b>\$ 98,815</b>	<b>\$ 107,727</b>	<b>\$ 25,116</b>	<b>\$ 55</b>	<b>\$ 1,156</b>	<b>\$ 198,483</b>	<b>\$ 4,371,272</b>
						(369,490)
						<b>3,310,505</b>

**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, 2011**

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
<b>REVENUES</b>						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	236,622	-
Intergovernmental revenues	-	-	-	-	-	11,189
Charges for services	-	-	-	-	-	51,012
Investment earnings	14	929	12	2,284	107	681
Rental and sale of city property	1,195,624	32,607	-	-	112,395	-
Miscellaneous	7,686	12,500	2,055	-	0	-
<b>Total revenues</b>	<b>1,203,324</b>	<b>46,036</b>	<b>2,067</b>	<b>2,284</b>	<b>349,124</b>	<b>62,882</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,297,831	-	-	-	318,603	-
Public safety	-	-	-	-	-	6,845
Culture and recreation	-	4,805	10,711	-	-	-
Economic development	-	-	-	12,517	-	-
Capital outlay	-	-	-	393,076	-	-
Debt Service:						
Principal	82,075	-	-	-	-	-
Interest and fiscal charges	10,922	-	-	-	-	-
<b>Total expenditures</b>	<b>1,390,828</b>	<b>4,805</b>	<b>10,711</b>	<b>405,593</b>	<b>318,603</b>	<b>6,845</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(187,504)</b>	<b>41,231</b>	<b>(8,644)</b>	<b>(403,309)</b>	<b>30,521</b>	<b>56,037</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	5,000	-	-	-
Transfers out	(36,188)	-	-	-	-	(72,201)
<b>Total other financing sources and uses</b>	<b>(36,188)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(72,201)</b>
<b>Net change in fund balances</b>	<b>(223,692)</b>	<b>41,231</b>	<b>(3,644)</b>	<b>(403,309)</b>	<b>30,521</b>	<b>(16,164)</b>
<b>Fund balances - beginning of year</b>	<b>(75,847)</b>	<b>836,521</b>	<b>17,406</b>	<b>2,243,299</b>	<b>(41,578)</b>	<b>606,065</b>
<b>Fund balances - end of year</b>	<b>\$ (299,539)</b>	<b>\$ 877,752</b>	<b>\$ 13,762</b>	<b>\$ 1,839,990</b>	<b>\$ (11,057)</b>	<b>\$ 589,901</b>

Special Revenue		Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Housing Programs	Wildland Fire/ Public Safety	Redevelopment	Recreation	Recreation Improvement	Airport Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	236,622
76,633	102,804	-	-	-	128,622	319,248
4,413	-	-	-	-	-	55,425
62	19	-	-	-	-	4,109
-	-	-	-	-	-	1,340,626
44,499	12,069	-	-	-	-	78,809
<b>125,607</b>	<b>114,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,622</b>	<b>2,034,839</b>
-	-	-	-	-	-	1,616,434
-	137,865	-	-	-	-	144,710
-	-	-	-	-	-	15,516
177,127	-	2,700	-	-	2,089	194,433
-	-	-	-	-	134,287	527,363
-	-	215,000	380,000	-	-	677,075
-	-	90,120	965,105	-	-	1,066,147
<b>177,127</b>	<b>137,865</b>	<b>307,820</b>	<b>1,345,105</b>	<b>-</b>	<b>136,376</b>	<b>4,241,679</b>
<b>(51,520)</b>	<b>(22,974)</b>	<b>(307,820)</b>	<b>(1,345,105)</b>	<b>-</b>	<b>(7,754)</b>	<b>(2,206,840)</b>
-	-	305,120	1,344,160	-	51,716	1,705,996
-	-	-	-	-	-	(108,389)
-	-	<b>305,120</b>	<b>1,344,160</b>	<b>-</b>	<b>51,716</b>	<b>1,597,607</b>
<b>(51,520)</b>	<b>(22,974)</b>	<b>(2,700)</b>	<b>(945)</b>	<b>-</b>	<b>43,962</b>	<b>(609,233)</b>
<b>130,337</b>	<b>23,822</b>	<b>27,816</b>	<b>-</b>	<b>1,156</b>	<b>150,740</b>	<b>3,919,738</b>
<b>\$ 78,817</b>	<b>\$ 848</b>	<b>\$ 25,116</b>	<b>\$ (945)</b>	<b>\$ 1,156</b>	<b>\$ 194,702</b>	<b>\$ 3,310,505</b>

**City of Casa Grande, Arizona**  
**Combining Statement of Fiduciary Net Assets**  
**All Agency Funds**  
**June 30, 2011**

	Performance Bond Fund	Flexible Spending Plan Fund	Total
<b>ASSETS</b>			
Cash	\$ -	\$ 31,075	\$ 31,075
Investments, at fair value	1,663,367	-	1,663,367
<b>Total assets</b>	<b>1,663,367</b>	<b>31,075</b>	<b>1,694,442</b>
<b>LIABILITIES</b>			
Other liabilities	1,663,367	31,075	1,694,442
<b>Total liabilities</b>	<b>1,663,367</b>	<b>31,075</b>	<b>1,694,442</b>
<b>NET ASSETS</b>			
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, 2011**

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b>Performance Bond Fund</b>				
Assets:				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	1,780,844	-	(117,477)	1,663,367
Total Assets	<u>1,780,844</u>	<u>-</u>	<u>(117,477)</u>	<u>1,663,367</u>
Liabilities:				
Other Liabilities	1,777,062		(118,392)	1,658,670
Accounts Payable	3,782	915		4,697
	<u>1,780,844</u>	<u>915</u>	<u>(118,392)</u>	<u>1,663,367</u>
<b>Flexible Spending Plan Fund</b>				
Assets:				
Cash	30,220	855	-	31,075
Total Assets	<u>30,220</u>	<u>855</u>	<u>-</u>	<u>31,075</u>
Liabilities:				
Other Liabilities	30,220	-	(9,145)	21,075
Accounts Payable	-	10,000	-	10,000
	<u>30,220</u>	<u>10,000</u>	<u>-</u>	<u>31,075</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash	30,220	855		31,075
Investments	1,780,844	-	(117,477)	1,663,367
Total Assets	<u>1,811,064</u>	<u>855</u>	<u>(117,477)</u>	<u>1,694,442</u>
Liabilities:				
Other Liabilities	1,807,282	-	(127,537)	1,679,745
Accounts Payable	3,782	10,915	-	14,697
Total Liabilities	<u>\$ 1,811,064</u>	<u>\$ 10,915</u>	<u>\$ (127,537)</u>	<u>\$ 1,694,442</u>

**City of Casa Grande, Arizona**  
**General Fund**  
**Schedule of Expenditures - Legal Level Budget Compliance**  
**For the Year Ended June 30, 2011**

EXPENDITURES	Budgeted Amounts		Actual Amounts	Budget Variance Positive (Negative)
	Original	Final		
General Government				
Mayor and Council				
Personal services	\$ 148,300	\$ 141,280	\$ 139,354	\$ 1,926
Other expenditures	3,399,300	1,754,630	1,235,526	519,104
City Manager				
Personal services	681,960	667,550	666,542	1,008
Other expenditures	137,810	271,820	270,758	1,062
Attorney				
Personal services	604,800	591,980	589,853	2,127
Other expenditures	34,910	41,290	40,393	897
Clerk				
Personal services	320,270	318,280	318,079	201
Other expenditures	111,600	87,860	86,609	1,251
Finance				
Personal services	823,620	846,550	846,145	405
Other expenditures	148,690	155,042	155,054	(12)
Information Technology				
Personal services	723,230	683,650	682,832	818
Other expenditures	924,460	752,810	752,284	526
Administrative Services				
Personal services	546,460	496,460	494,230	2,230
Other expenditures	159,230	135,230	132,167	3,063
Public Safety				
Police				
Personal services	9,569,960	9,847,990	9,842,136	5,854
Other expenditures	1,305,520	1,498,610	1,484,426	14,184
Fire				
Personal services	5,593,080	5,579,230	5,576,846	2,384
Other expenditures	738,760	763,080	756,202	6,878
Court				
Personal services	513,190	417,900	417,887	13
Other expenditures	77,120	81,040	80,664	376
Animal Control				
Personal services	235,680	214,990	210,630	4,360
Other expenditures	52,670	75,277	73,332	1,945
Public Works				
Personal services	1,079,690	1,120,420	1,117,998	2,422
Other expenditures	1,027,250	1,164,390	841,267	323,123
Culture and Recreation				
Personal services	3,087,010	3,187,230	3,122,835	64,395
Other expenditures	1,938,200	2,144,810	1,942,690	202,120
Planning and Economic Development				
Personal services	1,967,450	1,824,110	1,819,697	4,413
Other expenditures	67,580	59,230	45,948	13,282
Capital Outlay	1,081,000	1,110,490	1,027,597	82,893
Debt service	84,220	86,430	84,201	2,229
<b>Total expenditures</b>	<b>\$ 37,183,020</b>	<b>\$ 36,119,659</b>	<b>\$ 34,854,182</b>	<b>\$ 1,265,477</b>



