



# City of Casa Grande, Arizona



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2012

**City of Casa Grande, Arizona**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**For the Fiscal Year Ended June 30, 2012**



Prepared by the Finance Department  
Diane Archer, Finance Director  
Julie Scherer, Supervising Accountant  
Gay Barnhart, Assistant



City of  
Casa Grande

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# City of Casa Grande, Arizona

January 31, 2013

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, 2012. 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, 2012 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 report includes "no findings". 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, 2012, 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, 2012, 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.

## **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 2011-2012 is \$177,594,102.

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.

## **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

(continued)

## **PROFILE OF THE CITY** (continued)

Tucson, and is surrounded by three Indian Reservations. In addition, the City is located at the intersection of two major interstate highways, one services the Los Angeles and San Diego markets, one to the Phoenix & Tucson 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 2011. 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.

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 two downtown redevelopment districts.

### **Financial Statement Structure**

The Comprehensive Annual Financial Report (CAFR) consists of three sections: Introductory, Financial, and Statistical. The Financial section begins with the Independent Auditors Report and is followed by the management's discussion and analysis that provides summary information about the results of operations.

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 37 of the notes to the financial statements.

## **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.

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## **ECONOMIC CONDITIONS AND OUTLOOK** (continued)

Local indicators point to continued stability. Casa Grande is witness to 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 2012. 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 and sales tax revenue is down.

**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 rate is currently at 1.8%, with an additional .2% pledged to construct park and recreation projects, or for economic development. Management is projecting the city's sales tax to increase slightly next year due to 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 21% this next year due to a slow recovery in State revenues. 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 FY 2012 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. The City does not plan to issue debt that result in an increase to the secondary levy.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

In 2012 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**

- Prepared a strategic plan.
- Dispatch response rate increased from 44 seconds from start to dispatch, to 49 seconds.
- Part 1 UCR crimes decreased by 11%.
- 284 animals adopted - an increase of 8%.
- Partnership with the U.S. Marshal's Services increased arrests by 370.
- Cleared 65% of property crimes.

### **Fire**

- Responded to 6,515 emergencies, of which 4,941 (76.1%) involved emergency medical services, averaging a response time for all incidents of under 5 minutes 50% of the time.
- Responded to 9.79 structure fires per 1,000 structures, a reduction of 33%.
- Continued mentoring of the Casa Grande Fire Explorers Program.

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**MAJOR INITIATIVES AND ACCOMPLISHMENTS** (continued)

Public Works

- o Completed 37% of preventative maintenance on time.
- o Consumed 297,610 gallons of fuel.
- o Crack sealed 322,531 sq yards of pavement.
- o Hosted the 54<sup>th</sup> Annual Cactus Fly-In at the municipal airport.
- o Treatment of an average of 4.5 million gallons per day of wastewater.
- o Collected 19.6 tons of residential trash.
- o Collected 60.7 tons of solid waste at the landfill site.
- o Recycled an average of 49.2 lbs per household in residential solid waste materials.
- o Doubled capacity at Wastewater Treatment Plant from 6MGD to 12MGD.

Community Services

- o Golfers played 72,282 rounds of nine hole equivalents.
- o Filled 275 classes to capacity.
- o Library visitors of 370,693 at the two libraries.
- o Served a total of 39,693 meals and provided a total of 8,164 volunteer hours.
- o Maintained 12.52 acres of parkland per 1,000 population at a cost of \$1,047 per acre.
- o Provided 296 swimming lessons.

Development Center

- o Completed 3,630 plan reviews for 1,433 building permits.
- o Reviewed 76% of plans within established timeframes.

**OTHER MATTERS**

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

Debt Administration. On June 30, 2012, the City had a number of debt issues outstanding. Total bonded debt at June 30, 2012, was \$123.64 million. The City's general credit was rated A+ by Fitch Ratings and received an A- rating from Standard & Poors.

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

	Standard & Poors	
	Investor Service	Fitch IBCA
Excise Tax Revenue		
Series 2009	nr	AA-
Series 2012	AA	nr
General Obligation Bonds	nr	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. These bonds were called in 2012. 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. The bonds were advance refunding in 2012 at a present value savings of \$868,776.

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, 2012 the City had \$29.6 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, 2012, the City has debt capacity of \$50.7 for general obligation bonds subject under the 20% limitation based on the FY 2012 secondary assessed valuation. The City has \$28.8 in outstanding General Obligation bonds, with voter approval to issue an additional \$17 million over the next several years.

## **FINANCIAL POLICIES**

**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 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, 2011. This was the twenty first consecutive year 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, 2011. 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 fourteenth 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 Julie Scherer, Supervising Accountant, the Finance Department, and the firm of Henry and Horne, L.L.P. We give them our sincere thanks for their effort in the creation of this report.

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

Sincerely,



Diane Archer  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Case Grande  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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. Davidson*

President

*Jeffrey R. Emer*

Executive Director



City of  
Casa Grande

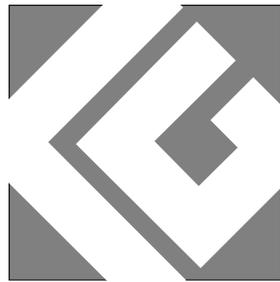
**City of Casa Grande, Arizona**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2012**

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

DICK POWELL – Mayor Pro-Tem  
MARY KORTSEN  
MATT HERMAN

LISA FITZGIBBONS  
KARL MONTOYA  
RALPH VARELA

**CITY MANAGER**  
**JAMES THOMPSON**

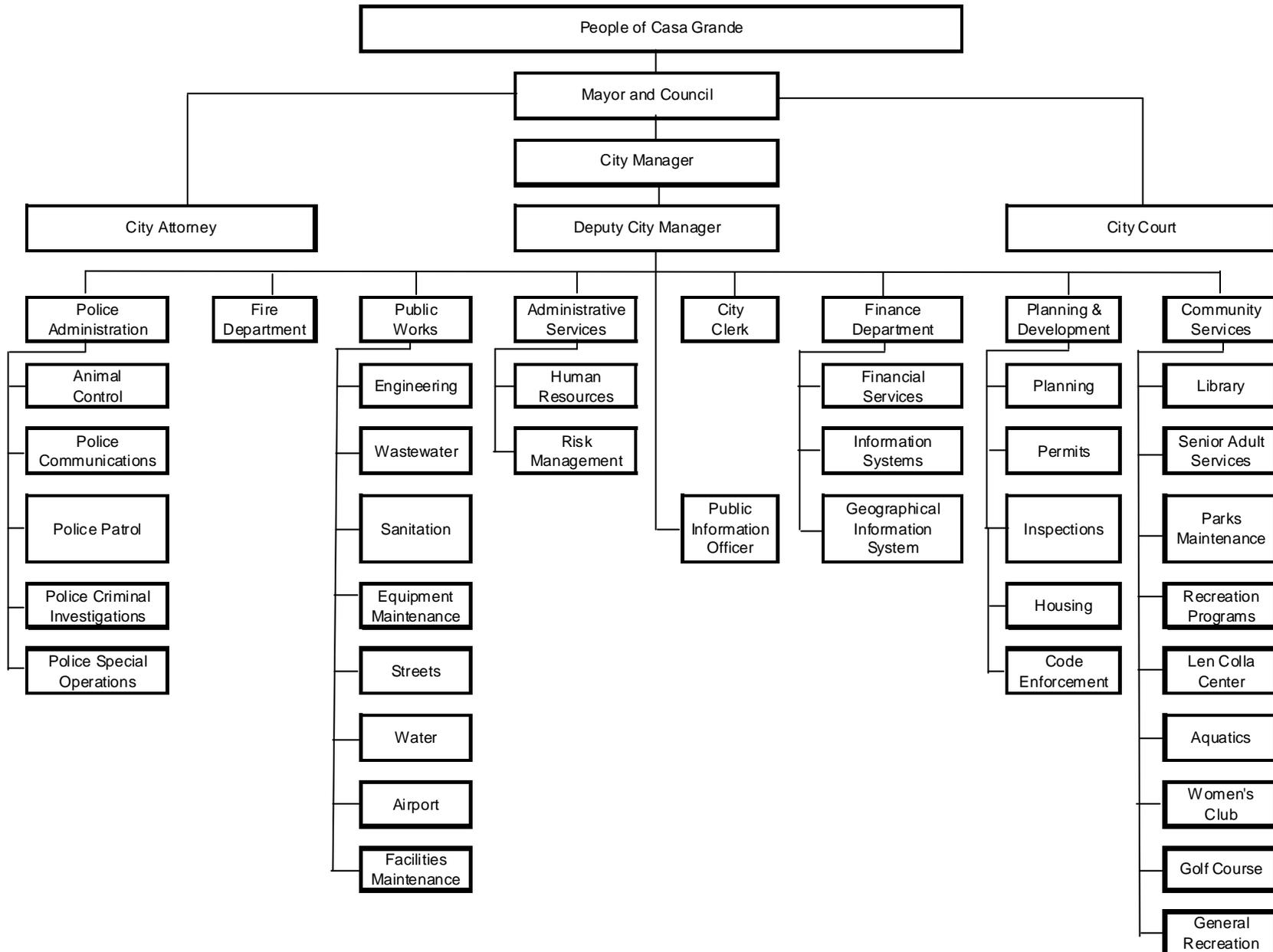


**FINANCE DEPARTMENT STAFF**

DIANE ARCHER  
JULIE SCHERER  
GAY BARNHART

FINANCE DIRECTOR  
SUPERVISING ACCOUNTANT  
ASSISTANT

City of Casa Grande Organizational Chart





## **FINANCIAL SECTION**



City of  
Casa Grande



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, 2012, 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, 2012, 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, Arizona 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, Arizona 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 January 21, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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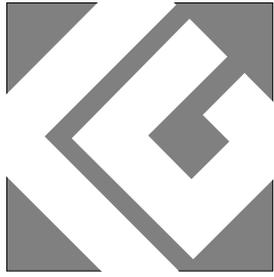
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of 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 an opinion on the financial statements that collectively comprise the City of Casa Grande, Arizona's basic financial statements as a whole. The introductory section, the accompanying financial information listed as supplementary information in the financial section, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The financial information listed as supplementary information in the financial section 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  
January 21, 2013



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

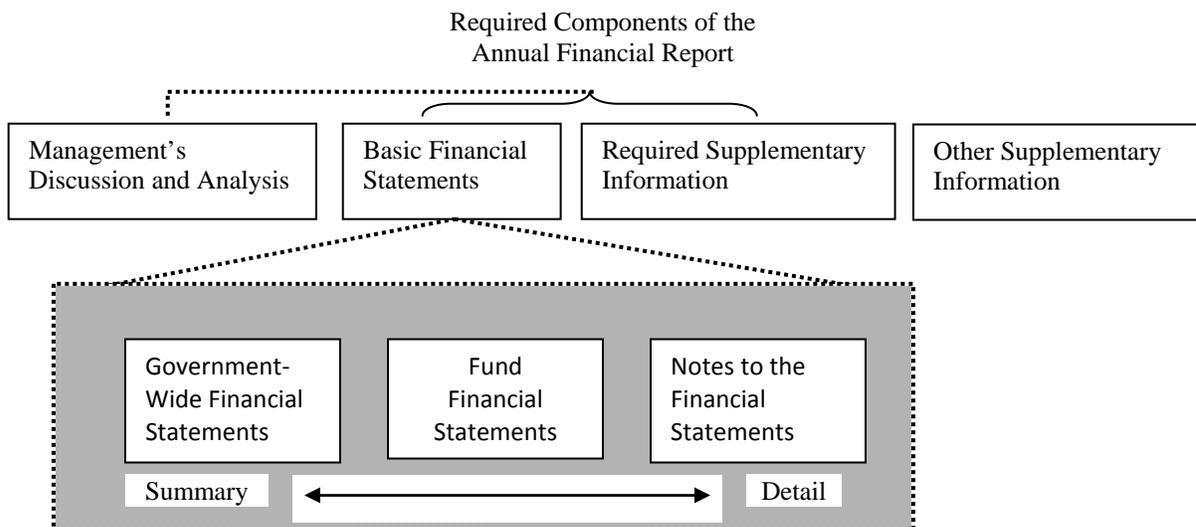
## MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2012. 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 \$305 million at June 30, 2012 of which \$54 million is unrestricted. This was a decrease of \$12.4 million from fiscal year 2011, a decrease of \$12.7 million in the government activities and an increase of \$0.3 million in the business-type activities.
- The governmental activities revenues increased by approximately \$4.7 million over the previous year.
- The business-type activities operating revenues increased by \$1.4 million from the previous year.
- The General Fund reported a change in fund balance of (\$.7) million for the year.
- At June 30, 2012, restricted, assigned and non-spendable balance for the General Fund was \$24 million, or 72% of General Fund expenditures for fiscal year 2012.
- At June 30, 2012, unassigned fund balance of the General Fund was \$0.5 million.
- The governmental activities general revenues of \$51.4 million were \$6.0 less than the expenditures before other financial sources and uses.
- The business-type activities net assets were \$65.1 million as of June 30, 2012 which is an increase of \$0.3 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. The difference between assets and liabilities is reported as net assets. The focus on net assets is designed to focus on government as a business. 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. Full accrual accounting is used for the government-wide financial statements and 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. The statement is designed to show the extent to which the various functions depend on general taxes and revenue for support.

## Fund Financial Statements

Also presented in the basic financial statements are the traditional fund financial statements for 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 for which fees are charged. The City has four enterprise funds: golf course, sanitation, water and wastewater funds.

The internal service funds reflect activities in which the City is the customer. The fleet maintenance and insurance funds are the City's two internal service funds. Their purpose is 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 36-63) 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 and in the supplementary information. 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, 2012.

### 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, 2012 compared to the prior year.

Condensed Statement of Net Assets  
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 96.2	\$ 92.1	\$ 22.6	\$ 21.6	\$118.8	\$113.7
Capital assets	213.3	203.4	112.2	113.5	325.5	316.9
Total assets	<u>309.5</u>	<u>295.5</u>	<u>134.8</u>	<u>135.1</u>	<u>444.3</u>	<u>430.6</u>
Other liabilities	4.0	5.8	2.4	1.7	6.4	7.5
Long-term liabilities	<u>52.8</u>	<u>49.7</u>	<u>67.7</u>	<u>68.3</u>	<u>120.5</u>	<u>118.0</u>
Total liabilities	<u>56.8</u>	<u>55.5</u>	<u>70.1</u>	<u>70.0</u>	<u>126.9</u>	<u>125.5</u>
Net assets:						
Invested Capital assets						
net of related debt	163.9	154.1	47.0	49.4	210.9	203.5
Restricted	68.0	37.2	10.3	12.0	78.3	49.2
Unrestricted	<u>20.8</u>	<u>48.7</u>	<u>7.4</u>	<u>3.7</u>	<u>28.2</u>	<u>52.4</u>
Total net assets	<u>\$252.7</u>	<u>\$240.0</u>	<u>\$64.7</u>	<u>\$65.1</u>	<u>\$317.4</u>	<u>\$305.1</u>

The net assets of the City decreased by \$12.3 million from June 30, 2011. At year end June 30, 2012 the net assets of the City totaled \$305.1 million. Of this \$305.1 million, \$240 million was in the governmental activities, a 5% decrease and \$65.1 million was in the business-type activities, a 1% increase.

Net Assets consist of three components. The largest portion of net assets (\$203.5 million or 67%) 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 restricted portion of the City's net assets (\$49.2 million or 16%) represents resources subject to external restrictions on how they may be spent. This component is primarily made up of accumulated development impact fees collected by the City. These 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 (\$52.4 million or 17%), 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, 2012 were \$67.6 million. The total cost of all programs and services was \$72.7 million. The following table presents a summary of the changes in net assets for the year ended June 30, 2012.