## **OTHER SUPPLEMENTARY INFORMATION**

**City of Casa Grande, Arizona**  
**General Obligation Bond Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property tax	\$ 2,710,000	2,710,000	\$ 2,793,944	\$ 83,944
Investment earnings	-	-	136	136
<b>Total revenues</b>	<u>2,710,000</u>	<u>2,710,000</u>	<u>2,794,080</u>	<u>84,080</u>
<b>EXPENDITURES</b>				
Current:				
Contractual services	-	-	750	(750)
Debt Service				
Principal retirement	1,011,370	1,011,370	1,011,362	8
Interest	1,158,210	1,158,210	1,158,206	4
<b>Total expenditures</b>	<u>2,169,580</u>	<u>2,169,580</u>	<u>2,170,318</u>	<u>(738)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>540,420</u>	<u>540,420</u>	<u>623,762</u>	<u>83,342</u>
<b>OTHER FINANCING USES</b>				
Transfers Out	(113,630)	-	(336,360)	(336,360)
<b>Total other financing uses</b>	<u>(113,630)</u>	<u>-</u>	<u>(336,360)</u>	<u>(336,360)</u>
<b>Net change in fund balance</b>	426,790	540,420	287,402	(253,018)
<b>Fund balance - beginning of year</b>	<u>(426,790)</u>	<u>(540,420)</u>	<u>929,413</u>	<u>1,469,833</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,216,815</u>	<u>\$ 1,216,815</u>

**City of Casa Grande, Arizona**  
**Capital Replacement/Recreation/Development Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 82,000	\$ 82,000	\$ 30,730	\$ (51,270)
Vista Grande Library	-		10,588	
Miscellaneous revenue	-	-	32,552	32,552
Construction sales tax	2,650,000	2,650,000	2,343,098	(306,902)
<b>Total revenues</b>	<b><u>2,732,000</u></b>	<b><u>2,732,000</u></b>	<b><u>2,416,968</u></b>	<b><u>(325,620)</u></b>
<b>EXPENDITURES</b>				
Contractual services	300,000	318,430	18,735	299,695
Capital outlay	36,083,000	35,785,140	18,871,273	16,913,867
<b>Total expenditures</b>	<b><u>36,383,000</u></b>	<b><u>36,103,570</u></b>	<b><u>18,890,008</u></b>	<b><u>17,213,562</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(33,651,000)</u></b>	<b><u>(33,371,570)</u></b>	<b><u>(16,473,040)</u></b>	<b><u>16,887,942</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,989,500)	(1,989,500)	(1,127,329)	862,171
Transfers in	1,817,820	1,817,820	7,941,232	6,123,412
Proceeds from obligations	20,000,000	20,000,000	-	(20,000,000)
<b>Total other financing sources and uses</b>	<b><u>19,828,320</u></b>	<b><u>19,828,320</u></b>	<b><u>6,813,903</u></b>	<b><u>(13,014,417)</u></b>
<b>Net change in fund balance</b>	<b><u>(13,822,680)</u></b>	<b><u>(13,543,250)</u></b>	<b><u>(9,659,137)</u></b>	<b><u>3,884,113</u></b>
<b>Fund balance - beginning of year</b>	<b><u>13,822,680</u></b>	<b><u>13,543,250</u></b>	<b><u>37,322,710</u></b>	<b><u>23,779,460</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 27,663,573</u></b>	<b><u>\$ 27,663,573</u></b>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$1,618,000	\$1,618,000	\$994,666	(\$623,334)
Investment earnings	100,000	100,000	28,769	(71,231)
<b>Total revenues</b>	<b><u>1,718,000</u></b>	<b><u>1,718,000</u></b>	<b><u>1,023,436</u></b>	<b><u>(694,564)</u></b>
<b>EXPENDITURES</b>				
Public Safety	-	-	997	(997)
Culture and recreation	325,000	325,000	232,005	92,995
Capital outlay	11,164,320	5,308,580	1,706,758	3,601,822
<b>Total expenditures</b>	<b><u>11,489,320</u></b>	<b><u>5,633,580</u></b>	<b><u>1,939,760</u></b>	<b><u>3,693,820</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(9,771,320)</u></b>	<b><u>(3,915,580)</u></b>	<b><u>(916,324)</u></b>	<b><u>2,999,256</u></b>
<b>OTHER FINANCING SOURCES ( USES)</b>				
Transfers out	(375,000)	(6,230,740)	(6,230,741)	(1)
<b>Total other financing sources and uses</b>	<b><u>(375,000)</u></b>	<b><u>(6,230,740)</u></b>	<b><u>(6,230,741)</u></b>	<b><u>(1)</u></b>
<b>Net change in fund balance</b>	<b><u>(10,146,320)</u></b>	<b><u>(10,146,320)</u></b>	<b><u>(7,147,065)</u></b>	<b><u>2,999,255</u></b>
<b>Fund balance - beginning of year</b>	<b><u>10,146,320</u></b>	<b><u>10,146,320</u></b>	<b><u>27,126,636</u></b>	<b><u>16,980,316</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$19,979,571</u></b>	<b><u>\$19,979,571</u></b>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Tax	\$ 539,000	\$ 539,000	\$ 561,836	\$ 22,836
Investment Earnings	-	-	24	24
<b>Total revenues</b>	<u>539,000</u>	<u>539,000</u>	<u>561,860</u>	<u>22,860</u>
<b>EXPENDITURES</b>				
Contractual services	8,000	17,410	17,412	(2)
Capital outlay	1,840,000	2,059,000	2,059,000	-
Debt Service	533,620	271,180	274,662	(3,482)
<b>Total expenditures</b>	<u>2,381,620</u>	<u>2,347,590</u>	<u>2,351,074</u>	<u>(3,484)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,842,620)</u>	<u>(1,808,590)</u>	<u>(1,789,214)</u>	<u>19,376</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	1,840,000	1,840,000	2,200,000	360,000
Bond issuance costs	-	-	(133,655)	(133,655)
<b>Total other financing sources and uses</b>	<u>1,840,000</u>	<u>1,840,000</u>	<u>2,066,345</u>	<u>226,345</u>
<b>Net change in fund balance</b>	<u>(2,620)</u>	<u>31,410</u>	<u>277,131</u>	<u>245,721</u>
<b>Fund balance - beginning of year</b>	<u>2,620</u>	<u>(31,410)</u>	<u>806,384</u>	<u>837,794</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,515</u>	<u>\$ 1,083,515</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 14	\$ 14
Rental and sale of city property	1,403,000	1,035,000	1,195,624	160,624
Miscellaneous	12,000	12,000	7,686	(4,314)
<b>Total revenues</b>	<u>1,415,000</u>	<u>1,047,000</u>	<u>1,203,324</u>	<u>156,324</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services	195,260	203,710	203,386	324
Contractual services	52,600	59,800	59,740	60
Materials and supplies	990,140	1,030,710	1,034,705	(3,995)
Capital outlay	1,195,000	1,138,010	-	1,138,010
Debt service	95,520	95,520	92,997	2,523
<b>Total expenditures</b>	<u>2,528,520</u>	<u>2,527,750</u>	<u>1,390,828</u>	<u>1,136,922</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,113,520)</u>	<u>(1,480,750)</u>	<u>(187,504)</u>	<u>1,293,246</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from obligations	1,150,000	1,150,000	-	(1,150,000)
Transfers out	(35,420)	(36,190)	(36,188)	2
<b>Total other financing sources and uses</b>	<u>1,114,580</u>	<u>1,113,810</u>	<u>(36,188)</u>	<u>(1,149,998)</u>
<b>Net change in fund balance</b>	<u>1,060</u>	<u>(366,940)</u>	<u>(223,692)</u>	<u>143,248</u>
<b>Fund balance - beginning of year</b>	<u>(1,060)</u>	<u>366,940</u>	<u>(75,847)</u>	<u>(442,787)</u>
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (299,539)</u>	<u>\$ (299,539)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 929	\$ (1,071)
Rental and sale of City property	33,000	33,000	32,607	(393)
Miscellaneous	-	-	12,500	<b>12,500</b>
<b>Total revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>46,036</b>	<b>11,036</b>
<b>EXPENDITURES</b>				
Contractual services	-	-	-	-
Contractual services	570,000	570,000	4,805	565,195
Capital outlay	100,000	100,000	-	100,000
<b>Total expenditures</b>	<b>670,000</b>	<b>670,000</b>	<b>4,805</b>	<b>665,195</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(635,000)	(635,000)	41,231	676,231
<b>Fund balance - beginning of year</b>	<b>635,000</b>	<b>635,000</b>	<b>836,521</b>	<b>201,521</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 877,752</b>	<b>\$ 877,752</b>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions and Donations	\$ 17,000	\$ 17,000	\$ 2,055	\$ (14,945)
Investment earnings	-	-	12	12
<b>Total revenues</b>	<b>17,000</b>	<b>17,000</b>	<b>2,067</b>	<b>(14,933)</b>
<b>EXPENDITURES</b>				
Current:				
Contractual services	3,360	5,690	5,688	2
Materials and supplies	-	8,150	5,023	3,127
Capital outlay	25,000	20,210	-	20,210
<b>Total expenditures</b>	<b>28,360</b>	<b>34,050</b>	<b>10,711</b>	<b>23,339</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(11,360)</b>	<b>(17,050)</b>	<b>(8,644)</b>	<b>8,406</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000	5,000	5,000	-
<b>Total other financing sources and uses</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(6,360)</b>	<b>(12,050)</b>	<b>(3,644)</b>	<b>8,406</b>
<b>Fund balance - beginning of year</b>	<b>6,360</b>	<b>12,050</b>	<b>17,406</b>	<b>5,356</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,762</b>	<b>\$ 13,762</b>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local taxes	\$ 270,000	\$ 270,000	\$ -	\$ (270,000)
Investment earnings	10,000	10,000	2,284	(7,716)
<b>Total revenues</b>	<b><u>280,000</u></b>	<b><u>280,000</u></b>	<b><u>2,284</u></b>	<b><u>(277,716)</u></b>
<b>EXPENDITURES</b>				
Current:				
Economic development:				
Contractual services	250,000	235,130	12,164	222,966
Materials and supplies	-	-	353	(353)
Capital outlay	<u>1,600,000</u>	<u>1,614,520</u>	<u>393,076</u>	<u>1,221,444</u>
<b>Total expenditures</b>	<b><u>1,850,000</u></b>	<b><u>1,849,650</u></b>	<b><u>405,593</u></b>	<b><u>1,444,057</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,570,000)	(1,569,650)	(403,309)	1,166,341
<b>Fund balance - beginning of year</b>	<b><u>1,570,000</u></b>	<b><u>1,569,650</u></b>	<b><u>2,243,299</u></b>	<b><u>673,649</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,839,990</u></b>	<b><u>\$ 1,839,990</u></b>