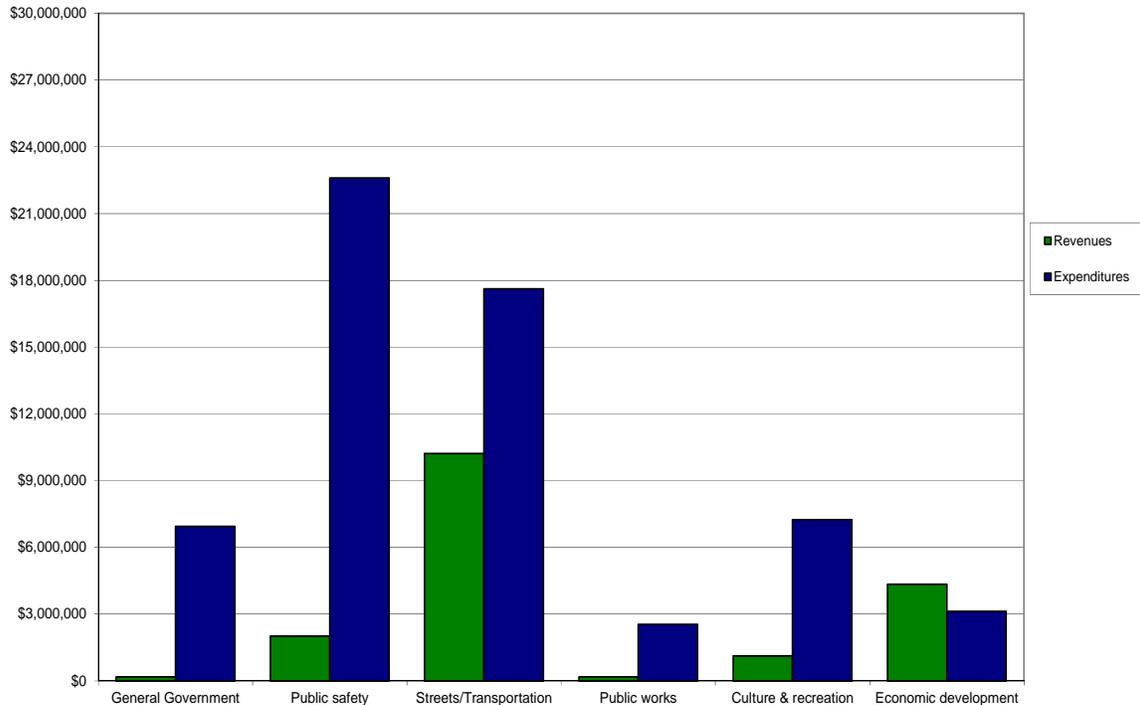
Changes in Net Assets  
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$5,050	\$4,210	\$13,449	\$14,387	\$18,499	\$18,597
Operating grants and contributions	6,267	7,228	-	-	6,267	7,228
Capital grants and contributions	316	720	-	2,337	316	3,057
General revenues						
Property taxes	6,570	6,405	-	-	6,570	6,405
Sales taxes	18,973	18,901	29	30	19,002	18,931
Franchise taxes	2,196	2,201	-	-	2,196	2,201
Shared revenues	7,480	10,033	-	-	7,480	10,033
Other	190	193	51	36	241	229
<b>Total revenues</b>	<u>47,042</u>	<u>49,891</u>	<u>13,529</u>	<u>16,790</u>	<u>60,571</u>	<u>66,681</u>
<b>Expenses</b>						
General government	6,876	6,943	-	-	6,876	6,943
Public safety	20,265	22,603	-	-	20,265	22,603
Streets/Transportation	12,555	17,612	-	-	12,555	17,612
Public works	2,067	2,543	-	-	2,067	2,543
Culture and recreation	7,104	7,247	-	-	7,104	7,247
Economic development	3,731	3,118	-	-	3,731	3,118
Other	2,436	2,567	-	-	2,436	2,567
Water	-	-	150	191	150	191
Golf course	-	-	1,203	1,303	1,203	1,303
Sewer	-	-	5,562	9,787	5,562	9,787
Sanitation	-	-	5,028	5,060	5,028	5,060
<b>Total expenses</b>	<u>55,034</u>	<u>62,633</u>	<u>11,943</u>	<u>16,341</u>	<u>66,931</u>	<u>78,974</u>
<b>Excess before transfer</b>	(7,992)	(12,742)	1,586	449	(6,406)	(12,293)
<b>Transfers In (Out)</b>	593	94	(593)	(94)	-	-
<b>Increase (decrease) in Net Assets</b>	<u>(\$7,399)</u>	<u>(\$12,648)</u>	<u>\$993</u>	<u>\$355</u>	<u>(\$6,406)</u>	<u>(\$12,293)</u>

The following graph 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 79% of the total revenues of the City and 81% of the total expenses in fiscal year 2012. This compares to 78% of total revenues and 82% of expenses in fiscal year 2011.

**Governmental Programs Revenues and Expenses  
Fiscal Year 2012**



**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.

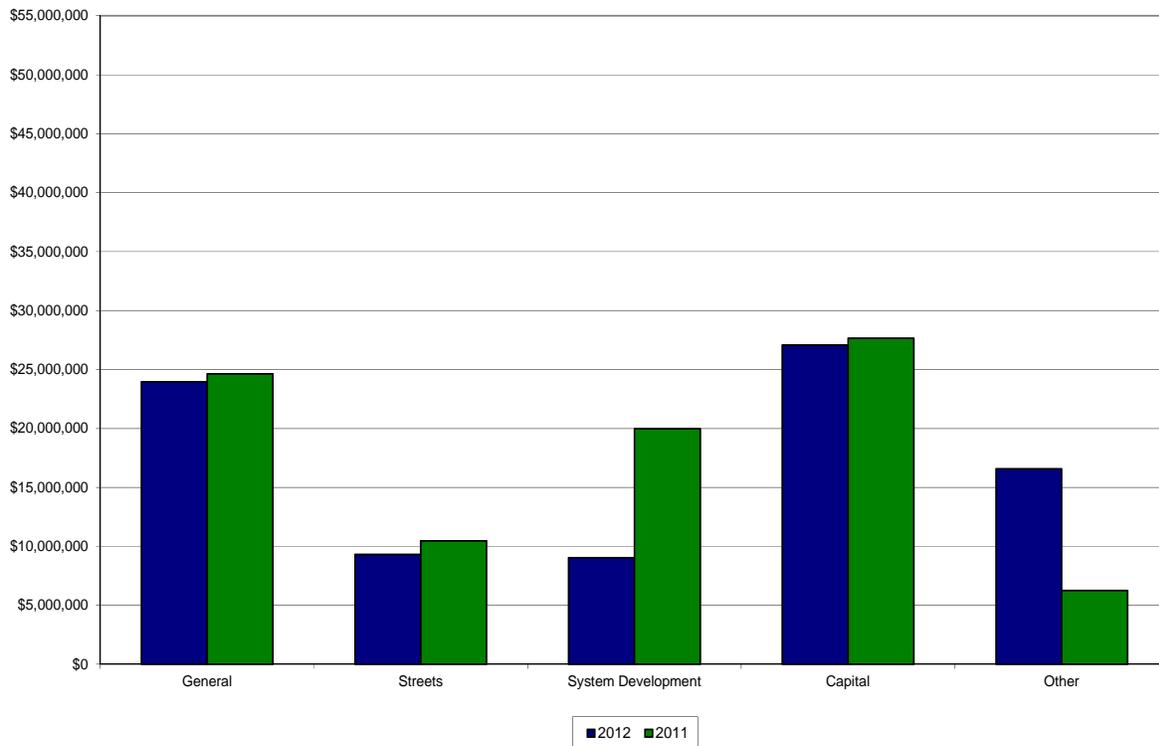
**Governmental Funds**

The focus of governmental fund financial statements (pages 15-23) provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly presented in 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 64-69.

For fiscal year ended June 30, 2012, the governmental funds reflect a combined fund balance of \$86.0 million, a decrease of \$3.0 million. A portion of the fund balance, \$37.8 million is reserved for specific expenses or is legally segregated for a specific future use. The remaining \$48.2 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 \$34.7 million, an increase of \$3.3 million, in fiscal year 2012. The primary increases are in local sales tax, and state shared. The expenses, before other financing sources and uses, totaled \$34.0 million, a decrease of \$0.9 million. Transfers to other funds were a net of (\$1.4) million resulting in a decrease to fund balance of \$0.7 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 \$5.3 million, an increase of \$0.8 from the prior fiscal year, while expenses totaled \$5.9 million, an increase of \$2.8 million from the fiscal year ended June 30, 2012.

Another governmental fund of the City is the System Development Fee Fund which collected impact fees for public safety, parks and recreational facilities, library facilities, and general government. The fees in this fund can no longer be collected due to a change in state law. The fund balance is planned to finance growth related capital improvements over the next several years.

The Capital Development and Replacement Fund accounts for accumulated proceeds and capital expense of proceeds for the construction of capital projects and for replacement of equipment. The fund balance increased in this fund due to transfer of system development fees 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 Construction Sales Tax Fund accounts for capital construction as authorized via ordinance 1397.03.07; all non-major governmental funds of the City are combined into the “Non-Major 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 enterprise fund is shown individually on the fund statement.

Net assets of the enterprise funds were \$65.1 million, a decrease of \$0.3 million as of June 30, 2012. This decrease includes a decrease to unrestricted assets leaving a balance of \$3.7 million. Operating revenues in fiscal year 2012 were \$14.2 million, an increase of \$1.4 million from the prior fiscal year, while operating expenses totaled \$12.7 million, an increase of \$1.5 million, resulting in \$0.4 million 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 71. 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 (E) on page 38 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 \$147,392,830 during fiscal year 2012. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur. However, the adopted budget cannot be increased.

General Fund inflows (revenues and other sources) of \$34.7 million, on a budgetary basis, were greater than budgeted inflows of \$33.9 million, while actual outflows (expenditures and other uses) of \$34.0 million were 95% 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, 2012, the City had \$317 million invested in various capital assets, net of accumulated depreciation. Of the \$317 million \$203 million (64%) is invested in governmental activities and \$114 million (36%) is invested in business-type activities.

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

- ✓ Completed construction of the City Court building for \$2.9 million.
- ✓ Completion of the wastewater treatment plant expansion of \$61 million.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2012. Additional information on the City's capital assets may be found in Note 7 on pages 48 - 50.

	Capital Assets (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land & Const. in progress	\$ 22,126	\$ 20,151	\$62,671	\$ 2,984	\$ 84,797	\$ 23,135
Constr in Progress						
Building & improvements	183,066	176,317	44,243	101,000	227,309	277,317
Machines & equipment	8,095	6,945	5,306	9,474	13,401	16,419
<b>Total</b>	<b>\$213,287</b>	<b>\$203,413</b>	<b>\$112,220</b>	<b>\$113,458</b>	<b>\$325,507</b>	<b>\$316,871</b>

## Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, capital leases, and compensated absences, was \$120.9 million at June 30, 2012, with \$7.2 million due within one year. Of this total, \$52.5 million was in governmental activities and \$68.4 million was in business-type activities. Of the outstanding debt, \$29.6 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, 2012. Further details can be found in Notes 10 to 15 on pages 53-58.

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Compensated absences	\$ 1,767	\$ 1,927	\$ 222	\$ 216	\$ 1,989	\$ 2,143
Capital leases	2,332	4,846	-	-	2,332	4,846
Bonds payable	48,751	45,730	13,702	16,550	62,453	62,280
Notes/loans payable	-	-	51,739	51,660	51,739	51,660
<b>Total</b>	<u>\$52,850</u>	<u>\$52,503</u>	<u>\$65,663</u>	<u>\$68,426</u>	<u>\$118,513</u>	<u>\$120,929</u>

## ECONOMIC FACTORS

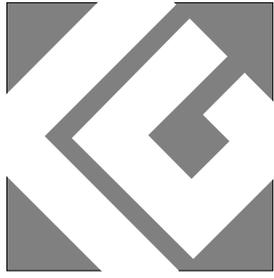
Casa Grande's population has grown steadily since 2000. The growth rate over the course of the past 10 years was 92% and is expected to be 1% in 2013. The unemployment rate in Casa Grande for June 2012 was 10.8%, which is higher than the state (9.7%) and higher than the national average (9.2%). While 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 2011. Within Casa Grande, the local economy is experiencing a small increase 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 a Sam's Club and several new industrial and manufacturing companies.

Total assessed value in Casa Grande has historically increased progressively, showing a 116% overall increase from 2005 to 2011. For tax year 2012 the values decreased by 9% and decreased another 3% for tax year 2013 reflective of home value decreases. Residential value in 2012 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). Copies of this report and other financial information is found on the city's website [www.casagrandeaz.gov](http://www.casagrandeaz.gov).



## **BASIC FINANCIAL STATEMENTS**



City of  
Casa Grande

**City of Casa Grande**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash	\$ 8,432,135	\$ 1,555,115	\$ 9,987,250
Investments	74,529,426	17,972,352	92,501,778
Receivables (net of allowance for uncollectibles)	5,430,899	2,194,977	7,625,876
Due from other governments	1,169,919	-	1,169,919
Internal balances	367,242	(367,242)	-
Inventories	330,941	57,558	388,499
Restricted assets:			
Restricted investments	1,284,617	-	1,284,617
Deferred bond costs	591,139	257,544	848,683
Capital assets:			
Land and construction in progress	20,150,896	2,983,724	23,134,620
Other capital assets (net of accumulated depreciation)	183,261,604	110,474,080	293,735,684
<b>Total assets</b>	<b>295,548,818</b>	<b>135,128,108</b>	<b>430,676,926</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	1,892,023	892,036	2,784,059
Deposits held	-	9,701	9,701
Accrued wages and benefits	797,724	102,562	900,286
Accrued interest payable	333,068	661,837	994,905
Unearned revenue	1,058	-	1,058
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	867,005	97,042	964,047
Current portion of capital leases and notes	343,097	2,402,238	2,745,335
Current portion of excise tax revenue obligations	940,827	629,173	1,570,000
Current portion of bonds payable	670,454	54,546	725,000
Due in more than one year:			
Noncurrent portion of compensated absences	1,059,672	118,606	1,178,278
Noncurrent portion of capital leases	4,503,019	49,326,085	53,829,104
Noncurrent portion of excise tax revenue obligations	17,417,835	12,085,276	29,503,111
Noncurrent portion of bonds payable	26,700,675	1,191,184	27,891,859
Less: Deferred amount on refunding	(14,731)	(75,448)	(90,179)
Closure and postclosure liability	-	2,521,639	2,521,639
<b>Total liabilities</b>	<b>55,511,726</b>	<b>70,016,477</b>	<b>125,528,203</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	154,121,210	47,844,750	201,965,960
Restricted for:			
Highways and streets	13,460,302	-	13,460,302
Grant purposes	248,402	-	248,402
Community development	12,368,717	-	12,368,717
Debt service	2,047,848	4,678,660	6,726,508
Capital projects	9,033,035	7,363,508	16,396,543
Unrestricted	48,757,578	5,224,715	53,982,293
<b>Total net assets</b>	<b>\$ 240,037,092</b>	<b>\$ 65,111,633</b>	<b>\$ 305,148,725</b>

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande**  
**Statement of Activities**  
**June 30, 2012**

<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	\$ 6,943,391	\$ 173,395	\$ 75,030	\$ -
Public safety	22,602,948	1,370,884	836,799	262,997
Streets/Transportation	17,612,297	1,369,817	4,561,580	328,215
Public works	2,542,684	26,596	192,609	-
Culture and recreation	7,247,399	346,781	421,594	129,141
Economic development	3,117,786	922,465	1,140,274	-
Interest on long-term debt	2,566,841	-	-	-
<b>Total governmental activities</b>	<b>62,633,346</b>	<b>4,209,938</b>	<b>7,227,886</b>	<b>720,353</b>
Business-type activities:				
Water	190,786	185,176	-	-
Golf course	1,303,013	1,066,136	-	-
Wastewater	9,786,826	6,871,045	-	2,337,217
Sanitation	5,060,239	6,264,192	-	-
<b>Total business-type activities</b>	<b>16,340,864</b>	<b>14,386,549</b>	<b>-</b>	<b>2,337,217</b>
<b>Total primary government</b>	<b>\$78,974,210</b>	<b>\$18,596,487</b>	<b>\$7,227,886</b>	<b>\$3,057,570</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>
\$ (6,694,966)	\$ -	\$ (6,694,966)
(20,132,268)	-	(20,132,268)
(11,352,685)	-	(11,352,685)
(2,323,479)	-	(2,323,479)
(6,349,883)	-	(6,349,883)
(1,055,047)	-	(1,055,047)
(2,566,841)	-	(2,566,841)
<b>(50,475,169)</b>	<b>-</b>	<b>(50,475,169)</b>
-	(5,610)	(5,610)
-	(236,877)	(236,877)
-	(578,564)	(578,564)
-	1,203,953	1,203,953
<b>-</b>	<b>382,902</b>	<b>382,902</b>
<b>(\$50,475,169)</b>	<b>\$382,902</b>	<b>(\$50,092,267)</b>
6,405,037	-	6,405,037
18,901,161	29,539	18,930,700
2,201,313	-	2,201,313
3,795,352	-	3,795,352
4,099,428	-	4,099,428
2,137,645	-	2,137,645
67,707	15,397	83,104
125,032	21,139	146,171
94,464	(94,464)	-
37,827,139	(28,389)	37,798,750
(12,648,030)	354,513	(12,293,517)
252,685,122	64,757,120	317,442,242
<b>\$240,037,092</b>	<b>\$65,111,633</b>	<b>\$305,148,725</b>

**City of Casa Grande**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

<b>ASSETS</b>	<b>General</b>	<b>Highway Users</b>	<b>Grants &amp; Subsidies</b>	<b>Capital Replacement/ Recreation/ Development</b>
Cash	\$ 2,500,931	\$ 92,187	\$ 165,075	\$ 323,191
Investments	17,716,735	8,989,928	-	25,359,614
Accounts receivable (less allowance for uncollectibles)	3,882,707	556,419	2,429	343,715
Due from other governments	-	-	527,231	-
Due from other funds	1,500,118	-	-	770,483
Inventories	6,023	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	650,692
<b>Total assets</b>	<b>\$25,606,514</b>	<b>\$9,638,534</b>	<b>\$694,735</b>	<b>\$27,447,695</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and other current liabilities	\$ 533,368	\$ 276,424	\$ 77,652	\$ 380,316
Accrued wages and benefits	670,922	33,678	39,871	-
Due to other funds	-	-	-	-
Deferred revenue	435,267	-	328,810	-
Compensated absences	5,006	132	-	-
<b>Total liabilities</b>	<b>1,644,563</b>	<b>310,234</b>	<b>446,333</b>	<b>380,316</b>
<b>Fund balances:</b>				
Nonspendable	6,023	-	-	-
Restricted	4,202,039	9,328,300	248,402	650,692
Committed	-	-	-	1,917,741
Assigned	19,251,625	-	-	24,498,946
Unassigned	502,264	-	-	-
<b>Total fund balances</b>	<b>23,961,951</b>	<b>9,328,300</b>	<b>248,402</b>	<b>27,067,379</b>
<b>Total liabilities and fund balances</b>	<b>\$25,606,514</b>	<b>\$9,638,534</b>	<b>\$694,735</b>	<b>\$27,447,695</b>

The accompanying notes are an integral part of the financial statements.

<b>System Development</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 676,049	\$ 2,464,866	\$ 6,222,299
9,136,330	13,326,819	74,529,427
-	633,973	5,419,243
-	642,688	1,169,919
-	-	2,270,601
-	60,783	66,806
-	633,925	1,284,617
<b>\$9,812,379</b>	<b>\$ 17,763,054</b>	<b>\$ 90,962,911</b>

\$ 8,862	\$ 413,145	\$ 1,689,767
-	17,493	761,964
770,483	959,078	1,729,561
-	48,294	812,371
-	-	5,138
<b>779,345</b>	<b>1,438,010</b>	<b>4,998,801</b>

-	60,783	66,806
9,033,034	14,281,689	37,744,156
-	-	1,917,741
-	2,421,707	46,172,278
-	(439,135)	63,129
<b>9,033,034</b>	<b>16,325,044</b>	<b>85,964,110</b>
<b>\$9,812,379</b>	<b>\$17,763,054</b>	<b>\$90,962,911</b>

**City of Casa Grande**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2012**

Fund balance - total governmental funds balance sheet		\$85,964,110
<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	\$318,350,282	
Less accumulated depreciation	(114,998,915)	
Internal service capital assets	360,090	
Less accumulated depreciation	<u>(298,957)</u>	
		203,412,500
<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	(1,926,677)	
Capital leases	(4,846,116)	
Bonds payable	(45,934,123)	
Bond issuance costs	591,139	
Bond discount	305,376	
Deferred Loss	14,731	
Bond premium	<u>(101,044)</u>	
		(51,896,714)
<p>Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net assets.</p>		
Property Tax	243,964	
Grant / Sales Tax	<u>567,349</u>	
		811,313
<p>Interest payable on long-term debt is not reported in the governmental funds.</p>		(333,068)
<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>2,078,951</u>
Net assets of governmental activities - statement of net assets		<u><u>\$240,037,092</u></u>

The accompanying notes are an integral part of the financial statements.



City of  
Casa Grande

**City of Casa Grande**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2012**

<b>REVENUES</b>	<b>General</b>	<b>Highway Users</b>	<b>Grants &amp; Subsidies</b>	<b>Capital Replacement/ Recreation/ Development</b>
Taxes:				
Property taxes	\$ 3,203,896	\$ -	\$ -	\$ -
City sales tax	16,671,700	-	-	1,975,035
Franchise tax	2,411,942	-	-	-
Licenses and permits	494,921	-	-	-
Intergovernmental revenues	10,120,807	4,489,384	1,822,349	-
Charges for services	710,861	-	-	-
Fines	756,454	-	-	-
Investment earnings	21,732	7,497	163	21,247
Contributions and donations	20,806	-	58,441	-
Rental and sale of city property	136,004	-	-	-
Miscellaneous	121,639	767,553	-	503,561
<b>Total revenues</b>	<b>34,670,762</b>	<b>5,264,434</b>	<b>1,880,953</b>	<b>2,499,843</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,320,958	-	-	-
Public safety	18,655,568	-	1,652,022	-
Streets/Transportation	-	3,266,502	-	-
Public works	1,906,221	-	-	-
Culture and recreation	5,242,278	-	483,199	-
Planning and economic development	1,603,744	-	61,593	1,574
Capital outlay	178,337	1,695,635	28,315	5,295,807
Debt Service:				
Principal	78,930	867,681	-	-
Interest and fiscal charges	-	34,280	-	-
<b>Total expenditures</b>	<b>33,986,036</b>	<b>5,864,098</b>	<b>2,225,129</b>	<b>5,297,381</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>684,726</b>	<b>(599,664)</b>	<b>(344,176)</b>	<b>(2,797,538)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,333,780	-	429,744	2,194,834
Transfers out	(2,687,299)	(548,940)	-	(2,780,490)
Lease purchase proceeds	-	-	-	2,787,000
<b>Total other financing sources and uses</b>	<b>(1,353,519)</b>	<b>(548,940)</b>	<b>429,744</b>	<b>2,201,344</b>
<b>Net change in fund balances</b>	<b>(668,793)</b>	<b>(1,148,604)</b>	<b>85,568</b>	<b>(596,194)</b>
<b>Fund balances - beginning of year</b>	<b>24,630,744</b>	<b>10,476,904</b>	<b>162,834</b>	<b>27,663,573</b>
<b>Fund balances - end of year</b>	<b>\$23,961,951</b>	<b>\$9,328,300</b>	<b>\$248,402</b>	<b>\$27,067,379</b>

The accompanying notes are an integral part of the financial statements.

System Development	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 3,007,504	\$ 6,211,400
-	254,426	18,901,161
-	-	2,411,942
-	-	494,921
-	1,194,889	17,627,429
153,617	1,991,723	2,856,201
-	-	756,454
7,215	9,853	67,707
-	-	79,247
-	366,050	502,054
-	127,077	1,519,830
<b>160,832</b>	<b>6,951,522</b>	<b>51,428,346</b>
-	1,611,277	7,932,235
-	208,642	20,516,232
-	21,180	3,287,682
7,770	-	1,913,991
213,964	-	5,939,441
-	800,094	2,467,005
52,020	1,749,724	8,999,838
-	2,723,121	3,669,732
-	2,698,923	2,733,203
<b>273,754</b>	<b>9,812,961</b>	<b>57,459,359</b>
<b>(112,922)</b>	<b>(2,861,439)</b>	<b>(6,031,013)</b>
-	13,534,584	17,492,942
(10,833,615)	(453,234)	(17,303,578)
-	-	2,787,000
<b>(10,833,615)</b>	<b>13,081,350</b>	<b>2,976,364</b>
<b>(10,946,537)</b>	<b>10,219,911</b>	<b>(3,054,649)</b>
<b>19,979,571</b>	<b>6,105,133</b>	<b>89,018,759</b>
<b>\$9,033,034</b>	<b>\$16,325,044</b>	<b>\$85,964,110</b>

**City of Casa Grande**  
**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, 2012**

Net change in fund balances - total governmental funds		(\$3,054,649)
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	\$9,031,057	
Less current year depreciation	<u>(13,785,905)</u>	(4,754,848)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Sale of capital assets		(5,094,288)
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		(16,992)
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 .		
		(49,275)
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 lease debt	(2,787,000)	
Issuance of bond debt	(761,500)	
Bond payments	3,778,220	
Lease payments	<u>317,641</u>	547,361
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		(320,466)
The internal service fund net revenue is reported with governmental activities.		
		217,694
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		(159,901)
Interest expense on long-term debt		<u>37,334</u>
Change in net assets of governmental activities		<u><u>(\$12,648,030)</u></u>

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 3,241,740	\$ 3,241,740	\$ 3,203,896	\$ (37,844)
City sales tax	15,875,000	15,875,000	16,671,700	796,700
Franchise tax	2,240,000	2,240,000	2,411,942	171,942
Licenses and permits	592,000	592,000	494,921	(97,079)
Intergovernmental revenues	9,989,940	9,989,940	10,120,807	130,867
Charges for services	694,700	724,700	710,861	(13,839)
Fines	878,200	878,200	756,454	(121,746)
Investment earnings	40,000	175,000	21,732	(153,268)
Contributions and donations	40,000	-	20,806	20,806
Rental and sale of city property	124,400	124,400	136,004	11,604
Miscellaneous	178,000	178,000	121,639	(56,361)
<b>Total revenues</b>	<b><u>33,893,980</u></b>	<b><u>34,018,980</u></b>	<b><u>34,670,762</u></b>	<b><u>651,782</u></b>
<b>EXPENDITURES</b>				
Current:				
General government				
Mayor and Council	2,485,640	2,133,587	1,404,123	729,464
City manager	809,450	959,010	907,514	51,496
Attorney	632,790	637,505	636,628	877
Clerk	341,220	362,010	361,115	895
Finance	962,160	945,160	957,543	(12,383)
Information Technology	1,532,280	1,533,940	1,476,024	57,916
Administrative Services	676,910	606,560	578,018	28,542
Public safety				
Police	11,051,850	11,635,038	11,586,245	48,793
Fire	6,267,120	6,180,720	6,174,061	6,659
Court	608,260	608,260	579,192	29,068
Animal Control	291,630	306,190	316,070	(9,880)
Public works	2,291,760	1,945,130	1,906,221	38,909
Culture and Recreation	5,463,990	5,531,620	5,242,278	289,342
Planning and Economic Development	1,666,980	1,609,240	1,603,744	5,496
Capital Outlay	513,000	592,000	178,337	413,663
Debt Service:				
Principal	78,980	98,660	78,930	19,730
<b>Total expenditures</b>	<b><u>35,674,020</u></b>	<b><u>35,684,630</u></b>	<b><u>33,986,043</u></b>	<b><u>1,698,587</u></b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b><u>(1,780,040)</u></b>	<b><u>(1,665,650)</u></b>	<b><u>684,719</u></b>	<b><u>2,350,369</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,768,630	1,768,630	1,333,780	(434,850)
Transfers out	(2,405,370)	(2,412,260)	(2,687,299)	(275,039)
<b>Total other financing sources and uses</b>	<b><u>(636,740)</u></b>	<b><u>(643,630)</u></b>	<b><u>(1,353,519)</u></b>	<b><u>(709,889)</u></b>
<b>Net change in fund balance</b>	<b><u>(2,416,780)</u></b>	<b><u>(2,309,280)</u></b>	<b><u>(668,800)</u></b>	<b><u>1,640,480</u></b>
<b>Fund balance - beginning of year</b>	<b><u>24,630,744</u></b>	<b><u>24,630,744</u></b>	<b><u>24,630,744</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ 22,213,964</u></b>	<b><u>\$ 22,321,464</u></b>	<b><u>\$23,961,944</u></b>	<b><u>\$1,640,480</u></b>

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande**  
**Highway Users Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
<b>REVENUES</b>				
Taxes:				
State-shared gas tax	\$ 2,800,000	\$ 2,800,000	\$ 2,802,062	\$ 2,062
County sales tax	1,710,000	1,710,000	1,687,322	(22,678)
Investment earnings	10,000	10,000	7,497	(2,503)
Miscellaneous	131,000	131,000	767,553	636,553
<b>Total revenues</b>	<b>4,651,000</b>	<b>4,651,000</b>	<b>5,264,434</b>	<b>613,434</b>
<b>EXPENDITURES</b>				
Streets/Transportation				
Personal services	1,250,490	1,220,890	1,172,171	48,719
Contractual services	1,476,060	1,448,470	1,187,352	261,118
Materials and supplies	929,700	934,240	906,979	27,261
Capital outlay	5,783,040	5,783,300	1,695,635	4,087,665
Debt service	154,780	207,170	901,961	(694,791)
<b>Total Streets/Transportation</b>	<b>9,594,070</b>	<b>9,594,070</b>	<b>5,864,098</b>	<b>3,729,972</b>
<b>Total expenditures</b>	<b>9,594,070</b>	<b>9,594,070</b>	<b>5,864,098</b>	<b>3,729,972</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>(4,943,070)</b>	<b>(4,943,070)</b>	<b>(599,664)</b>	<b>4,343,406</b>
<b>OTHER FINANCING USES</b>				
Transfers out	(548,940)	(548,940)	(548,940)	-
<b>Total other financing sources and uses</b>	<b>(548,940)</b>	<b>(548,940)</b>	<b>(548,940)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(5,492,010)</b>	<b>(5,492,010)</b>	<b>(1,148,604)</b>	<b>4,343,406</b>
Fund balance - beginning of year	10,476,904	10,476,904	10,476,904	-
Fund balance - end of year	<b>\$ 4,984,894</b>	<b>\$ 4,984,894</b>	<b>\$9,328,300</b>	<b>\$4,343,406</b>

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande**  
**Grants and Subsidies Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$2,453,780	\$2,273,330	\$1,822,349	(\$450,981)
Investment earnings	-	-	163	163
Contributions and donations	66,550	66,500	58,441	(8,059)
<b>Total revenues</b>	<b><u>2,520,330</u></b>	<b><u>2,339,830</u></b>	<b><u>1,880,953</u></b>	<b><u>(458,877)</u></b>
<b>EXPENDITURES</b>				
Public safety				
Personal services	1,151,800	1,103,520	1,057,429	46,091
Contractual services	-	115,460	115,478	(18)
Materials and supplies	510,300	674,910	479,115	195,795
Capital outlay	910,000	545,740	28,315	517,425
<b>Total Public Safety</b>	<b><u>2,572,100</u></b>	<b><u>2,439,630</u></b>	<b><u>1,680,337</u></b>	<b><u>759,293</u></b>
Culture and recreation				
Personal services	205,340	157,380	107,781	49,599
Contractual services	32,380	177,770	172,028	5,742
Materials and supplies	123,950	247,390	203,391	43,999
Capital outlay	150,000	-	-	-
<b>Total Culture and Recreation</b>	<b><u>511,670</u></b>	<b><u>582,540</u></b>	<b><u>483,200</u></b>	<b><u>99,340</u></b>
Community Development				
Contractual services	-	61,600	61,593	7
<b>Total Community Development</b>	<b><u>-</u></b>	<b><u>61,600</u></b>	<b><u>61,593</u></b>	<b><u>7</u></b>
<b>Total expenditures</b>	<b><u>3,083,770</u></b>	<b><u>3,083,770</u></b>	<b><u>2,225,130</u></b>	<b><u>858,640</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(563,440)</u></b>	<b><u>(743,940)</u></b>	<b><u>(344,177)</u></b>	<b><u>399,763</u></b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	429,744	429,744
Transfers out	(59,850)	(59,850)	-	59,850
<b>Total other financing sources and uses</b>	<b><u>(59,850)</u></b>	<b><u>(59,850)</u></b>	<b><u>429,744</u></b>	<b><u>489,594</u></b>
<b>Net change in fund balance</b>	<b><u>(623,290)</u></b>	<b><u>(803,790)</u></b>	<b><u>85,567</u></b>	<b><u>889,357</u></b>
<b>Fund balance - beginning of year</b>	<b><u>162,834</u></b>	<b><u>162,834</u></b>	<b><u>162,834</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ (460,456)</u></b>	<b><u>\$ (640,956)</u></b>	<b><u>\$248,401</u></b>	<b><u>\$889,357</u></b>

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 723,202	\$ 72,997	\$ 5,157
Investments	-	7,491,485	7,358,351
Receivables, net of uncollectibles	8,972	1,419,330	-
Inventories	-	-	-
Total current assets	<u>732,174</u>	<u>8,983,812</u>	<u>7,363,508</u>
Noncurrent assets:			
Deferred bond costs	-	231,101	-
Capital assets:			
Land	-	-	2,700,724
Buildings and improvements	1,224,667	116,842,657	-
Machinery and equipment	-	1,483,435	4,857,634
Less accumulated depreciation	(498,249)	(20,072,639)	(171,387)
Total capital assets, net	<u>726,418</u>	<u>98,253,453</u>	<u>7,386,971</u>
Total noncurrent assets	<u>726,418</u>	<u>98,484,554</u>	<u>7,386,971</u>
<b>Total assets</b>	<b><u>1,458,592</u></b>	<b><u>107,468,366</u></b>	<b><u>14,750,479</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,854	347,315	-
Deposits held	9,701	-	-
Accrued wages and benefits	-	20,149	-
Accrued interest payable	2,724	659,113	-
Due to other funds	-	367,242	-
Compensated absences	-	25,591	-
Notes/Loans payable	11,696	2,390,542	-
GO Bond/Excise tax revenue obligations	-	629,173	-
Total current liabilities	<u>25,975</u>	<u>4,439,124</u>	<u>-</u>
Noncurrent liabilities:			
Notes/Loans payable	93,927	49,232,158	-
General obligation bond	-	-	-
Excise tax revenue obligations	-	12,085,276	-
Deferred amount on refunding	-	(75,448)	-
Closure and postclosure liability	-	-	-
Total noncurrent liabilities	<u>93,927</u>	<u>61,241,986</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>119,902</u></b>	<b><u>65,681,110</u></b>	<b><u>-</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	620,795	33,991,752	7,386,971
Restricted for:			
Debt service	-	4,678,660	-
Construction	-	-	7,363,508
Unrestricted	717,895	3,116,844	-
<b>Total net assets</b>	<b><u>\$1,338,690</u></b>	<b><u>\$41,787,256</u></b>	<b><u>\$14,750,479</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 Funds</b>
<b>Sanitation</b>	<b>Golf Course</b>	<b>Total</b>	
\$ 753,259	\$ 500	\$ 1,555,115	\$ 2,209,836
3,067,141	55,375	17,972,352	-
762,510	4,165	2,194,977	12,511
-	57,558	57,558	264,135
<u>4,582,910</u>	<u>117,598</u>	<u>21,780,002</u>	<u>2,486,482</u>
-	26,443	257,544	-
-	283,000	2,983,724	-
138,496	2,640,378	120,846,198	52,354
7,804,143	688,442	14,833,654	290,868
<u>(3,272,137)</u>	<u>(1,191,360)</u>	<u>(25,205,772)</u>	<u>(282,088)</u>
<u>4,670,502</u>	<u>2,420,460</u>	<u>113,457,804</u>	<u>61,134</u>
<u>4,670,502</u>	<u>2,446,903</u>	<u>113,715,348</u>	<u>61,134</u>
<b><u>9,253,412</u></b>	<b><u>2,564,501</u></b>	<b><u>135,495,350</u></b>	<b><u>2,547,616</u></b>
503,679	39,188	892,036	203,177
-	-	9,701	-
70,235	12,177	102,561	14,205
-	-	661,837	-
-	-	367,242	173,798
152,832	37,226	215,649	16,351
-	-	2,402,238	-
-	54,546	683,719	-
<u>726,747</u>	<u>143,137</u>	<u>5,334,983</u>	<u>407,531</u>
-	-	49,326,085	-
-	1,191,184	1,191,184	-
-	-	12,085,276	-
-	-	(75,448)	-
<u>2,521,639</u>	<u>-</u>	<u>2,521,639</u>	<u>-</u>
<u>2,521,639</u>	<u>1,191,184</u>	<u>65,048,736</u>	<u>-</u>
<b><u>3,248,386</u></b>	<b><u>1,334,321</u></b>	<b><u>70,383,720</u></b>	<b><u>407,531</u></b>
4,670,502	1,174,730	47,844,750	61,134
-	-	4,678,660	-
-	-	7,363,508	-
<u>1,334,523</u>	<u>55,450</u>	<u>5,224,712</u>	<u>2,078,951</u>
<b><u>\$6,005,025</u></b>	<b><u>\$1,230,180</u></b>	<b><u>\$65,111,630</u></b>	<b><u>\$2,140,085</u></b>