**City of Casa Grande, Arizona**  
**Performance Institute / Promotion and Tourism Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 105,000	\$ 105,000	\$ 236,622	\$ 131,622
Facility Use	880,000	-	112,395	112,395
Investment earnings	1,000	1,000	107	(893)
<b>Total revenues</b>	<b>986,000</b>	<b>106,000</b>	<b>349,124</b>	<b>243,124</b>
<b>EXPENDITURES</b>				
Contractual services	100,000	161,690	120,292	41,398
Materials & supplies	265,000	203,310	198,311	4,999
<b>Total expenditures</b>	<b>365,000</b>	<b>365,000</b>	<b>318,603</b>	<b>46,397</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>621,000</b>	<b>(259,000)</b>	30,521	289,521
<b>OTHER FINANCING USES</b>				
Transfers out	(500,000)	-	-	-
<b>Total other financing uses</b>	<b>(500,000)</b>			
<b>Net change in fund balance</b>	<b>121,000</b>	<b>(259,000)</b>	<b>30,521</b>	<b>289,521</b>
<b>Fund balance - beginning of year</b>	<b>(121,000)</b>	<b>259,000</b>	<b>(41,578)</b>	<b>(300,578)</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,057)</b>	<b>\$ (11,057)</b>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 11,189	\$ (48,811)
Charges for services	60,000	60,000	51,012	(8,988)
Investment earnings	400	400	681	281
<b>Total revenues</b>	<b>120,400</b>	<b>120,400</b>	<b>62,882</b>	<b>(57,518)</b>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Contractual services	83,000	83,000	6,831	76,169
Materials and supplies	-	-	14	(14)
Capital outlay	518,670	464,470	-	464,470
<b>Total expenditures</b>	<b>601,670</b>	<b>547,470</b>	<b>6,845</b>	<b>540,625</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(481,270)</b>	<b>(427,070)</b>	<b>56,037</b>	<b>(598,143)</b>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(72,201)	(72,201)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(72,201)</b>	<b>(72,201)</b>
<b>Net change in fund balance</b>	<b>(481,270)</b>	<b>(427,070)</b>	<b>(16,164)</b>	<b>410,906</b>
<b>Fund balance - beginning of year</b>	<b>481,270</b>	<b>427,070</b>	<b>606,065</b>	<b>178,995</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 589,901</b>	<b>\$ 589,901</b>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for service	\$ -	\$ -	\$ 4,413	\$ 4,413
Intergovernmental	-	-	76,633	76,633
Investment earnings	-	-	62	62
Loan fees	-	-	44,499	44,499
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>125,607</b>	<b>125,607</b>
<b>EXPENDITURES</b>				
Current:				
Economic development:				
Personal services	50,000	59,990	59,984	6
Contractual services	-	116,430	116,430	-
Materials and supplies	-	710	713	(3)
<b>Total expenditures</b>	<b>50,000</b>	<b>177,130</b>	<b>177,127</b>	<b>3</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(50,000)	(177,130)	(51,520)	125,610
<b>Fund balance - beginning of year</b>	<b>50,000</b>	<b>177,130</b>	<b>130,337</b>	<b>(46,793)</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,817</b>	<b>\$ 78,817</b>

**City of Casa Grande, Arizona**  
**Wildland Firefighting/Public Safety Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Intergovernmental revenue	\$60,000	\$60,000	\$102,804	\$42,804
Investment earnings	100	100	19	(81)
Contributions	28,200	28,200	12,069	(16,131)
<b>Total revenues</b>	<b>88,300</b>	<b>88,300</b>	<b>114,892</b>	<b>26,592</b>
<b>EXPENDITURES</b>				
Current:				
Wildland firefighting	60,000	121,180	119,942	1,238
Public safety activities	28,650	28,650	17,923	10,727
<b>Total expenditures</b>	<b>88,650</b>	<b>149,830</b>	<b>137,865</b>	<b>11,965</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(350)</b>	<b>(61,530)</b>	<b>(22,974)</b>	<b>38,556</b>
<b>Fund balance - beginning of year</b>	<b>350</b>	<b>61,530</b>	<b>23,822</b>	<b>(37,708)</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 848</b>	<b>\$ 848</b>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Current:				
Contractual services	-	2,700	2,700	-
Debt service:				
Principal	215,000	215,000	215,000	-
Interest and fiscal charges	90,120	90,120	90,120	-
<b>Total expenditures</b>	<u><b>305,120</b></u>	<u><b>307,820</b></u>	<u><b>307,820</b></u>	<u>-</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>(305,120)</u>	<u>(307,820)</u>	<u>(307,820)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	305,120	305,120	305,120	-
<b>Total other financing sources and uses</b>	<u><b>305,120</b></u>	<u><b>305,120</b></u>	<u><b>305,120</b></u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(2,700)</u>	<u>(2,700)</u>	<u>-</u>
<b>Fund balance - beginning of year</b>	<u>-</u>	<u><b>2,700</b></u>	<u><b>27,816</b></u>	<u><b>25,116</b></u>
<b>Fund balance - end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,116</u></u>	<u><u>\$ 25,116</u></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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Contractual services	-	-	950	(950)
Debt Service:				
Principal retirement	380,000	380,000	380,000	-
Interest	964,160	964,160	964,155	5
<b>Total expenditures</b>	<b>1,344,160</b>	<b>1,344,160</b>	<b>1,345,105</b>	<b>(945)</b>
 <b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>(1,344,160)</b>	<b>(1,344,160)</b>	<b>(1,345,105)</b>	<b>(945)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,344,160	1,344,160	1,344,160	-
<b>Total other financing uses</b>	<b>1,344,160</b>	<b>1,344,160</b>	<b>1,344,160</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(945)</b>	<b>(945)</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (945)</b>	<b>\$ (945)</b>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 4,668,950	\$ 4,668,950	\$ 128,622	\$ (4,540,328)
<b>Total revenues</b>	<b>4,668,950</b>	<b>4,668,950</b>	<b>128,622</b>	<b>(4,540,328)</b>
<b>EXPENDITURES</b>				
Contractual services	-	-	2,089	(2,089)
Capital outlay	5,017,000	5,017,000	134,287	4,882,713
<b>Total expenditures</b>	<b>5,017,000</b>	<b>5,017,000</b>	<b>136,376</b>	<b>4,880,624</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>(348,050)</b>	<b>(348,050)</b>	<b>(7,754)</b>	<b>340,296</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	307,280	153,650	51,716	(101,934)
<b>Total other financing sources</b>	<b>307,280</b>	<b>153,650</b>	<b>51,716</b>	<b>(101,934)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(194,400)</b>	<b>43,962</b>	<b>238,362</b>
Fund balance - beginning of year	-	194,400	150,740	(43,660)
Fund balance - end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194,702</b>	<b>\$ 194,702</b>