**City of Casa Grande**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Business-type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Wastewater Dev Fees</b>
<b>Operating revenues:</b>			
Service fees	\$ 185,176	\$ 6,623,887	\$ -
Connection fees	-	5,070	-
Department Insurance charges	-	-	-
Rental	-	-	-
Green fees	-	-	-
Impact fees	-	-	-
Miscellaneous	-	2,765	-
<b>Total operating revenue</b>	<b>185,176</b>	<b>6,631,722</b>	<b>-</b>
<b>Operating expenses:</b>			
Personal services	53,882	638,597	-
Contractual services	30,371	1,248,082	-
Materials and supplies	50,664	1,335,288	-
Depreciation	52,042	2,958,754	86,691
Closure and postclosure costs	-	-	-
<b>Total operating expenses</b>	<b>186,959</b>	<b>6,180,721</b>	<b>86,691</b>
<b>Operating income (loss)</b>	<b>(1,783)</b>	<b>451,001</b>	<b>(86,691)</b>
<b>Nonoperating revenues (expense):</b>			
Investment earnings	-	6,183	7,627
Interest expense	(3,825)	(3,519,414)	-
City sales tax	-	-	-
<b>Total nonoperating revenues (expense)</b>	<b>(3,825)</b>	<b>(3,513,231)</b>	<b>7,627</b>
<b>Income (loss) before contributions and transfers</b>	<b>(5,608)</b>	<b>(3,062,230)</b>	<b>(79,064)</b>
Capital contributions	-	2,337,217	242,088
Transfers in	-	5,406,112	-
Transfers out	(22,250)	(2,593,775)	(3,210,512)
<b>Change in net assets</b>	<b>(27,858)</b>	<b>2,087,324</b>	<b>(3,047,488)</b>
<b>Total net assets-beginning of year</b>	<b>1,366,550</b>	<b>39,699,931</b>	<b>17,797,967</b>
<b>Total net assets-end of year</b>	<b>\$1,338,692</b>	<b>\$41,787,255</b>	<b>\$14,750,479</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>	
\$ 6,254,468	\$ -	\$13,063,531	\$1,542,370
-	-	5,070	-
-	-	-	5,399,616
-	129,027	129,027	-
-	937,109	937,109	-
9,724	-	9,724	-
13,626	4,748	21,139	158,359
<b>6,277,818</b>	<b>1,070,884</b>	<b>14,165,601</b>	<b>7,100,345</b>
2,266,745	487,429	3,446,653	5,056,880
1,287,365	161,034	2,726,852	987,710
771,053	416,372	2,573,377	717,936
373,823	168,741	3,640,051	25,225
358,954	-	358,954	-
<b>5,057,940</b>	<b>1,233,576</b>	<b>12,745,887</b>	<b>6,787,751</b>
<b>1,219,878</b>	<b>(162,692)</b>	<b>1,419,714</b>	<b>312,594</b>
1,496	91	15,397	-
(2,296)	(69,437)	(3,594,972)	-
-	29,539	29,539	-
<b>(800)</b>	<b>(39,807)</b>	<b>(3,550,036)</b>	<b>-</b>
<b>1,219,078</b>	<b>(202,499)</b>	<b>(2,130,322)</b>	<b>312,594</b>
-	-	2,579,305	-
1,469,507	275,500	7,151,119	-
(1,269,026)	(150,020)	(7,245,583)	(94,900)
<b>1,419,559</b>	<b>(77,019)</b>	<b>354,517</b>	<b>217,694</b>
<b>4,585,471</b>	<b>1,307,199</b>	<b>64,757,118</b>	<b>1,922,391</b>
<b>\$6,005,030</b>	<b>\$1,230,180</b>	<b>\$65,111,636</b>	<b>\$2,140,085</b>

**City of Casa Grande**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2012**

	<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	\$ 179,548	\$ 6,109,672	\$ 247,245
Payments to suppliers	(80,598)	(3,449,696)	-
Payments to employees	(55,572)	(633,386)	-
<b>Net cash provided (used) by operating activities</b>	<b>43,378</b>	<b>2,026,590</b>	<b>247,245</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
City sales tax	-	-	-
Transfers to other funds	(22,250)	(2,593,775)	(3,210,512)
Transfers from other funds	-	5,406,111	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(22,250)</b>	<b>2,812,336</b>	<b>(3,210,512)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(201,529)	(1,557,082)	-
Proceeds from capital debt	-	1,048,965	-
Contributions	-	2,337,217	-
Principal paid on capital debt	(11,306)	(2,904,167)	-
Interest paid on capital debt	(3,825)	(3,519,416)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(216,660)</b>	<b>(4,594,483)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends received	-	6,184	7,627
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>6,184</b>	<b>7,627</b>
Net increase (decrease) in cash	(195,532)	250,627	(2,955,640)
<b>Cash and cash equivalents at beginning of year</b>	<b>918,734</b>	<b>7,313,855</b>	<b>10,319,148</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 723,202</b>	<b>\$ 7,564,482</b>	<b>\$ 7,363,508</b>
Cash	\$ 723,202	\$ 72,997	\$ 5,157
Investments	-	7,491,485	7,358,351
	<b>\$723,202</b>	<b>\$7,564,482</b>	<b>\$7,363,508</b>

The accompanying notes are an integral part of the financial statements.

<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Sanitation</u>	<u>Golf Course</u>	<u>Total</u>	
\$ 6,248,270	\$ 1,097,014	\$13,881,749	\$6,943,891
(1,668,469)	(732,289)	(5,931,052)	(1,538,557)
<u>(2,273,513)</u>	<u>(481,481)</u>	<u>(3,443,952)</u>	<u>(5,057,261)</u>
<b>2,306,288</b>	<b>(116,756)</b>	<b>4,506,745</b>	<b>348,073</b>
-	29,539	29,539	-
(1,269,026)	(150,020)	(7,245,583)	(94,900)
<u>1,469,507</u>	<u>275,500</u>	<u>7,151,118</u>	<u>-</u>
<b>200,481</b>	<b>155,019</b>	<b>(64,926)</b>	<b>(94,900)</b>
(763,036)	(171,238)	(2,692,885)	-
-	-	1,048,965	-
-	-	2,337,217	-
-	(44,525)	(2,959,998)	-
<u>(2,296)</u>	<u>(69,437)</u>	<u>(3,594,974)</u>	<u>-</u>
<b>(765,332)</b>	<b>(285,200)</b>	<b>(5,861,675)</b>	<b>-</b>
1,496	91	15,398	-
<u>1,496</u>	<u>91</u>	<u>15,398</u>	<u>-</u>
1,742,933	(246,846)	(1,404,458)	253,173
<u>2,077,467</u>	<u>302,722</u>	<u>20,931,926</u>	<u>1,956,663</u>
<b>\$ 3,820,400</b>	<b>\$ 55,876</b>	<b>\$ 19,527,468</b>	<b>\$ 2,209,836</b>
\$ 753,259	\$ 500	\$ 1,555,115	\$ 2,209,836
3,067,141	55,376	17,972,354	-
<u><b>\$3,820,400</b></u>	<u><b>\$55,876</b></u>	<u><b>\$19,527,469</b></u>	<u><b>\$2,209,836</b></u>

**City of Casa Grande  
Statement of Cash Flows  
Proprietary Funds  
June 30, 2012**

	<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)	\$ (1,783)	\$ 451,001	\$ (86,691)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Closure and postclosure costs	-	-	-
Depreciation expense	52,040	2,958,754	86,691
(Increase) decrease in prepaid expense	-	-	-
(Increase) decrease in accounts receivable	775	(546,970)	5,157
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable	436	(1,108,652)	-
Increase (decrease) in deposits held	(6,403)	-	-
Increase (decrease) in accrued wages	(1,686)	2,245	-
Increase (decrease) in due to other funds	-	267,242	-
Increase (decrease) in compensated absences	-	2,968	-
Total adjustments	<u>45,162</u>	<u>1,575,587</u>	<u>91,848</u>
<b>Net cash provided (used) by operating activities</b>	<b><u>\$ 43,379</u></b>	<b><u>\$ 2,026,588</u></b>	<b><u>\$ 5,157</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>	
\$ 1,219,878	\$ (162,692)	\$ 1,419,713	\$ 312,594
358,954	-	358,954	-
373,820	169,069	3,640,374	25,225
-	-	-	304,903
(117,648)	21	(658,665)	1,905
-	(28,465)	(28,465)	751
478,922	(100,639)	(729,933)	(241,280)
-	-	(6,403)	-
5,755	2,246	8,560	(380)
-	-	267,242	(51,202)
(13,389)	3,701	(6,720)	(4,442)
1,086,414	45,933	2,844,944	35,480
<b>\$ 2,306,292</b>	<b>\$ (116,759)</b>	<b>\$ 4,264,657</b>	<b>\$ 348,074</b>

**City of Casa Grande**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	<b>Agency Funds</b>	<b>Part-Time Firemen's Pension</b>
<b>ASSETS</b>		
Cash	\$ 20,880	\$ 1,853
Investments, at fair value	1,631,654	478,561
<b>Total assets</b>	<b>1,652,534</b>	<b>480,414</b>
<b>LIABILITIES</b>		
Other liabilities	1,652,534	-
<b>Total liabilities</b>	<b>1,652,534</b>	<b>-</b>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	\$ -	\$ 480,414

The accompanying notes are an integral part of the financial statements.

**City of Casa Grande**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	<b>Part-Time Firemen's Pension</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ -
Plan members	-
Total contributions	-
Investment earnings:	
Change in the fair value of investments	(39,946)
Total investment earnings	(39,946)
Less investment expense	(136)
Net investment earnings	(40,082)
<b>Total additions</b>	<b>(40,082)</b>
<b>DEDUCTIONS</b>	
Pension payments	61,850
Administrative expenses	1,600
<b>Total deductions</b>	<b>63,450</b>
Change in net assets	(103,532)
<b>Net assets-beginning of year</b>	<b>583,946</b>
<b>Net assets-end of year</b>	<b>\$ 480,414</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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 specific geographic 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 non-fiduciary 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 on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it meets several threshold tests based on size and proportionate share.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

Generally, the effect of interfund activity is 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 is 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 chief operating 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 the Highway Users Fund, that accounts for the City’s share of tax revenues legally restricted to the maintenance of highways within the City’s boundaries and the Grant Fund, used to account for various grants.

**Debt Service Funds** - Debt Service Funds account for the accumulation of resources for and the payment of general obligation long-term debt principal, interest and related costs. The General Obligation 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 all general obligation bonds.

**Capital Project Funds** - Capital Project Funds 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 accounts for the replacement of fleet, recreation facilities construction and development of infrastructure. The System Development Fund collects fees to defray the costs of specific growth related development.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

**PROPRIETARY FUNDS**

**Enterprise Funds** - Enterprise Funds account for operations financed and operated in a manner similar to private business enterprises - the intent of the governing body is for the costs of providing the specific service 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 - accounts for the Copper Mountain water related activities.

Wastewater Fund - accounts for the activities of the wastewater treatment, operations and maintenance.

Wastewater Development Fees Fund - impact fees pay their proportionate share for development of the wastewater system.

Sanitation Fund - accounts for the operations of the City's trash and landfill services.

Golf Course Fund - accounts 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.

**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. Each cost center is charged is proportional share of the cost for these services.

**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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

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.

(D) **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. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City considers revenues available if they are earned by June 30 and the revenue is expected to be collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

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

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

In the other legal and contractual arrangement, 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, 2012, 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.

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 Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

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

(E) **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, a budget for all governmental and proprietary funds (excluding internal service and pension funds) is legally enacted prior to the third Monday of July as required by Arizona Revised Statutes. The budget specifies expenditure amounts by activity with each Fund.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(E) **Budgetary Data** (continued)

- (4) Transfer 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 was amended for the year ending June 30, 2012.
- (5) All funds are subject to the comprehensive appropriated budget.
- (6) Encumbrances used by the City during the budget year. 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, certain annual expenditure limitations must be adhered to.
- (9) Several supplemental appropriations were necessary during the year.
- (10) Expenditures may not exceed budgeted appropriations at the total budget level.

(F) **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.

(G) **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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(G) Investments (continued)

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.

(H) 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.

(I) Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(J) 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.

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 non-vesting 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.

(K) 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 the fund as a long term liability.

(L) 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 service is revenue to the fund providing the service and expenditure to the fund receiving the service. Other interfund transactions are classified as transfers. Transfers usually reflect ongoing operating subsidies between funds.

(M) Fund Equity

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

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(N) **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 the City Council. 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 fund balance committed is spent first and then assigned resources are used.

For fund balance details by classification, see note 21 on page 63.

NOTE 2: **Cash and Investments**

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

Cash	\$ 10,009,983
Investments	94,611,993
Restricted investments	<u>1,284,618</u>
<b>Total cash and investments</b>	<b><u>\$105,906,594</u></b>

**Custodial Credit Risk**

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

The carrying amount of the City's cash in bank totaled \$10,009,983 and the bank balance was \$10,983,686 Federal Depository Insurance covered the City's deposits at June 30, 2012, to the extent of \$250,000. Deposits of \$10,733,686 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name. Casa Grande does not have a deposit policy for custodial credit risk.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Cash and cash equivalents include restricted and unrestricted amounts as follows:

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash	\$ 8,432,135	\$ 1,555,115	\$ 22,733	\$ 10,009,983
Investments	74,529,426	17,972,352	2,110,215	94,611,993
Restricted investments	1,284,618	-	-	1,284,618
	<u>\$84,246,179</u>	<u>\$19,527,467</u>	<u>\$2,132,948</u>	<u>\$105,906,594</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 fair value of the City's position is the same as the value of the pool shares. The State Board of Investment has oversight responsibilities of the investment pool pursuant to ARS 35-311. The pool's investments include securities with the full faith and credit of the United State Government with a final maturity less than 24 months 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, 2012 was \$1.56 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 has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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. The following table shows the actual rating as of year-end by investment type.

Issuer	Investment Type	Amount	Ratings at year end
			Unrated
LGIP	State Investment Pool	\$93,631,896	\$93,631,896
Deutsche Bank	Energy Lease Escrow	650,692	650,692
American Funds	Money Market	11,140	11,140
Linsco/LPL Financial	Money Market/Mut Fnds	467,421	467,421
National Bank of AZ	Cert of Deposit	250,594	250,594
Great Western Bank	Cert of Deposit	250,943	250,943
Wells Fargo	Money Market	633,926	633,926
		<u>\$95,896,612</u>	<u>\$95,896,612</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**Concentration of Credit Risk**

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

Issuer	Investment Type	Reported Amount
LGIP	State Investment Pool	\$93,631,896
Deutsche Bank	Energy Lease Escrow	650,692
Firefighter Pension:		
American Funds	Money Market	11,140
Linsco	Money Market/Mut Fnds	467,421
National Bank of AZ	Cert of Deposit	250,594
Great Western Bank	Cert of Deposit	250,943
Wells Fargo	Money Market	633,926
		<u>\$95,896,612</u>

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, 2012
Capital - CFD	Infrastructure	<u>\$284,946</u>

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, 2012
Capital - CFD	Sewer Line	<u>\$348,980</u>

In January 2012, the City entered into a lease agreement to finance energy improvements with a guaranteed energy savings contract along with energy rebates to reduce energy consumption.

Fund Type	Description of Designated Capital	Balance at June 30, 2012
Special Revenue	Energy Lease Escrow	<u>\$650,692</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

NOTE 4: **Receivables**

The following table is a summary of the City's governmental activities receivables.

	<u>General</u>	<u>Highway Users</u>	<u>Grant Subsidies</u>	<u>Capital</u>	<u>Non- Major</u>	<u>Total</u>
Receivables:						
Taxes	\$3,853,699	\$554,208	\$-	\$333,715	69,293	\$4,810,915
Accounts	29,258	2,211	2,429	10,000	555,999	599,897
Interest	-	-	-	-	8,681	8,681
Gross Receivables	<u>3,882,957</u>	<u>556,419</u>	<u>2,429</u>	<u>343,715</u>	<u>633,973</u>	<u>5,419,493</u>
Less: allowance for uncollectible	(250)	-	-	-	-	(250)
Net total	<u>\$3,882,707</u>	<u>\$556,419</u>	<u>\$2,429</u>	<u>\$343,715</u>	<u>633,973</u>	<u>\$5,419,243</u>

The following table is a summary of the City's business-type activities receivables.

	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Golf Course</u>	<u>Total</u>
Receivables:					
Accounts	\$8,972	\$3,094,288	\$1,914,859	\$4,165	\$5,022,284
Gross Receivables	8,972	3,094,288	1,914,859	4,165	5,022,284
Less: allowance for uncollectible	-	(1,674,958)	(1,152,349)	-	(2,827,307)
Net total	<u>\$8,972</u>	<u>\$1,419,330</u>	<u>\$762,510</u>	<u>\$4,165</u>	<u>\$2,194,977</u>

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

Uncollectible related to wastewater	\$ 110,081
Uncollectible related to sanitation	88,102
Total uncollectible for current fiscal year	<u>\$ 198,183</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, 2012, there were 60 of these loans outstanding, totaling \$516,575.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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 2011-2012 maximum primary levy limit was \$3,241,740. The primary tax levy was \$3,241,740. The City's secondary tax levy was \$2,331,000.

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, 2012, are \$79,516 and \$243,964 respectively.

NOTE 7: **Capital Assets**

A summary of business-type activities property, plant and equipment at June 30, 2012 follows:

	Balance June 30, 2011	Additions & Adjustments	Disposals & Adjustments	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$2,983,724	-	-	\$2,983,724
Construction in progress	\$59,687,711	-	\$59,687,711	-
Capital assets being depreciated:				
Building & Improvements	61,882,950	58,963,248	-	120,846,198
Machinery & Equipment	9,604,537	5,618,583	16,868	15,206,252
Total Capital Assets	134,158,922	64,581,831	59,704,579	139,036,174
Less: accumulated depreciation	(21,938,319)	(3,640,050)	-	(25,578,369)
Net Capital Assets	\$112,220,603	\$60,941,781	\$59,704,579	\$113,457,805

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Buildings & improvements	\$17,640,282	\$2,205,970	-	\$19,846,252
Machinery & equipment	4,298,037	1,434,080	-	5,732,117
Total Accumulated Depreciation	<u>\$21,938,319</u>	<u>\$3,640,050</u>	<u>-</u>	<u>\$25,578,369</u>

A summary of changes in governmental activities capital assets follows:

	Balance June 30, 2011	Adjustments & Additions	Adjustments & Disposals	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$19,182,295	\$349,389	-	\$19,531,684
Construction in progress	2,944,196		(2,324,984)	619,212
Capital assets being depreciated:				
Buildings	63,580,704	2,751,693	( 52,354)	66,280,043
Improvements	206,194,893	4,223,264	(2,077,006)	208,341,151
Heavy machinery & equipment	22,896,741	1,681,485	( 631,587)	23,946,639
Total General Capital Assets	<u>314,798,829</u>	<u>9,005,831</u>	<u>(5,085,931)</u>	<u>318,718,729</u>

Less Accumulated Depreciation for:

Buildings	10,170,426	1,816,440	-	11,986,866
Improvements	76,539,220	9,778,576	-	86,317,796
Heavy machinery & equipment	14,802,321	2,199,246	-	17,001,567
Total Accumulated Depreciation	<u>101,511,967</u>	<u>13,794,262</u>	<u>-</u>	<u>115,306,229</u>
Total General Capital Assets	<u>\$213,286,862</u>	<u>\$(4,788,431)</u>	<u>(5,085,931)</u>	<u>203,412,500</u>

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

Governmental Activities:

General Government	\$ 675,670
Public Safety	2,160,569
Streets/Transportation	8,352,239
Public Works	889,467
Culture and Recreation	1,465,487
Economic Development	225,605
Internal Service	<u>25,225</u>
Total Depreciation Expense - Governmental Activities	<u>\$13,794,262</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Business-type Activities:

Water	\$ 52,042
Wastewater	3,045,445
Sanitation	373,823
Golf Course	<u>168,740</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$3,640,050</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.

**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, 2012, active ASRS members were each required by statute to contribute at the actuarially determined rate of 10.74% (10.50% retirement and 0.24% long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 10.74% (10.50% retirement and health insurance premium, and .24% long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2012, 2011 and 2010 were \$1,393,482, \$1,310,650 and \$1,281,990, respectively, which were equal to the required contributions for those years. Prior year's rates are 9.85% for 2011 and 9.4% for 2010. The City contribution for the current year is as follows:

June 30, 2012	<u>Retirement &amp; Health Insurance</u>	<u>Disability</u>	<u>Total</u>
	\$1,360,948	\$32,534	\$1,393,482

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(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, 2012 active PSPRS members were required by statute to contribute 8.65% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 23.80% and 17.90% for covered payroll totaling \$5,079,289 and \$4,250,258 the plan for police and fire respectively. The City contributed the required amount.

Schedule of Funding progress - An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2010 reporting period determines the rates for fiscal year 2012. For this valuation, fiscal years prior to 2008 (which were prior to the implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2008, GASB Statement Nos. 43 and 45 measurements are made and reported, these benefits are disaggregated and reported separately. The Health Insurance Subsidy payments reported for valuation year 2010 were \$19,549 for the police plan and \$17,520 for the fire plan.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

Annual Pension Cost - The City's pension cost for the year ended June 30, 2012, the date of the most recent actuarial valuation, and related information follow.

Contribution Rates:	PSPRS - Police	PSPRS-Fire
City – retirement	22.66%	17.06%
City – health insurance premium	1.14%	0.84%
Plan members	7.65%	7.65%
Annual pension cost		
Retirement	\$ 1,219,694	\$ 769,175
Health insurance premium	\$ 61,361	\$ 37,873
Pension contributions made		
Retirement	\$ 1,219,694	\$ 769,175
Health insurance premium	\$ 61,361	\$ 37,873
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
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 adjustment	5.5%	5.5%
Amortization method		
-	Level Percent Closed	Level Percent Closed
Remaining amortization period	26 years underfunded	26 years underfunded
-	20 years overfunded	20 years overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market
Post retirement benefit increases	Based on Income	Based on Income

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

Plan	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS – Police – Pension			
June 30, 2012	\$1,219,694	100.0%	-
June 30, 2011	1,120,037	100.0%	-
June 30, 2010	996,633	100.0%	-
PSPRS – Police – Health Insurance			
June 30, 2012	61,361	100.0%	-
June 30, 2011	57,684	100.0%	-
June 30, 2010	51,426	100.0%	-
PSPRS – Fire - Pension			
June 30, 2012	769,175	100.0%	-
June 30, 2011	726,254	100.0%	-
June 30, 2010	656,978	100.0%	-
PSPRS – Fire – Health Insurance			
June 30, 2012	37,873	100.0%	-
June 30, 2011	35,502	100.0%	-
June 30, 2010	33,702	100.0%	-

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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

Required Supplementary Information (unaudited)

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]
6/30/10	15,562,591	27,269,561	11,706,970	57.1%	5,079,289	230.5%
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%

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]
6/30/10	0	525,879	525,879	0%	5,079,289	10.35%
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]
6/30/10	9,807,667	15,651,942	5,844,275	62.7%	4,250,258	137.5%
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%

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]
6/30/10	0	335,710	335,710	0%	4,250,252	7.9%
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%

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

(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, 2012, there were 14 eligible employees participating in the plan. The plan is administered by The Innes Associates.

As of June 30, 2012, the plan's assets consisted of the following:

Cash	\$ 1,853
Money Market Funds	11,140
Mutual Funds	<u>467,421</u>
Total Assets	<u><u>\$480,414</u></u>

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

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

NOTE 9: **Risk Management**

The City 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 2012 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. Liability for claims and judgments for June 30, 2012 is \$0 and for June 30, 2011 is \$0.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

NOTE 10: **Capital Leases**

Leases at June 30, 2012, 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.	\$1,960,662
Lease with option to purchase Airport T-hangers. Quarterly installments of \$20,972 including interest of 5.081%, due through August 20, 2013.	98,454
Lease to finance Energy Improvements. The lease qualifies as an Energy Conservation Bond where tax credits are available annually to reduce interest. Payments are due semi-annually at an interest rate of 4.25%, due through July 1, 2027.	<u>2,787,000</u>
<b>Total Governmental Activities Capital Lease Obligation</b>	<u><b>\$4,846,116</b></u>

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities	Business-type Activities	Total
2013	\$553,215	-	\$553,215
2014	553,348	-	553,348
2015	536,938	-	536,938
2016	539,328	-	539,328
2017	542,379	-	542,379
2018-2022	2,159,467	-	2,159,467
2023-2028	1,484,078	-	1,484,078
<hr/>			
Total minimum lease payments	6,368,753	-	6,368,753
Less: amount representing interest	<u>(1,522,637)</u>	<u>-</u>	<u>(1,522,637)</u>
Present value of future minimum lease payments	4,846,116	-	4,846,116
Less: current portion	<u>(343,097)</u>	<u>-</u>	<u>(343,097)</u>
Noncurrent portion	<u>4,503,019</u>	<u>-</u>	<u>4,503,019</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	\$8,377,231	\$(1,057,360)	\$7,319,871
Total Building and Improvement	8,377,231	(1,057,360)	7,319,871

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

NOTE 11: **Bond Debt**

A summary of long-term bond debt transactions for the year ended June 30, 2012, follows:

	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
<b>Governmental Activities</b>				
General obligation bonds	\$28,395,917	-	\$820,454	\$27,575,463
<b>Business-type Activities</b>				
General obligation bonds	\$1,269,083	-	\$44,546	\$1,224,537

Summarization of the long-term bond debt payable at June 30, 2012, 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 is a summary of the City's future bond debt service requirements.

Year Ending June30,	<u>Governmental Activities</u>		<u>Business Activities</u>			
	General Obligation Bonds		General Obligation Bonds			
	Bonds	Interest	Bonds	Interest	Bonds	Interest
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	786,818	1,175,446	58,182	40,899	845,000	1,216,345
2018-2022	5,057,267	5,261,210	482,733	148,813	5,540,000	5,410,023
2023-2027	6,944,562	3,955,040	465,438	39,839	7,410,000	3,994,879
2028-2032	7,855,000	2,266,882	-	-	7,855,000	2,266,882
2033-2035	4,190,000	382,400	-	-	4,190,000	382,400
	<u>\$27,575,463</u>	<u>\$18,041,880</u>	<u>\$1,224,537</u>	<u>\$415,057</u>	<u>\$28,800,000</u>	<u>\$18,456,937</u>

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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

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 began 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. These bonds were called in April, 2012.

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. These bonds were advance refunded for maturities in 2017 to 2022. The present value savings was \$868,776.

In August, 2009 the City issued \$18,800,000 in excise tax revenue obligations consisting of: \$7,175,000 in tax exempt obligations 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 constructed 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.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

In 2012 the City issued Refunding obligations maturing in 2022. These bonds were issued to advance refund the 2003 issue. The interest rates range from 2% to 5%. The net refunding savings was \$868,776. Debt service payments were reduced by \$949,608.

The 2003, 2009, and 2012 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, 2012:

Year Ending June 30,	Governmental <u>Activities</u>		Business-type <u>Activities</u>		<u>Total</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	940,827	976,465	629,173	480,795	1,570,000	1,457,260
2014	732,865	947,910	652,135	455,625	1,385,000	1,403,535
2015	765,718	914,548	684,282	429,537	1,450,000	1,344,085
2016	802,755	877,577	707,245	402,163	1,510,000	1,279,740
2017	878,087	834,740	1,106,913	373,870	1,985,000	1,208,610
2018-2022	5,308,410	3,361,858	7,486,590	1,046,883	12,795,000	4,408,741
2023-2027	6,220,000	1,691,767	-	-	6,220,000	1,691,767
2028-2029	2,710,000	218,975	-	-	2,710,000	218,975
	<u>\$18,358,662</u>	<u>\$9,823,840</u>	<u>\$11,266,338</u>	<u>\$3,188,873</u>	<u>\$29,625,000</u>	<u>\$13,012,713</u>

NOTE 13: **WIFA Financing**

In January, 2009 the City of Casa Grande received financing from the Water Infrastructure Finance Authority (WIFA) of Arizona to finance a wastewater treatment plant expansion project was 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, 2012 is \$59,224,517. The following schedule shows estimated payments based on the amount due of \$56,791,235

Year Ending June 30,	Principal	Interest
2013	2,390,542	2,095,629
2014	2,486,857	2,006,602
2015	2,587,052	1,906,406
2016	2,691,284	1,802,174
2017	2,799,716	1,693,742
2018-22	15,784,276	6,683,016
2023-27	19,230,776	3,236,517
2028-29	8,820,732	207,284
Total	<u>\$56,791,235</u>	<u>\$19,631,370</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

NOTE 13: **WIFA Financing** (continued)

The twenty year loan has an interest rate of 4.029%. Principal payments ranging from \$2,390,542 to \$4,497,459 are paid annually with interest paid semiannually on October 1 and April 1.

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

<u>Governmental Activities:</u>	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Compensated absences	\$1,766,775	\$998,460	(838,558)	\$1,926,677	\$867,005
G.O. Bonds payable	28,395,915	-	(820,454)	27,575,461	670,454
Excise tax revenue obligations	20,608,718	761,500	(3,011,556)	18,358,662	940,827
Capital leases	2,331,681	2,787,000	(272,564)	4,846,117	343,097
Bond premium	107,174	-	(6,130)	101,044	-
Bond discount	(354,540)	-	49,164	(305,376)	-
Total Governmental Activities	<u>\$52,855,723</u>	<u>\$4,546,960</u>	<u>(4,900,098)</u>	<u>52,502,585</u>	<u>2,821,383</u>

<u>Business-type Activities:</u>	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Compensated absences	\$222,368	101,960	(108,680)	215,648	97,042
Bond payable	1,291,686	-	(67,149)	1,224,537	54,546
Capital leases	-	-	-	-	-
Excise tax revenue obligations	12,136,075	8,593,500	(9,463,237)	11,266,338	629,173
Notes payable (1)	116,929	-	(11,307)	105,622	11,696
Loan payable – see note 13	51,621,833	2,230,252	(2,297,957)	51,554,128	2,390,542
Bond premium	281,292	1,523,825	(267,240)	1,537,877	-
Postclosure Liability	2,162,685	358,954	-	2,521,639	-
Total Business-type Activitie	<u>\$67,832,868</u>	<u>12,808,491</u>	<u>(12,215,570)</u>	<u>68,425,789</u>	<u>3,182,999</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, 2012**

**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 \$31,469,650.

Year Ending June 30,	Governmental <u>Activities</u>		Business-type <u>Activities</u>		Total
	Principal	Interest	Principal	Interest	Principal
2013	\$1,611,281	\$2,267,275	\$683,719	\$530,103	\$2,295,000
2014	1,383,319	2,211,561	706,681	503,024	2,090,000
2015	1,421,172	2,151,557	738,828	474,959	2,160,000
2016	1,568,209	2,087,009	761,791	445,540	2,330,000
2017	1,664,905	2,010,186	1,165,095	414,769	2,830,000
2018-2022	10,365,677	8,623,068	7,969,323	1,195,696	18,335,000
2023-2027	13,164,562	5,646,807	465,438	39,839	13,630,000
2028-2032	10,565,000	2,485,857	-	-	10,565,000
2033-2035	4,190,000	382,400	-	-	4,190,000
	<u>\$45,934,125</u>	<u>\$27,865,720</u>	<u>\$12,490,875</u>	<u>\$3,603,930</u>	<u>\$58,425,000</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 post closure care costs. The City of Casa Grande owns and operates one landfill. Closure and post closure 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, 2012 the City has reported a \$2,521,639 landfill closure and postclosure care liability that represents the total current cost based on 45.0 percent of estimated capacity of the landfill.

The remaining cost of \$2,097,214 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 18 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 2012 valuation of the total closure and postclosure costs were estimated to be \$4,618,853.

**NOTE 17: Construction Commitments**

The City has one significant construction commitment as of June 30, 2012:

The Downtown street reconstruction project is outstanding. The contract was awarded to Ellison-Mills for the amount of \$2,761,205, the amount paid through June 30, 2012 is \$843,464 with an amount still outstanding of \$1,917,741.

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

NOTE 18: **Summary of Interfund Transactions**

Interfund transactions as of June 30, 2012, were as follows:  
Interfund Receivable/Payable:

Fund	Receivable Amount	Payable Amount
General	\$1,500,118	
Construction Sales Tax	770,483	
Airport		362,254
Wildland Fire		31,620
System Development		770,483
Performance Institute		400,408
Housing		48,558
Airport Construction		114,238
WWTP Expansion		367,242
Equipment Maintenance		173,798
Post CFD		2,000
Total	<u>\$2,270,601</u>	<u>\$2,270,601</u>

The interfund balances at June 30, 2012 are short-term loans to cover temporary cash deficits in various funds.

Transfers:

Fund	Transfers Out	Transfers In
<b>Governmental Funds:</b>		
General	2,687,298	1,333,780
Highway Users	548,940	-
System Development	10,833,615	-
Capital Replacement	1,510,007	1,893,100
GO Debt	115,000	-
Grants	-	429,744
Other Non-major Governmental	1,608,716	13,836,316
Total Governmental Funds	<u>17,303,576</u>	<u>17,492,940</u>
<b>Enterprise Funds:</b>		
Water	22,250	-
Golf Course	150,020	275,500
Wastewater	5,804,286	5,406,111
Sanitation	1,269,026	1,469,507
Total Enterprise Funds	<u>7,245,582</u>	<u>7,151,118</u>
Internal Service Fund	94,900	-
Grand Totals	<u>\$24,644,058</u>	<u>\$24,644,058</u>

(continued)

**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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

Transfers between funds are required to move cash as payment for services, or to move cash from fund where revenue is recorded to fund where cost is incurred. During fiscal year 2012 the City established Capital Project Funds consistent with changes in the Legislation governing Development Impact Fees. There was a one time transfer of balances from the Special Revenue Fund to these new Funds in the amount of \$10,316,635.