**City of Casa Grande, Arizona**  
**Copper Mountain Ranch Water Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 200,000	\$ 200,000	\$ 167,772	\$ (32,228)
<b>Total operating revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>167,772</b>	<b>(32,228)</b>
<b>OPERATING EXPENSES:</b>				
Personal services	54,600	54,850	54,326	524
Contractual	26,490	6,720	7,073	(353)
Materials and supplies	43,600	39,960	39,720	240
Depreciation	2,230,500	2,171,690	45,167	2,126,523
<b>Total operating expenses</b>	<b>2,355,190</b>	<b>2,273,220</b>	<b>146,286</b>	<b>2,126,934</b>
<b>Operating Income</b>	<b>(2,155,190)</b>	<b>(2,073,220)</b>	<b>21,486</b>	<b>(2,159,162)</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest expense	(15,300)	(4,300)	(4,207)	93
<b>Total nonoperating revenue (expense)</b>	<b>(15,300)</b>	<b>(4,300)</b>	<b>(4,207)</b>	<b>93</b>
<b>Income (loss) before transfers</b>	<b>(2,170,490)</b>	<b>(2,077,520)</b>	<b>17,279</b>	<b>2,094,799</b>
Transfers in	30,500	30,500	15,037	(15,463)
Transfers out	(19,750)	(25,250)	(25,248)	2
<b>Net change in net assets</b>	<b>(2,159,740)</b>	<b>(2,072,270)</b>	<b>7,068</b>	<b>2,079,338</b>
<b>Net Assets - beginning of year</b>	<b>2,159,740</b>	<b>2,072,270</b>	<b>1,359,482</b>	<b>(712,788)</b>
<b>Net Assets - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,366,550</b>	<b>\$ 1,366,550</b>

**City of Casa Grande, Arizona**  
**Wastewater Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 5,428,000	\$ 5,428,000	\$ 5,801,697	\$ 373,697
Connection fees	11,000	11,000	7,566	(3,434)
Miscellaneous	1,000	1,000	8,443	7,443
<b>Total operating revenues</b>	<b><u>5,440,000</u></b>	<b><u>5,440,000</u></b>	<b><u>5,817,706</u></b>	<b><u>377,706</u></b>
<b>OPERATING EXPENSES:</b>				
Personal services	756,450	567,340	567,338	2
Contractual	2,137,090	1,308,660	1,307,675	985
Materials and supplies	940,860	1,104,360	1,104,349	11
Depreciation	20,048,000	21,774,330	1,774,330	20,000,000
<b>Total operating expenses</b>	<b><u>23,882,400</u></b>	<b><u>24,754,690</u></b>	<b><u>4,753,692</u></b>	<b><u>20,000,998</u></b>
<b>Operating Income</b>	<b><u>(18,442,400)</u></b>	<b><u>(19,314,690)</u></b>	<b><u>1,064,014</u></b>	<b><u>20,378,704</u></b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest income	5,000	5,000	10,266	5,266
Interest expense	(5,848,340)	(3,053,260)	(739,250)	2,314,010
<b>Total nonoperating revenue (expense)</b>	<b><u>(5,843,340)</u></b>	<b><u>(3,048,260)</u></b>	<b><u>(728,984)</u></b>	<b><u>2,319,276</u></b>
<b>Income (loss) before contributions and transfers</b>	<b><u>(24,285,740)</u></b>	<b><u>(22,362,950)</u></b>	<b><u>335,030</u></b>	<b><u>22,697,980</u></b>
Bond issuance	20,000,000	3,120,000	-	-
Transfers in	3,120,000	3,120,000	3,924,071	804,071
Transfers out	(394,950)	(2,317,740)	(2,317,735)	5
<b>Net change in net assets</b>	<b><u>(1,560,690)</u></b>	<b><u>(24,680,690)</u></b>	<b><u>1,941,366</u></b>	<b><u>22,697,985</u></b>
<b>Net Assets - beginning of year</b>	<b><u>1,560,690</u></b>	<b><u>24,680,690</u></b>	<b><u>37,758,566</u></b>	<b><u>13,077,876</u></b>
<b>Net Assets - end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 39,699,932</u></b>	<b><u>\$ 39,699,932</u></b>

**City of Casa Grande, Arizona**  
**Wastewater Development Fees Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Connection fees	\$ 847,000	\$ 847,000	\$ 488,696	\$ (358,304)
<b>Total operating revenues</b>	<b>847,000</b>	<b>847,000</b>	<b>488,696</b>	<b>(358,304)</b>
<b>OPERATING EXPENSES:</b>				
Depreciation	3,700,000	3,700,000	68,941	3,631,059
<b>Total operating expenses</b>	<b>3,700,000</b>	<b>3,700,000</b>	<b>68,941</b>	<b>3,631,059</b>
<b>Operating Income</b>	<b>(2,853,000)</b>	<b>(2,853,000)</b>	<b>419,755</b>	<b>3,272,755</b>
<b>NONOPERATING REVENUE :</b>				
Interest income	14,000	14,000	12,859	(1,141)
<b>Total nonoperating revenue</b>	<b>14,000</b>	<b>14,000</b>	<b>12,859</b>	<b>(1,141)</b>
<b>Income (loss) before transfers</b>	<b>(2,839,000)</b>	<b>(2,839,000)</b>	<b>432,614</b>	<b>3,271,614</b>
Transfers out	(3,120,000)	(3,120,000)	(2,001,276)	1,118,724
<b>Net change in net assets</b>	<b>(2,839,000)</b>	<b>(5,959,000)</b>	<b>(1,568,662)</b>	<b>4,390,338</b>
<b>Net Assets - beginning of year</b>	<b>2,839,000</b>	<b>5,959,000</b>	<b>19,366,629</b>	<b>13,407,629</b>
<b>Net Assets - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,797,967</b>	<b>\$ 17,797,967</b>

**City of Casa Grande, Arizona**  
**Sanitation/Development Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 5,556,000	\$ 5,556,000	\$ 5,643,879	\$ 87,879
Recycling revenue	184,000	184,000	170,194	(13,806)
Impact fees	-	-	35,790	35,790
Miscellaneous	10,000	10,000	28,624	18,624
<b>Total operating revenues</b>	<b>5,750,000</b>	<b>5,750,000</b>	<b>5,878,487</b>	<b>128,487</b>
<b>OPERATING EXPENSES:</b>				
Personal services	2,322,650	2,319,530	2,316,463	3,067
Contractual	1,106,770	1,034,979	1,032,152	2,827
Materials and supplies	758,970	842,621	832,661	9,960
Depreciation	1,735,000	1,685,850	654,084	1,031,766
Closure and postclosure costs	150,000	192,650	192,654	(4)
<b>Total operating expenses</b>	<b>6,073,390</b>	<b>6,075,630</b>	<b>5,028,014</b>	<b>1,047,616</b>
<b>Operating Income</b>	<b>(323,390)</b>	<b>(325,630)</b>	<b>850,473</b>	<b>1,176,103</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest income	5,000	5,000	2,416	(2,584)
Interest expense	(9,020)	(6,780)	-	6,780
<b>Total nonoperating revenue (expense)</b>	<b>(4,020)</b>	<b>(1,780)</b>	<b>2,416</b>	<b>4,196</b>
<b>Income before transfers</b>	<b>(327,410)</b>	<b>(327,410)</b>	<b>852,889</b>	<b>1,180,299</b>
Transfers in	1,435,000	1,435,000	538,596	(896,404)
Transfers out	(1,140,770)	(1,140,770)	(1,140,764)	6
<b>Net change in net assets</b>	<b>(1,468,180)</b>	<b>(1,468,180)</b>	<b>250,721</b>	<b>1,718,901</b>
<b>Net Assets - beginning of year</b>	<b>1,468,180</b>	<b>1,468,180</b>	<b>4,334,750</b>	<b>2,866,570</b>
<b>Net Assets - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,585,471</b>	<b>\$ 4,585,471</b>