NOTE 19: **Deficit in Net Assets**

Three funds had deficits in net assets. The Wildland Firefighting fund has a deficit of (\$16,423) because \$47,236 is due from other governments were not received within 60 days of year end and is shown in deferred revenue. The Municipal Airport operating fund had a deficit of (\$361,927) because air traffic and fuel sales were less than anticipated. 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. Performance Institute has a negative balance of \$398,357. The agreement includes a \$7,000,000 guaranteed in year 10, if rent payments are less than proforma.

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 uncommitted tax collected during that quarter. The first payment to WP Casa Grande Retail was made in September, 2008. As of June 30, 2012 \$4,079,583 (including \$3,480,105 in interest) has been paid.

(continued)

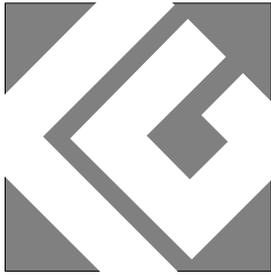
**CITY OF CASA GRANDE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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	6,023	-	60,784	66,807
<b>Restricted:</b>				
City Court JCEF	48,241	-	-	48,241
Highway Users	-	9,328,300	-	9,328,300
System Development	-	9,033,035	6,776,980	15,810,015
Capital Replacement/Dev.		650,692		650,692
Grants	-	248,402	-	248,402
Debt Service	-	-	2,047,848	2,047,848
Court Enhancement	-	-	276,809	276,809
Housing Funds	-	-	604,810	604,810
Public Safety	-	-	3,569,351	3,569,351
CFD Debt	-	-	1,005,893	1,005,893
Downtown Revitalization	275,704	-	-	275,704
Aesthetic Revitalization	3,628,094	-	-	3,628,094
Economic Redevelopment	250,000	-	-	250,000
<b>Committed:</b>				
Capital Project	-	1,917,741	-	1,917,741
<b>Assigned:</b>				
50% general fund	19,251,625	-	-	19,251,625
Capital Replacement/Dev.	-	24,498,944	-	24,498,944
Parks Development	-	-	910,598	910,598
Community Arts	-	-	11,892	11,892
Development	-	-	1,445,372	1,445,372
<b>Unassigned:</b>	502,264	-	(385,288)	116,976
	<u>23,961,951</u>	<u>45,677,114</u>	<u>16,325,049</u>	<u>85,964,114</u>



City of  
Casa Grande



## **COMBINING STATEMENTS**

**City of Casa Grande**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**

	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
<b>ASSETS</b>						
Cash	\$ 50	\$ 11,495	\$ 868	\$ 9,454	\$ 47,934	\$ 3,999
Investments	-	900,024	11,024	1,479,536	369,781	302,131
Receivables (less allowance for uncollectibles)	17,656	-	-	-	53,973	-
Due from other governments	-	-	-	-	-	2,104
Inventory	60,783	-	-	-	-	-
Restricted assets: cash and cash equivalents	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 78,489</b>	<b>\$ 911,519</b>	<b>\$ 11,892</b>	<b>\$ 1,488,990</b>	<b>\$ 471,688</b>	<b>\$ 308,234</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and other current liabilities	\$ 72,378	\$ 921	\$ -	\$ 43,618	\$ 17,435	\$ 31,427
Accrued wages and benefits	5,786	-	-	-	-	-
Due to other funds	362,254	-	-	-	400,408	-
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>440,418</b>	<b>921</b>	<b>-</b>	<b>43,618</b>	<b>417,843</b>	<b>31,427</b>
<b>Fund balances:</b>						
Nonspendable	60,783	-	-	-	-	-
Restricted	-	-	-	-	-	276,807
Assigned	-	910,598	11,892	1,445,372	53,845	-
Unassigned	(422,712)	-	-	-	-	-
<b>Total fund balances</b>	<b>(361,929)</b>	<b>910,598</b>	<b>11,892</b>	<b>1,445,372</b>	<b>53,845</b>	<b>276,807</b>
<b>Total liabilities and fund balance</b>	<b>\$ 78,489</b>	<b>\$ 911,519</b>	<b>\$ 11,892</b>	<b>\$ 1,488,990</b>	<b>\$ 471,688</b>	<b>\$ 308,234</b>

Housing Programs	Special Revenue				Debt Service		2009 Excise Recreation
	CDBG	Self-help Technical Asst	Home/HUD	Wildland Fire/ Public Safety	General Obligation	Redevelopment	
\$ 13,738	\$ -	\$ 2,000	\$ -	\$ 7,448	\$ 1,888,743	\$ -	\$ -
78,159	-	-	-	14,269	125,440	-	-
1,000	525,256	-	-	-	33,665	-	-
-	222,129	56,892	-	51,062	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>\$ 92,897</b>	<b>\$ 747,385</b>	<b>\$ 58,892</b>	<b>\$ -</b>	<b>\$ 72,779</b>	<b>\$ 2,047,848</b>	<b>\$ -</b>	<b>\$ -</b>
\$ -	\$ 238,060	\$ 514	\$ -	\$ 5,653	\$ -	\$ -	\$ -
-	434	6,580	-	4,693	-	-	-
-	3,302	45,256	-	31,620	-	-	-
-	-	219	-	47,236	-	-	-
-	<b>241,796</b>	<b>52,569</b>	-	<b>89,202</b>	-	-	-
-	-	-	-	-	-	-	-
92,897	505,589	6,323	-	-	2,047,848	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(16,423)	-	-	-
<b>92,897</b>	<b>505,589</b>	<b>6,323</b>	<b>-</b>	<b>(16,423)</b>	<b>2,047,848</b>	<b>-</b>	<b>-</b>
<b>\$ 92,897</b>	<b>\$ 747,385</b>	<b>\$ 58,892</b>	<b>\$ -</b>	<b>\$ 72,779</b>	<b>\$ 2,047,848</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

**City of Casa Grande**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2012**

	Capital Projects				Airport Improvement	Total Nonmajor Governmental Funds
	Community Services	Transportation	Public Safety	Community Facilities District		
<b>ASSETS</b>						
Cash	\$ 1,157	\$ 106,434	\$ -	\$ 371,545	\$ 1	\$ 2,464,866
Investments	2,643,822	3,833,282	3,569,351	-	-	13,326,819
Receivables (less allowance for uncollectibles)	-	-	-	2,423	-	633,973
Due from other governments	-	-	-	-	310,501	642,688
Inventory	-	-	-	-	-	60,783
Restricted assets: cash and cash equivalents	-	-	-	633,925	-	633,925
<b>Total assets</b>	<b>\$ 2,644,979</b>	<b>\$ 3,939,716</b>	<b>\$ 3,569,351</b>	<b>\$ 1,007,893</b>	<b>\$ 310,502</b>	<b>\$ 17,763,054</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and other current liabilities	\$ -	\$ 3,139	\$ -	\$ -	\$ -	\$ 413,145
Accrued wages and benefits	-	-	-	-	-	17,493
Due to other funds	-	-	-	2,000	114,238	959,078
Deferred revenue	-	-	-	-	839	48,294
<b>Total liabilities</b>	<b>-</b>	<b>3,139</b>	<b>-</b>	<b>2,000</b>	<b>115,077</b>	<b>1,438,010</b>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	60,783
Restricted	2,644,979	3,936,577	3,569,351	1,005,893	195,425	14,281,689
Assigned	-	-	-	-	-	2,421,707
Unassigned	-	-	-	-	-	(439,135)
<b>Total fund balances</b>	<b>2,644,979</b>	<b>3,936,577</b>	<b>3,569,351</b>	<b>1,005,893</b>	<b>195,425</b>	<b>16,325,044</b>
<b>Total liabilities and fund balance</b>	<b>\$ 2,644,979</b>	<b>\$ 3,939,716</b>	<b>\$ 3,569,351</b>	<b>\$ 1,007,893</b>	<b>\$ 310,502</b>	<b>\$ 17,763,054</b>



City of  
Casa Grande

**City of Casa Grande**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2012**

REVENUES	Special Revenue					
	Municipal Airport	Parks Develop.	Community Arts	Redevelop- ment	Promotion & Tourism	Court Enhancement
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	254,426	-
Intergovernmental revenues	-	-	-	-	-	12,049
Charges for services	1,117,917	-	-	-	-	56,666
Investment earnings	6	653	9	1,162	187	254
Rental and sale of city property	215,232	32,436	-	-	118,382	-
Miscellaneous	18,651	25,000	2,995	-	-	-
<b>Total revenues</b>	<b>1,351,806</b>	<b>58,089</b>	<b>3,004</b>	<b>1,162</b>	<b>372,995</b>	<b>68,969</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,303,184	-	-	-	308,093	-
Public safety	-	-	-	-	-	15,492
Culture and recreation	-	11,306	9,874	-	-	-
Economic development	-	-	-	46,391	-	-
Capital outlay	-	13,937	-	349,389	-	64,837
Debt Service:						
Principal	76,751	-	-	-	-	-
Interest and fiscal charges	7,135	-	-	-	-	-
<b>Total expenditures</b>	<b>1,387,070</b>	<b>25,243</b>	<b>9,874</b>	<b>395,780</b>	<b>308,093</b>	<b>80,329</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(35,264)</b>	<b>32,846</b>	<b>(6,870)</b>	<b>(394,618)</b>	<b>64,902</b>	<b>(11,360)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	9,375	-	5,000	-	-	-
Transfers out	(36,500)	-	-	-	-	(301,734)
<b>Total other financing sources and uses</b>	<b>(27,125)</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(301,734)</b>
<b>Net change in fund balances</b>	<b>(62,389)</b>	<b>32,846</b>	<b>(1,870)</b>	<b>(394,618)</b>	<b>64,902</b>	<b>(313,094)</b>
<b>Fund balances - beginning 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>
<b>Fund balances - end of year</b>	<b>\$ (361,928)</b>	<b>\$ 910,598</b>	<b>\$ 11,892</b>	<b>\$ 1,445,372</b>	<b>\$ 53,845</b>	<b>\$ 276,807</b>

Housing Programs	Special Revenue				Debt Service		
	CDBG	Self Help Tech Asst	Home/HUD	Wildland Fire/ Public Safety	General Obligation	Redevelopment	2009 Excise Recreation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,496,389	\$ -	\$ -
-	-	-	-	-	-	-	-
23,656	370,356	159,103	141,865	159,645	-	-	-
8,459	-	-	-	-	-	-	-
53	-	-	-	24	94	-	-
-	-	-	-	-	-	-	-
6,537	54,434	-	-	16,206	-	-	-
<b>38,705</b>	<b>424,790</b>	<b>159,103</b>	<b>141,865</b>	<b>175,875</b>	<b>2,496,483</b>	<b>-</b>	<b>-</b>
-	-	-	-	-	-	-	-
-	-	-	-	193,146	-	-	-
-	-	-	-	-	-	-	-
24,625	415,813	159,322	133,010	-	2,750	2,700	-
-	-	-	-	-	-	-	-
-	-	-	-	-	431,370	1,535,000	630,000
-	-	-	-	-	1,116,330	94,270	954,655
<b>24,625</b>	<b>415,813</b>	<b>159,322</b>	<b>133,010</b>	<b>193,146</b>	<b>1,550,450</b>	<b>1,631,970</b>	<b>1,584,655</b>
<b>14,080</b>	<b>8,977</b>	<b>(219)</b>	<b>8,855</b>	<b>(17,271)</b>	<b>946,033</b>	<b>(1,631,970)</b>	<b>(1,584,655)</b>
-	-	-	-	-	-	1,606,854	1,585,600
-	-	-	-	-	(115,000)	-	-
-	-	-	-	-	<b>(115,000)</b>	<b>1,606,854</b>	<b>1,585,600</b>
<b>14,080</b>	<b>8,977</b>	<b>(219)</b>	<b>8,855</b>	<b>(17,271)</b>	<b>831,033</b>	<b>(25,116)</b>	<b>945</b>
<b>78,817</b>	<b>496,612</b>	<b>6,542</b>	<b>(8,855)</b>	<b>848</b>	<b>1,216,815</b>	<b>25,116</b>	<b>(945)</b>
<b>\$ 92,897</b>	<b>\$ 505,589</b>	<b>\$ 6,323</b>	<b>\$ -</b>	<b>\$ (16,423)</b>	<b>\$ 2,047,848</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

**City of Casa Grande**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2012**

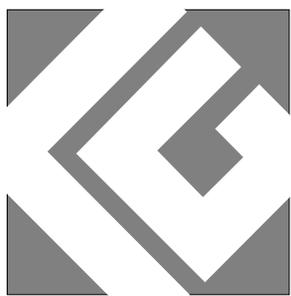
	Capital Projects				Airport Improvement	Total Nonmajor Governmental Funds
	Community Services	Transportation	Public Safety	Community Facility District		
<b>REVENUES</b>						
Taxes:						
Property taxes	\$ -	\$ -	\$ -	\$ 511,115	\$ -	\$ 3,007,504
Sales Tax	-	-	-	-	-	254,426
Intergovernmental revenues	-	-	-	-	328,215	1,194,889
Charges for services	161,979	495,921	150,781	-	-	1,991,723
Investment earnings	1,914	2,769	2,701	27	-	9,853
Rental and sale of city property	-	-	-	-	-	366,050
Miscellaneous	-	-	-	3,254	-	127,077
<b>Total revenues</b>	<b>163,893</b>	<b>498,690</b>	<b>153,482</b>	<b>514,396</b>	<b>328,215</b>	<b>6,951,522</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	1,611,277
Public safety	-	-	-	-	-	208,638
Culture and recreation	-	-	-	-	-	21,180
Economic development	-	-	-	15,485	-	800,096
Capital outlay	-	813,129	169,820	-	338,612	1,749,724
Debt Service:						
Principal	-	-	-	50,000	-	2,723,121
Interest and fiscal charges	-	-	-	526,533	-	2,698,923
<b>Total expenditures</b>	<b>-</b>	<b>813,129</b>	<b>169,820</b>	<b>592,018</b>	<b>338,612</b>	<b>9,812,959</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>163,893</b>	<b>(314,439)</b>	<b>(16,338)</b>	<b>(77,622)</b>	<b>(10,397)</b>	<b>(2,861,437)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,479,930	4,251,016	3,585,689	-	11,120	13,534,584
Transfers out	-	-	-	-	-	(453,234)
<b>Total other financing sources and uses</b>	<b>2,479,930</b>	<b>4,251,016</b>	<b>3,585,689</b>	<b>-</b>	<b>11,120</b>	<b>13,081,350</b>
<b>Net change in fund balances</b>	<b>2,643,823</b>	<b>3,936,577</b>	<b>3,569,351</b>	<b>(77,622)</b>	<b>723</b>	<b>10,219,913</b>
Fund balances - beginning of year	1,156	-	-	1,083,515	194,702	6,105,132
Fund balances - end of year	<b>\$ 2,644,979</b>	<b>\$ 3,936,577</b>	<b>\$ 3,569,351</b>	<b>\$ 1,005,893</b>	<b>\$ 195,425</b>	<b>\$ 16,325,045</b>

**City of Casa Grande**  
**Combining Statement of Fiduciary Net Assets**  
**All Agency Funds**  
**June 30, 2012**

	<u>Performance Bond Fund</u>	<u>Flexible Spending Plan Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ -	\$ 20,880	\$ 20,880
Investments, at fair value	<u>1,631,654</u>	<u>-</u>	<u>1,631,654</u>
<b>Total assets</b>	<b><u>1,631,654</u></b>	<b><u>20,880</u></b>	<b><u>1,652,534</u></b>
<b>LIABILITIES</b>			
Other liabilities	<u>1,631,654</u>	<u>20,880</u>	<u>1,652,534</u>
<b>Total liabilities</b>	<b><u>1,631,654</u></b>	<b><u>20,880</u></b>	<b><u>1,652,534</u></b>
<b>NET ASSETS</b>			
Held in trust for other purposes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Casa Grande**  
**Combining Statement of Changes in Assets and Liabilities**  
**All Agency Funds**  
**For the Year Ended June 30, 2012**

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<b>Performance Bond Fund</b>				
Assets:				
Cash	\$ -	\$ 233,886	\$ (233,886)	\$ -
Investments	1,663,367	46,177	(77,890)	1,631,654
Total Assets	<u>1,663,367</u>	<u>280,063</u>	<u>(311,776)</u>	<u>1,631,654</u>
Liabilities:				
Other Liabilities	1,658,670	-	(29,467)	1,629,203
Accounts Payable	4,698	184,670	(186,917)	2,451
	<u>1,663,368</u>	<u>184,670</u>	<u>(216,384)</u>	<u>1,631,654</u>
<b>Flexible Spending Plan Fund</b>				
Assets:				
Cash	31,075	135,042	(145,237)	20,880
Total Assets	<u>31,075</u>	<u>135,042</u>	<u>(145,237)</u>	<u>20,880</u>
Liabilities:				
Other Liabilities	21,075	10,000	(20,000)	11,075
Accounts Payable	10,000	-	(195)	9,805
	<u>31,075</u>	<u>10,000</u>	<u>-</u>	<u>20,880</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash	31,075	368,928	(379,123)	20,880
Investments	1,663,367	46,177	(77,890)	1,631,654
Total Assets	<u>1,694,442</u>	<u>415,105</u>	<u>(457,013)</u>	<u>1,652,534</u>
Liabilities:				
Other Liabilities	1,679,745	10,000	(49,467)	1,640,278
Accounts Payable	14,698	184,670	(187,112)	12,256
Total Liabilities	<u>\$ 1,694,443</u>	<u>\$ 194,670</u>	<u>\$ (236,579)</u>	<u>\$ 1,652,534</u>



**OTHER SUPPLEMENTARY INFORMATION**

**City of Casa Grande**  
**General Fund**  
**Schedule of Expenditures - Legal Level Budget Compliance**  
**For the Year Ended June 30, 2012**  
Budgeted Amounts

EXPENDITURES	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Budget Variance</u>
General Government				
Mayor and Council				
Personal services	\$ 149,010	\$ 197,010	\$ 186,187	\$ 10,823
Other expenditures	2,336,630	1,936,577	1,217,936	718,641
City Manager				
Personal services	695,400	799,450	786,125	13,325
Other expenditures	114,050	159,560	121,389	38,171
Attorney				
Personal services	602,360	610,430	609,983	447
Other expenditures	30,430	27,075	26,644	431
Clerk				
Personal services	312,850	334,750	334,661	89
Other expenditures	28,370	27,260	26,453	807
Finance				
Personal services	806,680	802,530	801,611	919
Other expenditures	155,480	142,630	155,930	(13,300)
Information Technology				
Personal services	670,350	683,390	672,980	10,410
Other expenditures	861,930	850,550	803,042	47,508
Administrative Services				
Personal services	534,800	503,680	498,535	5,145
Other expenditures	142,110	102,880	79,481	23,399
Public Safety				
Police				
Personal services	9,639,120	9,958,240	9,945,049	13,191
Other expenditures	1,412,730	1,676,798	1,641,195	35,603
Fire				
Personal services	5,454,780	5,407,670	5,398,645	9,025
Other expenditures	812,340	773,050	775,416	(2,366)
Court				
Personal services	432,020	464,090	449,199	14,891
Other expenditures	176,240	144,170	129,993	14,177
Animal Control				
Personal services	231,850	190,460	221,182	(30,722)
Other expenditures	59,780	115,730	94,888	20,842
Public Works				
Personal services	1,114,550	1,091,671	1,069,493	22,178
Other expenditures	1,177,210	853,459	836,727	16,732
Culture and Recreation				
Personal services	3,153,330	3,270,740	3,206,196	64,544
Other expenditures	2,310,660	2,260,880	2,036,081	224,799
Planning and Economic Development				
Personal services	1,570,830	1,515,540	1,514,116	1,424
Other expenditures	96,150	93,700	89,629	4,071
Capital Outlay	513,000	592,000	178,337	413,663
Debt service	78,980	98,660	78,930	19,730
<b>Total expenditures</b>	<b>\$ 35,674,020</b>	<b>\$ 35,684,630</b>	<b>\$ 33,986,033</b>	<b>\$ 1,698,597</b>

**City of Casa Grande**  
**System Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$295,000	\$295,000	\$153,617	(\$141,383)
Investment earnings	17,150	17,150	7,215	(9,935)
<b>Total revenues</b>	<b>312,150</b>	<b>312,150</b>	<b>160,832</b>	<b>(151,318)</b>
<b>EXPENDITURES</b>				
Public Safety	300,000	7,770	7,770	-
Culture and recreation	250,000	250,000	213,964	36,036
Capital outlay	1,700,000	1,550,000	52,020	1,497,980
<b>Total expenditures</b>	<b>2,250,000</b>	<b>1,807,770</b>	<b>273,754</b>	<b>1,534,016</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,937,850)</b>	<b>(1,495,620)</b>	<b>(112,922)</b>	<b>1,382,698</b>
<b>OTHER FINANCING SOURCES ( USES)</b>				
Transfers out	(375,000)	(905,000)	(10,833,615)	(9,928,615)
<b>Total other financing sources and uses</b>	<b>(375,000)</b>	<b>(905,000)</b>	<b>(10,833,615)</b>	<b>(9,928,615)</b>
<b>Net change in fund balance</b>	<b>(2,312,850)</b>	<b>(2,400,620)</b>	<b>(10,946,537)</b>	<b>(8,545,917)</b>
Fund balance - beginning of year	19,979,571	19,979,571	19,979,571	-
Fund balance - end of year	<b>\$ 17,666,721</b>	<b>\$ 17,578,951</b>	<b>\$ 9,033,034</b>	<b>\$ (8,545,917)</b>

**City of Casa Grande**  
**Municipal Airport Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ 6	\$ (94)
Charge for service	1,104,000	1,104,000	1,117,917	13,917
Rental and sale of city property	221,400	221,400	215,232	(6,168)
Miscellaneous	2,000	2,000	18,651	16,651
<b>Total revenues</b>	<b><u>1,327,500</u></b>	<b><u>1,327,500</u></b>	<b><u>1,351,806</u></b>	<b><u>24,306</u></b>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services	167,880	152,840	164,489	11,649
Contractual services	57,700	54,720	57,609	2,889
Materials and supplies	1,048,760	1,067,780	1,053,738	(14,042)
Capital outlay	1,151,000	1,150,000	27,348	(1,122,652)
Debt service	83,900	83,900	83,886	(14)
<b>Total expenditures</b>	<b><u>2,509,240</u></b>	<b><u>2,509,240</u></b>	<b><u>1,387,070</u></b>	<b><u>1,122,170</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(1,181,740)</u></b>	<b><u>(1,181,740)</u></b>	<b><u>(35,264)</u></b>	<b><u>1,146,476</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	(10,000)	(10,000)	9,375	19,375
Transfers out	(36,500)	(36,500)	(36,500)	-
Proceeds from obligations	(1,150,000)	(1,150,000)	-	1,150,000
<b>Total other financing sources and uses</b>	<b><u>(1,196,500)</u></b>	<b><u>(1,196,500)</u></b>	<b><u>(27,125)</u></b>	<b><u>1,169,375</u></b>
<b>Net change in fund balance</b>	<b><u>(2,378,240)</u></b>	<b><u>(2,378,240)</u></b>	<b><u>(62,389)</u></b>	<b><u>2,315,851</u></b>
<b>Fund balance - beginning of year</b>	<b><u>(299,539)</u></b>	<b><u>(299,539)</u></b>	<b><u>(299,539)</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ (2,677,779)</u></b>	<b><u>\$ (2,677,779)</u></b>	<b><u>\$ (361,928)</u></b>	<b><u>\$ 2,315,851</u></b>

**City of Casa Grande**  
**Parks Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 1,000	\$ 1,000	\$ 653	\$ (347)
Rental and sale of City property	33,000	33,000	32,436	(564)
Miscellaneous	25,000	25,000	25,000	-
<b>Total revenues</b>	<b>59,000</b>	<b>59,000</b>	<b>58,089</b>	<b>(911)</b>
<b>EXPENDITURES</b>				
Contractual services				
Contractual services	570,000	564,000	575	563,425
Materials and supplies	-	6,000	10,731	(4,731)
Capital outlay	100,000	100,000	13,937	86,063
<b>Total expenditures</b>	<b>670,000</b>	<b>670,000</b>	<b>25,243</b>	<b>644,757</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(611,000)</b>	<b>(611,000)</b>	<b>32,846</b>	<b>643,846</b>
<b>Fund balance - beginning of year</b>	<b>877,752</b>	<b>877,752</b>	<b>877,752</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 266,752</b>	<b>\$ 266,752</b>	<b>\$ 910,598</b>	<b>\$ 643,846</b>

**City of Casa Grande**  
**Community Arts Reserve Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Contributions and Donations	\$ 15,000	\$ 15,000	\$ 2,995	\$ (12,005)
Investment earnings	-	-	9	9
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>3,004</b>	<b>(11,996)</b>
<b>EXPENDITURES</b>				
Current:				
Contractual services	-	(9,870)	9,874	(19,744)
Materials and supplies	-	(9,870)	-	(9,870)
Capital outlay	25,000	15,130	-	15,130
<b>Total expenditures</b>	<b>25,000</b>	<b>(4,610)</b>	<b>9,874</b>	<b>(14,484)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,000)</b>	<b>19,610</b>	<b>(6,870)</b>	<b>(26,480)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	(5,000)	(5,000)	5,000	10,000
<b>Total other financing sources and uses</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>5,000</b>	<b>10,000</b>
<b>Net change in fund balance</b>	<b>(15,000)</b>	<b>14,610</b>	<b>(1,870)</b>	<b>(16,480)</b>
Fund balance - beginning of year	13,762	13,762	13,762	-
Fund balance - end of year	<b>\$ (1,238)</b>	<b>\$ 28,372</b>	<b>\$ 11,892</b>	<b>\$ (16,480)</b>

**City of Casa Grande**  
**Redevelopment/Downtown Revitalization Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,162	\$ 162
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>1,162</b>	<b>162</b>
<b>EXPENDITURES</b>				
Current:				
Economic development:				
Contractual services	250,000	154,570	46,391	108,179
Capital outlay	-	253,960	349,389	(95,429)
<b>Total expenditures</b>	<b>250,000</b>	<b>408,530</b>	<b>395,780</b>	<b>12,750</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(249,000)</b>	<b>(407,530)</b>	<b>(394,618)</b>	<b>12,912</b>
<b>Fund balance - beginning of year</b>	<b>1,839,990</b>	<b>1,839,990</b>	<b>1,839,990</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 1,590,990</b>	<b>\$ 1,432,460</b>	<b>\$ 1,445,372</b>	<b>\$ 12,912</b>

**City of Casa Grande**  
**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local taxes	\$ 150,000	\$ 150,000	\$ 254,426	\$ 104,426
Facility Use	-	-	118,382	118,382
Investment earnings	100	100	187	87
<b>Total revenues</b>	<u>150,100</u>	<u>150,100</u>	<u>372,995</u>	<u>222,895</u>
<b>EXPENDITURES</b>				
Contractual services	100,000	-	102,563	(102,563)
Materials & supplies	-	-	205,530	(205,530)
<b>Total expenditures</b>	<u>100,000</u>	<u>-</u>	<u>308,093</u>	<u>(308,093)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	50,100	150,100	64,902	(85,198)
<b>Fund balance - beginning of year</b>	<u>(11,057)</u>	<u>(11,057)</u>	<u>(11,057)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 39,043</u>	<u>\$ 139,043</u>	<u>\$ 53,845</u>	<u>\$ (85,198)</u>

**City of Casa Grande**  
**Court Enhancement/Probationary Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 12,500	\$ 12,500	\$ 12,049	\$ (451)
Charges for services	49,000	50,000	56,666	6,666
Investment earnings	700	700	254	(446)
<b>Total revenues</b>	<b>62,200</b>	<b>63,200</b>	<b>68,969</b>	<b>5,769</b>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Contractual services	-	14,230	14,232	(2)
Materials and supplies	-	-	1,260	(1,260)
Capital outlay	26,000	70,720	64,837	5,883
<b>Total expenditures</b>	<b>26,000</b>	<b>84,950</b>	<b>80,329</b>	<b>4,621</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	36,200	(21,750)	(11,360)	10,390
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(301,734)	(301,734)
<b>Total other financing uses</b>	-	-	(301,734)	(301,734)
<b>Net change in fund balance</b>	36,200	(21,750)	(313,094)	(291,344)
<b>Fund balance - beginning of year</b>	<b>589,901</b>	<b>589,901</b>	<b>589,901</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 626,101</b>	<b>\$ 568,151</b>	<b>\$ 276,807</b>	<b>\$ (291,344)</b>

**City of Casa Grande**  
**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for service	\$ 90,000	\$ 90,000	\$ 8,459	\$ (81,541)
Intergovernmental	300,000	300,000	23,656	(276,344)
Investment earnings	-	-	53	53
Loan fees	-	-	6,537	6,537
<b>Total revenues</b>	<b><u>390,000</u></b>	<b><u>390,000</u></b>	<b><u>38,705</u></b>	<b><u>(351,295)</u></b>
<b>EXPENDITURES</b>				
Current:				
Economic development:				
Personal services	90,000	550	550	-
Contractual services	300,000	324,010	24,005	300,005
Materials and supplies	-	70	70	-
<b>Total expenditures</b>	<b><u>390,000</u></b>	<b><u>324,630</u></b>	<b><u>24,625</u></b>	<b><u>300,005</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>65,370</b>	<b>14,080</b>	<b>(51,290)</b>
<b>Fund balance - beginning of year</b>	<b><u>78,817</u></b>	<b><u>78,817</u></b>	<b><u>78,817</u></b>	<b>-</b>
<b>Fund balance - end of year</b>	<b><u>\$ 78,817</u></b>	<b><u>\$ 144,187</u></b>	<b><u>\$ 92,897</u></b>	<b><u>\$ (51,290)</u></b>

**City of Casa Grande**  
**Community Development Block Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$1,078,000	\$1,078,000	\$370,356	(\$707,644)
Program income	-	-	54,434	54,434
<b>Total revenues</b>	<b>1,078,000</b>	<b>1,078,000</b>	<b>424,790</b>	<b>(653,210)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	-	35,650	26,384	9,266
Contractual services	1,078,000	1,236,570	387,338	849,232
Materials and supplies	-	4,180	2,091	2,089
<b>Total expenditures</b>	<b>1,078,000</b>	<b>1,276,400</b>	<b>415,813</b>	<b>860,587</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(198,400)	8,977	207,377
<b>Fund balance - beginning of year</b>	<b>496,612</b>	<b>496,612</b>	<b>496,612</b>	-
<b>Fund balance - end of year</b>	<b>\$ 496,612</b>	<b>\$ 298,212</b>	<b>\$505,589</b>	<b>\$207,377</b>

**City of Casa Grande**  
**Self-Help Technical Assistance Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$200,000	\$200,000	\$159,103	(\$40,897)
<b>Total revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>159,103</b>	<b>(40,897)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	200,000	103,970	155,922	(51,952)
Contractual services	-	900	900	-
Materials and supplies	-	2,270	2,500	(230)
<b>Total expenditures</b>	<b>200,000</b>	<b>107,140</b>	<b>159,322</b>	<b>(52,182)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>92,860</b>	<b>(219)</b>	<b>(93,079)</b>
<b>Fund balance - beginning of year</b>	<b>6,542</b>	<b>6,542</b>	<b>6,542</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 6,542</b>	<b>\$ 99,402</b>	<b>\$ 6,323</b>	<b>\$ (93,079)</b>

**City of Casa Grande**  
**Home/HUD Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$330,000	\$330,000	\$141,865	(\$188,135)
<b>Total revenues</b>	<b>330,000</b>	<b>330,000</b>	<b>141,865</b>	<b>(188,135)</b>
<b>EXPENDITURES</b>				
Community development				
Personal services	-	18,800	27,335	(8,535)
Contractual services	330,000	304,620	105,500	199,120
Materials and supplies	-	-	175	(175)
<b>Total expenditures</b>	<b>330,000</b>	<b>323,420</b>	<b>133,010</b>	<b>190,410</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>6,580</b>	<b>8,855</b>	<b>2,275</b>
<b>Fund balance - beginning of year</b>	<b>(8,855)</b>	<b>(8,855)</b>	<b>(8,855)</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ (8,855)</b>	<b>\$ (2,275)</b>	<b>\$ -</b>	<b>\$ 2,275</b>

**City of Casa Grande**  
**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$60,000	\$60,000	\$159,645	\$99,645
Investment earnings	100	100	24	(76)
Contributions	18,100	18,100	16,206	(1,894)
<b>Total revenues</b>	<b>78,200</b>	<b>78,200</b>	<b>175,875</b>	<b>97,675</b>
<b>EXPENDITURES</b>				
Current:				
Wildland firefighting	60,000	180,660	179,444	1,216
Public safety activities	16,200	19,900	13,702	6,198
<b>Total expenditures</b>	<b>76,200</b>	<b>200,560</b>	<b>193,146</b>	<b>7,414</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,000</b>	<b>(122,360)</b>	<b>(17,271)</b>	<b>105,089</b>
<b>Fund balance - beginning of year</b>	<b>848</b>	<b>848</b>	<b>848</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 2,848</b>	<b>\$ (121,512)</b>	<b>\$ (16,423)</b>	<b>\$ 105,089</b>

**City of Casa Grande**  
**General Obligation Bond Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property tax	\$ 2,331,000	2,331,000	\$ 2,496,389	\$ 165,389
Investment earnings	-	-	94	94
<b>Total revenues</b>	<b>2,331,000</b>	<b>2,331,000</b>	<b>2,496,483</b>	<b>165,483</b>
<b>EXPENDITURES</b>				
Current:				
Contractual services	-	-	2,749	(2,749)
Debt Service				
Principal retirement	500,460	500,460	431,370	69,090
Interest	1,061,010	1,116,330	1,116,330	-
<b>Total expenditures</b>	<b>1,561,470</b>	<b>1,616,790</b>	<b>1,550,449</b>	<b>66,341</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>769,530</b>	<b>714,210</b>	<b>946,034</b>	<b>231,824</b>
<b>OTHER FINANCING USES</b>				
Transfers Out	(115,000)	-	(115,000)	(115,000)
<b>Total other financing uses</b>	<b>(115,000)</b>	<b>-</b>	<b>(115,000)</b>	<b>(115,000)</b>
<b>Net change in fund balance</b>	654,530	714,210	831,034	116,824
<b>Fund balance - beginning of year</b>	<b>1,216,815</b>	<b>1,216,815</b>	<b>1,216,815</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 1,871,345</b>	<b>\$ 1,931,025</b>	<b>\$ 2,047,849</b>	<b>\$ 116,824</b>