**City of Casa Grande, Arizona**  
**Golf Course Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Rental	\$ 138,000	\$ 138,000	\$ 142,412	\$ 4,412
Green fees	1,013,700	1,013,700	976,866	(36,834)
Miscellaneous	5,000	5,000	3,057	(1,943)
<b>Total operating revenues</b>	<b><u>1,156,700</u></b>	<b><u>1,156,700</u></b>	<b><u>1,122,335</u></b>	<b><u>(34,365)</u></b>
<b>OPERATING EXPENSES:</b>				
Personal services	452,300	474,990	474,621	369
Contractual	132,880	172,600	172,164	436
Materials and supplies	412,800	435,250	430,812	4,438
Depreciation	413,500	328,290	125,133	203,157
<b>Total operating expenses</b>	<b><u>1,411,480</u></b>	<b><u>1,411,130</u></b>	<b><u>1,202,730</u></b>	<b><u>208,400</u></b>
<b>Operating Income</b>	<b><u>(254,780)</u></b>	<b><u>(254,430)</u></b>	<b><u>(80,395)</u></b>	<b><u>174,035</u></b>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Interest income	-	-	178	178
Interest expense	(113,630)	-	(353)	(353)
City sales tax	-	-	28,802	28,802
<b>Total nonoperating revenue</b>	<b><u>(113,630)</u></b>	<b><u>(350)</u></b>	<b><u>28,627</u></b>	<b><u>28,977</u></b>
<b>Income (loss) before transfers</b>	<b><u>(368,410)</u></b>	<b><u>(254,780)</u></b>	<b><u>(51,768)</u></b>	<b><u>203,012</u></b>
Transfers in	288,630	288,630	563,894	275,264
Transfers out	(150,020)	(150,020)	(150,020)	-
<b>Net change in net assets</b>	<b><u>(229,800)</u></b>	<b><u>(116,170)</u></b>	<b><u>362,106</u></b>	<b><u>478,276</u></b>
<b>Net assets - beginning of year</b>	<b><u>229,800</u></b>	<b><u>116,170</u></b>	<b><u>945,093</u></b>	<b><u>828,923</u></b>
<b>Net assets - end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,307,199</u></b>	<b><u>\$ 1,307,199</u></b>

**City of Casa Grande, Arizona**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2011**

Governmental funds capital assets:	
Land and construction in progress	\$ 22,126,491
Buildings	63,528,350
Improvements other than buildings	206,194,895
Machinery and equipment	<u>22,572,134</u>
Total governmental funds capital assets	<u>\$ 314,421,870</u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 459,862
Grants	1,529,993
General Fund revenues	14,406,223
Special Revenue Fund revenues	113,730,614
Capital Project Funds	80,843,778
Gifts and donations	<u>103,451,400</u>
Total investments in governmental funds capital assets	<u>\$ 314,421,870</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, 2011**

<u>Function and Activity</u>	<u>General Capital Assets June 30, 2010</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>General Capital Assets June 30, 2011</u>
General government	\$ 11,102,216	\$ 3,310,334	\$ -	\$ 14,412,550
Public safety	25,843,911	14,081,034	(51,826)	39,873,119
Streets/Transportation	192,200,560	1,893,541	(31,516)	194,062,585
Public works	1,706,677	1,602,240		3,308,917
Culture and recreation	40,784,106	1,271,127	(24,209)	42,031,024
Economic development	18,281,500	2,452,175		20,733,675
<b>Total</b>	<b><u>\$ 289,918,970</u></b>	<b><u>\$ 24,610,451</u></b>	<b><u>\$ (107,551)</u></b>	<b><u>\$ 314,421,870</u></b>

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.	103
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.	113
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.	116
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.	122
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.	125

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 Eight Fiscal Years**  
(accrual basis of accounting)

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

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

<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 166,666,266	\$ 169,037,582	\$ 163,843,269
63,759,736	66,259,746	68,025,939
29,204,011	24,786,399	20,815,914
<u>\$ 259,630,013</u>	<u>\$ 260,083,727</u>	<u>\$ 252,685,122</u>
\$ 42,819,605	\$ 46,698,154	\$ 47,003,748
16,814,023	11,962,381	10,324,306
1,188,222	5,103,985	7,429,067
<u>\$ 60,821,850</u>	<u>\$ 63,764,520</u>	<u>\$ 64,757,120</u>
\$ 209,485,871	\$ 215,735,736	\$ 210,847,017
80,573,759	78,222,127	78,350,244
30,392,233	29,890,384	28,244,981
<u>\$ 320,451,863</u>	<u>\$ 323,848,247</u>	<u>\$ 317,442,242</u>

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

	June 30				
	2004	2005	2006	2007	2008
<b>Governmental Activities:</b>					
Expenses					
General government	\$ 4,117,835	\$ 4,100,221	\$ 4,463,957	\$ 5,196,569	\$ 6,958,153
Public safety	10,732,674	11,789,718	13,504,033	14,765,435	17,799,896
Streets/Transportation	2,942,777	3,437,830	5,486,251	9,650,354	10,614,899
Public works	765,497	778,974	1,868,890	2,144,675	1,652,940
Culture and recreation	4,078,279	4,147,490	4,978,247	5,247,404	5,853,610
Economic development	2,422,140	2,716,784	4,468,076	5,564,781	5,932,564
Interest on long-term debt	499,031	477,956	500,879	610,630	641,914
Total expenses	<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	113,317	109,340	119,514	133,192	144,550
Public safety	810,216	904,202	984,555	1,091,960	1,214,170
Streets/Transportation	424,308	505,948	832,940	996,571	1,345,035
Public works	11,632	2,273,085	84,424	33,994	100,784
Culture and recreation	288,714	285,592	340,272	328,163	378,268
Development fees	2,139,152	4,667,542	11,353,338	13,115,223	8,272,278
Building permits	1,263,355	2,017,707	3,468,682	2,580,633	1,692,576
Development and engineering	430,876	1,876,291	3,357,825	2,456,074	694,885
Other economic development	572,326	795,721	1,282,294	863,185	627,986
Operating grants and contributions	4,993,835	5,834,031	7,866,501	9,066,924	9,303,041
Capital grants and contributions	4,199,412	6,372,598	43,675,183	14,852,514	22,402,954
Total program revenues	<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>\$ (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	1,799,803	2,333,638	2,401,386	2,475,296	3,105,864
Sales taxes	10,573,489	12,094,301	14,973,622	22,708,648	28,082,890
Franchise taxes	899,604	954,853	1,236,366	1,511,751	1,687,014
Shared revenues:					
State sales taxes	2,122,100	2,336,759	2,721,554	3,086,185	2,984,122
Urban revenue sharing	2,278,117	2,345,507	2,728,207	3,760,034	4,592,697
Auto-in-lieu	1,189,494	1,221,188	1,585,116	2,032,801	2,199,266
Investment earnings	124,545	466,925	1,508,717	3,222,176	3,202,760
Gain on sales of assets	(77,414)	414,900	660,798	1,846,201	452,693
Miscellaneous	277,201	145,585	361,586	274,310	388,409
Transfers	1,341,083	99,000	349,200	449,800	525,942
Total general revenues and other changes in net assets	<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>\$ 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.

<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 7,824,380	\$ 6,961,775	\$ 6,875,962
20,384,692	20,366,672	20,265,216
12,198,334	12,007,921	12,554,956
2,336,854	2,335,926	2,067,097
7,696,876	6,828,387	7,103,723
4,367,403	4,700,480	3,731,265
972,791	2,145,146	2,436,221
<u>55,781,330</u>	<u>55,346,307</u>	<u>55,034,440</u>
131,394	153,150	215,969
1,410,573	1,135,284	1,028,639
1,297,796	1,144,798	1,213,808
23,399	9,736	12,018
378,961	469,536	771,516
1,332,296	1,414,107	1,023,436
635,045	494,055	342,553
96,008	55,896	65,715
379,636	842,301	376,785
8,859,174	7,469,173	6,266,856
7,360,861	4,841,012	315,613
<u>21,905,143</u>	<u>18,029,048</u>	<u>11,632,908</u>
<u>\$ (33,876,187)</u>	<u>\$ (37,317,259)</u>	<u>\$ (43,401,532)</u>
6,264,879	7,422,710	6,570,203
23,313,628	19,776,002	18,973,408
1,910,594	1,947,031	2,196,398
2,583,416	2,382,825	2,590,692
4,793,336	4,106,244	2,897,028
2,126,092	2,034,181	1,992,071
815,213	107,521	108,552
0	0	0
440,101	625,779	81,130
(563,426)	(631,320)	593,445
<u>41,683,833</u>	<u>37,770,973</u>	<u>36,002,927</u>
<u>\$ 7,807,646</u>	<u>\$ 453,714</u>	<u>\$ (7,398,605)</u>

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

	June 30				
	2004	2005	2006	2007	2008
<b>Business-type Activities:</b>					
Expenses					
Water	\$ 142,327	\$ 158,397	\$ 98,048	\$ 115,599	\$ 117,638
Golf course	716,703	844,434	928,321	1,107,942	967,750
Wastewater	2,981,091	2,487,685	3,138,128	5,413,331	4,522,025
Sanitation	2,797,052	3,148,693	3,538,650	3,902,782	4,041,517
Total expenses	<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>
<b>Revenues</b>					
Charges for services:					
Water	193,006	186,225	197,834	193,909	190,125
Golf course	433,686	584,429	781,464	784,983	797,501
Wastewater	3,703,613	7,618,055	7,533,801	6,001,607	5,972,329
Sanitation	3,056,414	3,804,163	4,571,127	4,963,964	4,990,169
Sales taxes	1,885,485	2,150,452	2,676,631	2,124,036	14,203
Investment earnings	88,214	183,584	635,533	1,167,957	919,273
Miscellaneous	1,895,607	47,086	58,502	73,411	155,834
Capital grants and contributions	1,136,713	1,561,589	7,991,457	2,129,515	2,580,813
Total revenues	<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>\$ 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	(1,341,083)	(99,000)	(349,200)	(449,800)	(525,942)
Total Business-type Activities Change in Net Assets	<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>\$ 14,631,414</u>	<u>\$ 30,003,114</u>	<u>\$ 83,015,749</u>	<u>\$ 50,155,715</u>	<u>\$ 49,389,583</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 153,147	\$ 159,718	\$ 150,493
1,266,986	1,243,440	1,203,084
4,610,789	5,528,871	5,561,882
<u>5,465,908</u>	<u>4,653,383</u>	<u>5,028,014</u>
<u>11,496,830</u>	<u>11,585,412</u>	<u>11,943,473</u>
196,410	162,094	167,772
962,206	1,066,642	1,119,396
5,119,786	6,049,625	6,304,052
4,555,927	5,151,563	5,858,238
20,612	26,657	28,802
202,016	8,383	45,969
323,560	10,473	5,289
<u>717,407</u>	<u>895,826</u>	<u>0</u>
<u>12,097,924</u>	<u>13,371,263</u>	<u>13,529,518</u>
<u>\$ 601,094</u>	<u>\$ 1,785,851</u>	<u>\$ 1,586,045</u>
563,426	631,320	(593,445)
<u>\$ 1,164,520</u>	<u>\$ 2,417,171</u>	<u>\$ 992,600</u>
<u>\$ 8,972,166</u>	<u>\$ 2,870,885</u>	<u>\$ (6,406,005)</u>

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

	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 176,526	\$ 486,826	\$ 801,965	\$ 1,115,310	\$ 1,476,273
Unreserved	3,338,675	3,823,320	6,343,317	11,150,642	17,796,454
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 3,515,201</u>	<u>\$ 4,310,146</u>	<u>\$ 7,145,282</u>	<u>\$ 12,265,952</u>	<u>\$ 19,272,727</u>
All Other Governmental Funds					
Reserved	\$ 2,311,916	\$ 2,341,307	\$ 2,368,606	\$ 6,252,078	\$ 4,250,108
Unreserved, reported in:					
Special revenue funds	3,758,330	4,328,235	9,013,364	15,594,386	28,612,756
Capital projects funds	1,214,043	372,078	1,066,167	2,479,265	5,365,147
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 7,284,289</u>	<u>\$ 7,041,620</u>	<u>\$ 12,448,137</u>	<u>\$ 24,325,729</u>	<u>\$ 38,228,011</u>

\*FY2011: Implementation of GASB-54 Fund Balance Classification

Fiscal Year				
2007	2008	2009	2010	2011*
\$ 1,959,234	\$ 2,548,121	\$ 3,153,554	\$ 3,815,142	\$ -
25,521,015	30,572,472	30,402,947	25,262,863	-
-	-	-	-	7,411
-	-	-	-	33,225
-	-	-	-	23,342,866
-	-	-	-	-
-	-	-	-	1,247,242
<u>\$ 27,480,249</u>	<u>\$ 33,120,593</u>	<u>\$ 33,556,501</u>	<u>\$ 29,078,005</u>	<u>\$ 24,630,744</u>
\$ 4,413,184	\$ 32,896,933	\$ 25,327,803	\$ 39,966,314	\$ -
43,633,806	49,835,900	39,794,807	40,446,857	-
10,701,962	77,406	8,084	151,896	-
-	-	-	-	57,949
-	-	-	-	13,250,249
-	-	-	-	1,083,515
-	-	-	-	50,374,649
-	-	-	-	(378,345)
<u>\$ 58,748,952</u>	<u>\$ 82,810,239</u>	<u>\$ 65,130,694</u>	<u>\$ 80,565,067</u>	<u>\$ 64,388,017</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes	\$ 10,565,836	\$ 11,851,114	\$ 13,294,993	\$ 15,388,557	\$ 18,585,602
Licenses and permits	801,910	1,074,991	1,385,080	2,156,170	3,632,214
Intergovernmental revenues	10,763,681	10,358,329	10,902,234	11,911,931	15,208,404
Charges for services	1,578,990	2,528,275	3,221,772	9,853,065	16,390,930
Fines	801,690	690,177	677,048	739,283	734,495
Special assessments	244,872	211,787	137,644	217,895	354,840
Investment earnings	233,207	(163,059)	124,545	466,925	1,508,717
Rental and sale of city property	405,717	536,538	738,198	701,633	1,071,511
Other revenues	231,348	274,985	473,864	720,093	1,198,605
Total revenues	<u>25,627,251</u>	<u>27,363,137</u>	<u>30,955,378</u>	<u>42,155,552</u>	<u>58,685,318</u>
<b>Expenditures</b>					
General government	3,689,262	3,641,912	4,451,216	4,300,175	5,230,006
Public safety	9,639,754	9,499,759	10,309,036	11,344,629	12,957,767
Streets/Transportation	1,798,580	1,987,200	1,672,165	1,908,050	2,168,597
Public works	777,291	657,785	730,486	734,391	1,650,860
Culture and recreation	3,349,200	3,352,211	3,450,403	3,654,964	4,446,967
Planning and economic development	2,238,132	1,871,266	1,952,308	2,242,438	3,914,867
Capital outlay	2,593,601	4,472,441	1,939,318	4,526,914	6,149,634
Debt service					
Principal	956,448	932,344	960,801	799,546	1,206,388
Interest	620,054	559,527	471,539	477,428	484,775
Total expenditures	<u>25,662,322</u>	<u>26,974,445</u>	<u>25,937,272</u>	<u>29,988,535</u>	<u>38,209,861</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,010,817	1,618,327	2,919,819	2,686,632	5,808,434
Transfers out	(1,097,185)	(1,644,944)	(1,578,736)	(2,530,831)	(5,374,834)
Capital leases	-	150,000	1,056,839	3,500,000	-
Bond issuance	-	-	-	1,335,000	-
Bond issuance costs	-	-	-	(159,557)	-
Sale of land	-	-	-	-	-
Total other financing sources (uses)	<u>(86,368)</u>	<u>123,383</u>	<u>2,397,922</u>	<u>4,831,244</u>	<u>433,600</u>
Net change in fund balances	<u>\$ (121,439)</u>	<u>\$ 512,075</u>	<u>\$ 7,416,028</u>	<u>\$ 16,998,260</u>	<u>\$ 20,909,057</u>
Debt service as a percentage of noncapital expenditures	Not Available*	6.63%	5.97%	5.02%	5.27%

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ 26,706,698	\$ 32,840,670	\$ 31,334,264	\$ 29,088,943	\$ 27,556,571
2,756,899	1,881,951	808,414	656,902	546,628
18,007,273	20,798,409	17,188,146	16,769,422	14,151,581
16,678,803	10,171,890	2,188,466	2,058,720	1,661,339
826,533	815,081	1,092,331	978,765	807,884
28,907	29,691	21,092	8,883	0
3,222,176	3,202,760	815,213	107,521	108,549
1,459,760	1,546,935	1,645,235	2,106,527	1,489,826
720,635	608,700	536,204	514,473	349,597
<u>70,407,684</u>	<u>71,896,087</u>	<u>55,629,365</u>	<u>52,290,156</u>	<u>46,671,975</u>
5,921,449	8,076,361	8,996,033	8,055,272	8,026,262
14,155,865	16,983,507	18,594,022	18,957,126	19,691,260
2,846,301	2,323,097	2,991,139	2,521,337	2,770,032
2,063,253	1,684,699	1,716,458	2,192,317	1,959,265
4,828,294	5,463,871	5,222,719	5,792,331	5,847,772
4,821,056	4,965,772	3,425,837	3,550,938	2,652,964
8,251,421	11,030,175	27,511,902	31,846,819	24,677,470
882,247	1,226,548	5,313,821	2,484,637	1,899,760
707,501	607,351	955,207	2,125,295	2,594,138
<u>44,477,387</u>	<u>52,361,381</u>	<u>74,727,138</u>	<u>77,526,072</u>	<u>70,118,923</u>
6,844,898	8,101,980	5,630,797	12,829,121	11,790,392
(6,311,098)	(7,483,839)	(5,922,924)	(13,965,253)	(11,101,760)
-	-	-	-	-
455,000	9,000,000	750,000	37,800,000	2,200,000
-	(30,201)	(103,736)	(472,067)	(66,000)
1,809,371	578,989	1,500,000	-	-
<u>2,798,171</u>	<u>10,166,929</u>	<u>1,854,137</u>	<u>36,191,801</u>	<u>2,822,632</u>
<u>\$ 28,728,468</u>	<u>\$ 29,701,636</u>	<u>\$ (17,243,635)</u>	<u>\$ 10,955,886</u>	<u>\$ (20,624,316)</u>
4.30%	4.44%	13.28%	10.06%	9.87%

**Schedule 6**  
**City of Casa Grande**  
**Sales Tax Revenue by Industry,**  
**Fiscal Years 2011, 2010, 2009, 2008, 2007 and 2006**

	Fiscal Year 2006		Fiscal Year 2007		Fiscal Year 2008	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 3,164,234	17.93%	\$ 8,405,855	33.85%	\$ 11,087,874	39.17%
Manufacture	599,880	3.40%	624,116	2.51%	750,711	2.65%
Transportation/Communication/ Utilities	1,470,192	8.33%	1,762,783	7.10%	1,987,604	7.02%
Wholesale Trade	211,865	1.20%	271,980	1.10%	233,859	0.83%
Retail Trade	8,377,108	47.46%	8,778,705	35.35%	9,562,653	33.78%
Restaurants/Bars	1,021,869	5.79%	1,027,918	4.14%	1,118,248	3.95%
Insurance/Real Estate	1,732,572	9.82%	2,122,802	8.55%	2,052,131	7.25%
Hotels/Lodging	316,538	1.79%	348,177	1.40%	316,241	1.12%
Services	427,755	2.42%	521,470	2.10%	546,058	1.93%
All Other	328,240	1.86%	968,878	3.90%	652,605	2.31%
<b>Total</b>	<b>\$ 17,650,253</b>	<b>100.00%</b>	<b>\$ 24,832,684</b>	<b>100.00%</b>	<b>\$ 28,307,984</b>	<b>100.00%</b>

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 2009		Fiscal Year 2010		Fiscal Year 2011	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 6,722,392	28.81%	\$ 3,558,323	17.82%	\$ 2,545,580	13.36%
597,311	2.56%	594,982	2.98%	575,026	3.02%
	0.00%				
1,761,603	7.55%	2,053,502	10.29%	2,009,759	10.55%
277,315	1.19%	238,731	1.20%	246,612	1.29%
9,585,867	41.08%	9,361,417	46.89%	9,430,292	49.51%
1,221,532	5.23%	1,228,270	6.15%	1,227,699	6.45%
1,869,128	8.01%	1,751,628	8.77%	1,793,481	9.42%
462,489	1.98%	390,430	1.96%	449,581	2.36%
560,571	2.40%	433,326	2.17%	432,552	2.27%
276,032	1.18%	355,036	1.78%	336,162	1.76%
<u>\$ 23,334,240</u>	<u>100.00%</u>	<u>\$ 19,965,645</u>	<u>100.00%</u>	<u>\$ 19,046,744</u>	<u>100.00%</u>

**Schedule 7  
City of Casa Grande  
Direct and Overlapping Sales Tax Rates  
6/30/2011**

Type of Tax	Rates		
	City	State and Pinal County *	Combined
Privilege tax, except retail, utilities and telecommunication	1.80%	7.70%	9.50%
Retail	2.00%	7.70%	9.70%
Retail - privilege tax for single item over \$5000	1.50%	7.70%	9.20%
Hotel/Motel	3.80%	7.70%	11.50%
Restaurant/Bar	1.80%	7.70%	9.50%
Utilities/Telecommunications	2.00%	7.70%	9.70%
Construction	4.00%	7.70%	11.70%

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

\*Includes temporary 1% increase as of June 1, 2010



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

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Excise Tax Revenue Obligations	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Excise Tax/GO Bond Revenue Obligations
2002	-	8,980,000	870,000	761,093	-	7,625,000
2003	-	8,495,000	780,000	566,744	-	7,005,000
2004	-	8,138,000	685,000	1,236,062	-	15,926,820
2005	1,335,000	7,688,583	585,000	4,485,933	-	15,426,237
2006	1,335,000	7,217,943	480,000	4,029,980	-	14,911,877
2007	1,790,000	6,721,488	370,000	3,754,188	-	14,388,332
2008	10,775,000	6,199,218	255,000	3,180,356	2,000,000	13,855,602
2009	9,739,549	3,130,318	130,000	2,909,161	1,605,451	13,304,502
2010	27,282,278	21,249,788	-	2,598,870	1,382,721	12,735,032
2011	28,395,915	20,603,035	-	2,331,681	1,269,083	12,125,001

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

<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Per Capita (a)</u>
787,125	203,193	19,226,411	3.94%	704.52
459,286	178,170	17,484,200	3.21%	588.40
404,534	178,170	26,568,586	4.32%	848.43
593,795	177,300	30,291,848	4.22%	884.18
408,291	168,069	28,551,160	3.59%	783.30
295,899	158,520	27,478,427	3.12%	708.48
179,122	148,643	36,592,941	3.61%	886.78
57,790	4,352,312	35,229,083	3.16%	780.86
6,793	38,501,765	103,757,247	8.55%	2,255.94
-	51,738,811	116,463,526	8.66%	2,397.80

**Schedule 9**  
**City of Casa Grande**  
**Ratio of General Bonded Debt Outstanding**  
**Last Six 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)
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%	182
2010	2,430,000	(1)	249,681,000	0.97%	807
2010	26,234,999	(2)	3,680,064,800	0.71%	540
2011	4,555,000	(1)	235,284,000	1.94%	1,469
2011	25,109,998	(2)	3,209,485,830	0.78%	517

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/11 2,000  
 Estimated population of Villago CFD 6/30/11 1,100  
 Provided by Sales Offices. No population data are available for years prior to  
 2007

Population of Casa Grande 48,571

(1) General obligation bonds were issued by the Mission Royale Community Facilities District in 2005 and the Villago Community Facilities District in 2006, 2008 and 2010. 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 and July, 2009.

**Schedule 10**  
**City of Casa Grande**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2011**

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
School District #4	\$ 23,615,000	75.45%	\$17,816,931
School District #82	37,940,000	55.56%	21,079,122
Central Arizona Community College	40,000,000	13.91%	5,562,039
Mission Royale CFD	1,260,000	100.00%	1,260,000
Villago CFD	3,295,000	100.00%	<u>3,295,000</u>
Subtotal, overlapping debt			49,013,091
<b>City direct debt</b>			23,840,915
<b>Total direct and overlapping debt</b>			<u><u>\$ 72,854,006</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, 2011**

Net Secondary Assessed Valuation as of June 30, 2011 (a)	\$405,970,566
Debt limit (6% of assessed value)	24,358,234
Debt applicable to limit:	
General obligation bonds	9,169,200
Legal 6% debt margin	\$ 15,189,034
Debt limit (20% of assessed value)	81,194,113
Debt applicable to limit:	
General obligation bonds	13,753,800
Legal 20% debt margin	\$ 67,440,313

(a) Source: Pinal County Assessor's records

Note: The City issued General Obligation bonds for \$11,000,000 in June, 2008 and \$19,000,000 in August, 2009.

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	
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	1,008,269	9.34
2010	8,883	130,000	3,510	0.07	39,278,843	1,276,783	1,039,772	16.96
2011	-	-	-	0.00	35,676,711	1,256,784	1,689,937	12.11

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.

**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
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%
2010	45,993	26,373	1,212,973,389	10,700	11.50%
2011	48,571	27,690	1,344,930,990	10,700	11.50%

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 Ten Years Ago**

Employer	2011 (a)		2001 (b)	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	1030	5.96%	625	4.52%
Casa Grande Regional Medical Center	860	4.97%	788	5.70%
Wal-Mart Distribution Center	560	3.24%	-	0.00%
Wal-Mart Supermarket	450	2.60%	-	0.00%
Frito-Lay Inc.	450	2.60%	302	2.19%
City of Casa Grande	421	2.43%	251	1.82%
Abbott Laboratories/Ross Products	425	2.46%	397	2.87%
Hexcel Corporation	350	2.02%	562	4.07%
National Vitamin Company	160	0.93%	-	0.00%
Casa Grande Valley Newspapers	150	0.87%	100	0.72%
	4,856	28.08%	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 2001; AZ Dept of Economic Security

(b) Employment data from 2002 is not available - the information presented is from 2001

**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	
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
2010	37.25	128.75	63.25	68.25	31	100.5	429.00
2011	37.25	125.75	62.25	67.31	31	97.75	421.31

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Registered voters	11,441	13,685	13,685	15,919	13,239	13,946	19,331	20,805	20,805	20,805
Votes cast last primary election	2,367	1,242	1,242	1,428	1,428	2,364	2,364	2,400	2,400	4,182
Fire										
Medical support calls	2,578	2,774	3,085	3,427	3,766	3,778	4,286	4,689	4,289	4,849
Total alarms	3,447	3,697	4,136	4,557	5,137	5,194	5,642	5,050	5,703	6,397
Inspections/investigations	222	305	524	487	390	986	1,512	1,505	883	1,051
Public education contacts	10,018	11,386	7,344	11,764	8,884	10,164	19,801	25,064	15,812	12,622
Police										
Calls for service	29,705	33,076	37,674	38,869	39,365	42,412	41,126	40,893	38,629	38,660
Officer initiated	71,814	68,677	69,588	69,412	69,936	72,028	71,626	76,263	72,807	85,032
Patrolled miles	700,884	671,030	716,138	702,062	706,375	802,935	864,421	939,398	983,100	1,005,416
Traffic accidents	796	886	928	1,046	1,213	1,121	1,104	991	974	942
Traffic citations	9,495	8,408	8,607	7,068	6,127	6,136	6,943	7,025	6,107	5,171
Arrests (adult and juvenile)	4,673	4,773	4,387	4,614	4,055	3,840	4,015	3,981	4,738	3,737
Culture and recreation - library (a)										
Items in collections	100,619	100,655	90,826	86,364	73,984	74,311	75,863	79,920	113,480	114,257
Total items circulated	374,840	149,210	52,240	51,915	49,718	73,079	75,840	78,727	98,937	70,820
Total circulation transactions	734,852	825,000	172,391	170,875	187,063	225,043	229,446	270,473	329,790	368,693
Economic development										
Building permits - commercial	256	262	262	273	339	143	195	114	90	95
Building permits - residential	1,333	1,639	1,983	2,565	3,501	1,454	777	329	369	291
Self-help homes completed	24	23	22	6	20	25	25	25	12	12
Self-help homes started	23	15	13	26	27	25	26	25	12	12
Housing rehabilitations	13	16	12	9	12	12	12	12	12	12
Code enforcement cases	675	724	660	1,059	1,704	984	1,150	1,331	1,317	2,104
Planning cases	61	114	161	154	334	193	85	95	90	121

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fire stations	3	3	3	3	3	3	3	3	3	4
Parks and recreation										
Park areas	24	23	24	24	24	25	26	26	27	27
Parkland acreage	1,787	1,783	1,790	1,370	1,370	1,371	1,387	1,396	1,566	1,611
Community centers	4	4	4	4	4	4	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	19	20	22	22	24	24	25	26	26	26
Other maintenance areas	85	85	85	85	87	88	93	93	95	97
Airport										
T-hangers	22	52	52	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	1,638	1,638	1,893	2,011	2,217	3,130	3,302	3,500	3,363	5,340
Miles of streets	307	307	321	354	375	375	389	410	410	410
Miles of sewer	121	121	145	160	300	375	450	455	455	455
Number of lift stations	10	10	10	10	9	9	9	10	10	10
Number of signalized intersections	26	27	27	27	31	31	35	38	39	41

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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

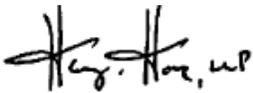
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

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

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



Casa Grande, Arizona  
November 23, 2011



HENRY & HORNE, LLP  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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, 2011. 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, 2011.

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Scottsdale, AZ 85253-4517  
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**Casa Grande**  
1115 E. Cottonwood Lane  
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Casa Grande, AZ 85122-2950  
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## Internal Control Over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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



Casa Grande, Arizona  
November 23, 2011

**City of Casa Grande, Arizona**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2011**

	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Community Development Block Grant - 2010	140-10	14.228	22,504
Community Development Block Grant - 2009	100-09	14.228	24,544
Community Development Block Grant - 2009	156-09	14.228	22,601
HOME - 2010	301-10	14.239	<u>145,644</u>
Total Department of Housing and Urban Development			<u>215,293</u>
U.S. Department of Agriculture:			
Self Help Housing Technical Assistance	12	10.420	162,766
Housing Preservation Grant	40	10.433	31,033
Housing Preservation Grant	40	10.433	<u>38,600</u>
Total Department of Agriculture			<u>232,399</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	15,544
Special Programs for the Aging	5-237	93.045	82,125
Stimulus Congregate Meals	5-237	93.707	1,095
Stimulus Home Delivered Meals	5-237	93.705	775
Nutritional Services Incentive Program	5-237	93.053	<u>17,554</u>
Total Aging Cluster			117,093
Social Services Block Grant	5-237	93.667	<u>10,127</u>
Total Department of Health & Human Services			<u>127,220</u>
Institute of Museum & Library Services			
Passed thru State Library Administrative Agencies			
Adult Literacy	2010-30043-02	45.310	<u>8,700</u>
Total Institute of Museum & Library Services			<u>8,700</u>
U.S. Department of Education:			
Passed thru Governor's Office of Economic Recovery			
Public Safety Stabilization Program	OER-11-IGA-GS-55	84.397	24,595
Pinal County SWAT/Drug & Human Smuggling	OER-11-IGA-GS-164	84.397	<u>12,605</u>
Total Department of Education			<u>37,201</u>
U.S. Department of Energy:			
Stimulus Energy Efficiency Conservation Block Grant	DE-RW0000128	81.128	<u>63,260</u>
Total Department of Energy			<u>63,260</u>
U.S. Department of Justice:			
Stimulus JAG Grant	2009-SB-B9-3190	16.804	62,318 *
JAG Grant	2009DJBX0766	16.738	<u>20,295 *</u>
Total Justice Assistant Grant Cluster			<u>82,613</u>
Bulletproof Vest Grant	2006BUBX	16.607	8,031
JAG Grant	2007-DJBX	16.592	71
Community Oriented Policing Services (COPS)	2010RKWX003	16.710	<u>75,604</u>
Total Department of Justice			<u>166,319</u>
U.S. Department of Transportation:			
FAA Airport Grant	3-04-0007-12-2008	20.106	1,984
FAA Airport Grant	3-04-0007-13-2009	20.106	100,369
FAA Airport Grant	3-04-0007-11	20.106	20,174
Passed thru Governor's Office of Highway Safety			
Occupant Protection Enforcement Education	2011-OP-017	20.600	2,681
DUI Enforcement	2011-AL-050	20.600	<u>4,769</u>
Total Department of Transportation			<u>129,977</u>
U.S. Department of Homeland Security			
Federal Emergency Management Agency	EMW-2010-FH-00356	97.044	17,752
Federal Emergency Management Agency	EMW-2007-FF-00468	97.044	126,480
Passed through Arizona Division of Emergency Management:			
Arizona Dept of Homeland Security	777301-01	97.067	37,696
Arizona Dept of Homeland Security	555304-01	97.067	103,577
Passed through Arizona Department of Homeland Security:			
Operation Stonegarden Grant Program	09-AZDOHS-OPSG-5553	97.067	35,779 *
Operation Stonegarden Grant Program	09-AZDOHS-OPSG-5553	97.067	883 *
Operation Stonegarden Grant Program	09-AZDOHS-OPSG-5553	97.067	1,834 *
Operation Stonegarden Grant Program	10-AZDOHS-OPSG-7773	97.067	71,262 *
Operation Stonegarden Grant Program	10-AZDOHS-OPSG-7773	97.067	<u>41,506 *</u>
Total Department of Homeland Security			<u>436,768</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u><u>\$ 1,417,137</u></u>

\*Denotes major program

**City of Casa Grande**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

**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, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es) reported?      yes   X   none

Noncompliance material to financial statements noted?      yes   X   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es) reported?      yes   X   none

Type of auditors’ report issued on compliance for each major program listed below: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?      yes   X   no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
16.804 & 16.738	Department of Justice – JAG Program
97.067	Department of Homeland Security – Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes      no

CITY OF CASA GRANDE, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2010-1 U.S. Department of Agriculture – Self Help Housing Technical Assistance Grant  
(CFDA 10.420)

Condition: A financial status report was not filed timely

Criteria: Grant criteria include requirements to timely submit a financial status report for within 90 days of the completion of the grant.

Effect: Grantor could delay disbursements until reports are filed.

Cause: Management did not have proper oversight over the process of filing reports timely.

Recommendation: We recommend that the Grants Coordinator be more involved in the reporting and compliance requirements of the Housing Department grants.

Management's response: The Grants Coordinator will work with the Housing Department Director to develop a schedule of due dates and reports to insure that reports are reviewed and filed on a timely basis.

Status: Corrected.