**City of Casa Grande**  
**Redevelopment Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</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	225,000	1,535,000	1,535,000	-
Interest and fiscal charges	79,370	79,370	94,270	(14,900)
<b>Total expenditures</b>	<u><b>304,370</b></u>	<u><b>1,617,070</b></u>	<u><b>1,631,970</b></u>	<u><b>(14,900)</b></u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>(304,370)</u>	<u>(1,617,070)</u>	<u>(1,631,970)</u>	<u>(14,900)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	(306,370)	(306,370)	1,606,854	1,913,224
<b>Total other financing sources and uses</b>	<u><b>(306,370)</b></u>	<u><b>(306,370)</b></u>	<u><b>1,606,854</b></u>	<u><b>1,913,224</b></u>
<b>Net change in fund balance</b>	<u><b>(610,740)</b></u>	<u><b>(1,923,440)</b></u>	<u><b>(25,116)</b></u>	<u><b>1,898,324</b></u>
Fund balance - beginning of year	25,116	25,116	25,116	-
Fund balance - end of year	<u><u><b>\$ (585,624)</b></u></u>	<u><u><b>\$ (1,898,324)</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 1,898,324</b></u></u>

**City of Casa Grande**  
**Recreation Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</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	-	950	950	-
Debt Service:				
Principal retirement	630,000	630,000	630,000	-
Interest	953,710	953,710	953,705	5
<b>Total expenditures</b>	<u>1,583,710</u>	<u>1,584,660</u>	<u>1,584,655</u>	<u>5</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>(1,583,710)</u>	<u>(1,584,660)</u>	<u>(1,584,655)</u>	<u>5</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,583,710	-	1,585,600	1,585,600
<b>Total other financing uses</b>	<u>1,583,710</u>	<u>-</u>	<u>1,585,600</u>	<u>1,585,600</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(1,584,660)</u>	<u>945</u>	<u>1,585,605</u>
Fund balance - beginning of year	(945)	(945)	(945)	-
Fund balance - end of year	<u>\$ (945)</u>	<u>\$ (1,585,605)</u>	<u>\$ -</u>	<u>\$ 1,585,605</u>

**City of Casa Grande**  
**Capital Replacement/Recreation/Development Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ 28,500	\$ 28,500	\$ 21,247	\$ (7,253)
Miscellaneous revenue	-	-	503,561	503,561
Construction sales tax	2,236,000	2,236,000	1,975,035	(260,965)
<b>Total revenues</b>	<b><u>2,264,500</u></b>	<b><u>2,264,500</u></b>	<b><u>2,499,843</u></b>	<b><u>235,343</u></b>
<b>EXPENDITURES</b>				
Contractual services	-	1,570	1,574	(4)
Capital outlay	24,640,000	16,361,680	5,295,807	11,065,873
<b>Total expenditures</b>	<b><u>24,640,000</u></b>	<b><u>16,363,250</u></b>	<b><u>5,297,381</u></b>	<b><u>11,065,869</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(22,375,500)</u></b>	<b><u>(14,098,750)</u></b>	<b><u>(2,797,538)</u></b>	<b><u>11,301,212</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,903,300	2,206,300	2,194,834	(11,466)
Transfers out	(1,952,100)	(1,952,100)	(2,780,490)	(828,390)
Proceeds from obligations	20,000,000	20,000,000	2,787,000	(17,213,000)
<b>Total other financing sources and uses</b>	<b><u>19,951,200</u></b>	<b><u>20,254,200</u></b>	<b><u>2,201,344</u></b>	<b><u>(18,052,856)</u></b>
<b>Net change in fund balance</b>	<b><u>(2,424,300)</u></b>	<b><u>6,155,450</u></b>	<b><u>(596,194)</u></b>	<b><u>(6,751,644)</u></b>
<b>Fund balance - beginning of year</b>	<b><u>27,663,573</u></b>	<b><u>27,663,573</u></b>	<b><u>27,663,573</u></b>	<b><u>-</u></b>
<b>Fund balance - end of year</b>	<b><u>\$ 25,239,273</u></b>	<b><u>\$ 33,819,023</u></b>	<b><u>\$ 27,067,379</u></b>	<b><u>\$ (6,751,644)</u></b>

**City of Casa Grande**  
**Community Services Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 104,000	\$ 104,000	\$ 161,979	\$ 57,979
Investment earnings	4,550	4,550	1,914	(2,636)
<b>Total revenues</b>	<b>108,550</b>	<b>108,550</b>	<b>163,893</b>	<b>55,343</b>
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>108,550</b>	<b>108,550</b>	<b>163,893</b>	<b>55,343</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,479,930	2,479,930
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>2,479,930</b>	<b>2,479,930</b>
<b>Net change in fund balance</b>	<b>108,550</b>	<b>108,550</b>	<b>2,643,823</b>	<b>2,535,273</b>
<b>Fund balance - beginning of year</b>	<b>1,156</b>	<b>1,156</b>	<b>1,156</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 109,706</b>	<b>\$ 109,706</b>	<b>\$ 2,644,979</b>	<b>\$ 2,535,273</b>

**City of Casa Grande**  
**Transportation Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 425,000	\$ 425,000	\$ 495,921	\$ 70,921
Investment earnings	6,650	6,650	2,769	(3,881)
<b>Total revenues</b>	<b>431,650</b>	<b>431,650</b>	<b>498,690</b>	<b>67,040</b>
<b>EXPENDITURES</b>				
Capital Outlay	2,464,800	2,377,030	813,129	1,563,901
<b>Total expenditures</b>	<b>2,464,800</b>	<b>2,377,030</b>	<b>813,129</b>	<b>1,563,901</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,033,150)</b>	<b>(1,945,380)</b>	<b>(314,439)</b>	<b>1,630,941</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	4,251,016	4,251,016
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>4,251,016</b>	<b>4,251,016</b>
<b>Net change in fund balance</b>	<b>(2,033,150)</b>	<b>(1,945,380)</b>	<b>3,936,577</b>	<b>5,881,957</b>
Fund balance - beginning of year	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ (2,033,150)</b>	<b>\$ (1,945,380)</b>	<b>\$ 3,936,577</b>	<b>\$ 5,881,957</b>

**City of Casa Grande**  
**Public Safety Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 150,000	\$ 150,000	\$ 150,781	\$ 781
Investment earnings	6,650	6,650	2,701	(3,949)
<b>Total revenues</b>	<b>156,650</b>	<b>156,650</b>	<b>153,482</b>	<b>(3,168)</b>
<b>EXPENDITURES</b>				
Capital Outlay	600,000	600,000	169,820	(430,180)
<b>Total expenditures</b>	<b>600,000</b>	<b>600,000</b>	<b>169,820</b>	<b>(430,180)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(443,350)</b>	<b>(443,350)</b>	<b>(16,338)</b>	<b>427,012</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	3,585,689	3,585,689
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>3,585,689</b>	<b>3,585,689</b>
<b>Net change in fund balance</b>	<b>(443,350)</b>	<b>(443,350)</b>	<b>3,569,351</b>	<b>4,012,701</b>
Fund balance - beginning of year	-	-	-	-
<b>Fund balance - end of year</b>	<b>\$ (443,350)</b>	<b>\$ (443,350)</b>	<b>\$ 3,569,351</b>	<b>\$ 4,012,701</b>

**City of Casa Grande**  
**Community Facilities Districts - Capital Projects**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Tax	\$ 651,000	\$ 651,000	\$ 511,115	\$ (139,885)
Developer Contribution	-	-	3,254	3,254
Investment Earnings	-	-	27	27
<b>Total revenues</b>	<b>651,000</b>	<b>651,000</b>	<b>514,396</b>	<b>(136,604)</b>
<b>EXPENDITURES</b>				
Contractual services	2,700	15,480	15,485	(5)
Capital outlay	10,000,000	10,000,000	-	10,000,000
Debt Service	572,870	507,450	576,533	(69,083)
<b>Total expenditures</b>	<b>10,575,570</b>	<b>10,522,930</b>	<b>592,018</b>	<b>9,930,912</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,924,570)</b>	<b>(9,871,930)</b>	<b>(77,622)</b>	<b>9,794,308</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance	10,000,000	10,000,000	-	(10,000,000)
<b>Total other financing sources and uses</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>-</b>	<b>(10,000,000)</b>
<b>Net change in fund balance</b>	<b>75,430</b>	<b>128,070</b>	<b>(77,622)</b>	<b>(205,692)</b>
<b>Fund balance - beginning of year</b>	<b>1,083,515</b>	<b>1,083,515</b>	<b>1,083,515</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ 1,158,945</b>	<b>\$ 1,211,585</b>	<b>\$ 1,005,893</b>	<b>\$ (205,692)</b>

**City of Casa Grande**  
**Airport Improvement Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 6,150,000	\$ 6,150,000	\$ 328,215	\$ (5,821,785)
<b>Total revenues</b>	<b>6,150,000</b>	<b>6,150,000</b>	<b>328,215</b>	<b>(5,821,785)</b>
<b>EXPENDITURES</b>				
Capital outlay	2,671,700	2,667,800	338,612	2,329,188
<b>Total expenditures</b>	<b>2,671,700</b>	<b>2,667,800</b>	<b>338,612</b>	<b>2,329,188</b>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<b>3,478,300</b>	<b>3,482,200</b>	<b>(10,397)</b>	<b>(3,492,597)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	(150,000)	(150,000)	11,120	161,120
<b>Total other financing sources</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>11,120</b>	<b>161,120</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>3,332,200</b>	<b>723</b>	<b>(3,331,477)</b>
<b>Fund balance - beginning of year</b>	<b>194,702</b>	<b>194,702</b>	<b>194,702</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ (105,298)</b>	<b>\$ (105,298)</b>	<b>\$ 195,425</b>	<b>\$ (3,331,477)</b>

**City of Casa Grande**  
**Copper Mountain Ranch Water Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 211,000	\$ 211,000	\$ 185,176	\$ (25,824)
<b>Total operating revenues</b>	<b><u>211,000</u></b>	<b><u>211,000</u></b>	<b><u>185,176</u></b>	<b><u>(25,824)</u></b>
<b>OPERATING EXPENSES:</b>				
Personal services	55,480	55,690	53,882	1,808
Contractual	25,500	29,030	30,371	(1,341)
Materials and supplies	43,600	50,680	50,664	16
Depreciation	850,000	837,830	52,042	785,788
<b>Total operating expenses</b>	<b><u>974,580</u></b>	<b><u>973,230</u></b>	<b><u>186,959</u></b>	<b><u>786,271</u></b>
<b>Operating Income</b>	<b><u>(763,580)</u></b>	<b><u>(762,230)</u></b>	<b><u>(1,783)</u></b>	<b><u>760,447</u></b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest expense	(15,140)	(3,830)	(3,825)	5
<b>Total nonoperating revenue (expense)</b>	<b><u>(15,140)</u></b>	<b><u>(3,830)</u></b>	<b><u>(3,825)</u></b>	<b><u>5</u></b>
<b>Income (loss) before transfers</b>	<b><u>(778,720)</u></b>	<b><u>(766,060)</u></b>	<b><u>(5,608)</u></b>	<b><u>760,452</u></b>
Transfers out	(22,250)	(22,250)	(22,250)	-
<b>Net change in net assets</b>	<b><u>(800,970)</u></b>	<b><u>(788,310)</u></b>	<b><u>(27,858)</u></b>	<b><u>760,452</u></b>
<b>Net Assets - beginning of year</b>	<b><u>1,366,550</u></b>	<b><u>1,366,550</u></b>	<b><u>1,366,550</u></b>	<b><u>-</u></b>
<b>Net Assets - end of year</b>	<b><u>\$ 565,580</u></b>	<b><u>\$ 578,240</u></b>	<b><u>\$ 1,338,692</u></b>	<b><u>\$ 760,452</u></b>

**City of Casa Grande**  
**Wastewater Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 6,859,000	\$ 6,859,000	\$ 6,623,887	\$ (235,113)
Connection fees	22,000	22,000	5,070	(16,930)
Miscellaneous	20,000	20,000	2,765	(17,235)
<b>Total operating revenues</b>	<b><u>6,901,000</u></b>	<b><u>6,901,000</u></b>	<b><u>6,631,722</u></b>	<b><u>(269,278)</u></b>
<b>OPERATING EXPENSES:</b>				
Personal services	727,780	708,450	638,597	69,853
Contractual	4,991,760	2,739,730	1,248,082	1,491,648
Materials and supplies	1,509,500	1,513,560	1,335,288	178,272
Depreciation	825,000	1,411,760	2,958,754	(1,546,994)
<b>Total operating expenses</b>	<b><u>8,054,040</u></b>	<b><u>6,373,500</u></b>	<b><u>6,180,721</u></b>	<b><u>192,779</u></b>
<b>Operating Income</b>	<b><u>(1,153,040)</u></b>	<b><u>527,500</u></b>	<b><u>451,001</u></b>	<b><u>(76,499)</u></b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest income	(7,300)	(7,300)	6,183	13,483
Interest expense	(3,509,780)	(5,586,330)	(2,485,487)	3,100,843
<b>Total nonoperating revenue (expense)</b>	<b><u>(3,517,080)</u></b>	<b><u>(5,593,630)</u></b>	<b><u>(2,479,304)</u></b>	<b><u>3,114,326</u></b>
<b>Income (loss) before contributions and transfers</b>	<b><u>(4,670,120)</u></b>	<b><u>(5,066,130)</u></b>	<b><u>(2,028,303)</u></b>	<b><u>3,037,827</u></b>
Capital contributions	-	-	2,337,217	2,337,217
Bond issuance	-	-	(1,033,927)	(1,033,927)
Transfers in	(2,364,340)	(2,364,340)	5,406,112	7,770,452
Transfers out	(386,980)	(2,651,980)	(2,593,775)	58,205
<b>Excess (deficiency) of revenues</b>				
<b>Net change in net assets</b>	<b><u>(7,421,440)</u></b>	<b><u>(10,082,450)</u></b>	<b><u>2,087,324</u></b>	<b><u>12,169,774</u></b>
<b>Net Assets - beginning of year</b>	<b><u>39,699,931</u></b>	<b><u>39,699,931</u></b>	<b><u>39,699,931</u></b>	<b><u>-</u></b>
<b>Net Assets - end of year</b>	<b><u>\$ 32,278,491</u></b>	<b><u>\$ 29,617,481</u></b>	<b><u>\$ 41,787,255</u></b>	<b><u>\$ 12,169,774</u></b>

**City of Casa Grande**  
**Wastewater Development Fees Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Connection fees	\$ 585,000	\$ 585,000	\$ 242,088	\$ (342,912)
<b>Total operating revenues</b>	<b>585,000</b>	<b>585,000</b>	<b>242,088</b>	<b>(342,912)</b>
<b>OPERATING EXPENSES:</b>				
Depreciation	8,074,000	8,074,000	86,691	(7,987,309)
<b>Total operating expenses</b>	<b>8,074,000</b>	<b>8,074,000</b>	<b>86,691</b>	<b>(7,987,309)</b>
<b>Operating Income</b>	<b>(7,489,000)</b>	<b>(7,489,000)</b>	<b>155,397</b>	<b>7,644,397</b>
<b>NONOPERATING REVENUE :</b>				
Interest income	(10,000)	(10,000)	7,627	17,627
<b>Total nonoperating revenue</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>7,627</b>	<b>17,627</b>
<b>Income (loss) before transfers</b>	<b>(7,499,000)</b>	<b>(7,499,000)</b>	<b>163,024</b>	<b>7,662,024</b>
Transfers out	(2,339,340)	(3,199,320)	(3,210,512)	(11,192)
<b>Net change in net assets</b>	<b>(7,499,000)</b>	<b>(10,698,320)</b>	<b>(3,047,488)</b>	<b>7,650,832</b>
<b>Net Assets - beginning of year</b>	<b>17,797,967</b>	<b>17,797,967</b>	<b>17,797,967</b>	<b>-</b>
<b>Net Assets - end of year</b>	<b>\$ 10,298,967</b>	<b>\$ 7,099,647</b>	<b>\$ 14,750,479</b>	<b>\$ 7,650,832</b>

**City of Casa Grande**  
**Sanitation/Development Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>OPERATING REVENUES:</b>				
Service fees	\$ 6,219,000	\$ 6,219,000	\$ 6,014,571	\$ (204,429)
Recycling revenue	252,000	252,000	239,897	(12,103)
Impact fees	-	-	9,724	9,724
Miscellaneous	10,000	10,000	13,626	3,626
<b>Total operating revenues</b>	<b>6,481,000</b>	<b>6,481,000</b>	<b>6,277,818</b>	<b>(203,182)</b>
<b>OPERATING EXPENSES:</b>				
Personal services	2,475,410	2,274,550	2,266,745	7,805
Contractual	1,285,840	1,323,030	1,287,365	35,665
Materials and supplies	1,097,680	795,370	771,053	24,317
Depreciation	1,315,200	1,777,420	373,823	1,403,597
Closure and postclosure costs	150,000	150,000	358,954	(208,954)
<b>Total operating expenses</b>	<b>6,324,130</b>	<b>6,320,370</b>	<b>5,057,940</b>	<b>1,262,430</b>
<b>Operating Income</b>	<b>156,870</b>	<b>160,630</b>	<b>1,219,878</b>	<b>1,059,248</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
Interest income	(2,000)	(2,000)	1,496	3,496
Interest expense	(770)	(1,470)	(2,296)	(826)
<b>Total nonoperating revenue (expense)</b>	<b>(2,770)</b>	<b>(3,470)</b>	<b>(800)</b>	<b>2,670</b>
<b>Income before transfers</b>	<b>154,100</b>	<b>157,160</b>	<b>1,219,078</b>	<b>1,061,918</b>
Transfers in	(1,386,600)	(1,386,600)	1,469,507	2,856,107
Transfers out	(1,267,200)	(1,267,200)	(1,269,026)	(1,826)
<b>Net change in net assets</b>	<b>(1,113,100)</b>	<b>(1,110,040)</b>	<b>1,419,559</b>	<b>2,529,599</b>
<b>Net Assets - beginning of year</b>	<b>4,585,471</b>	<b>4,585,471</b>	<b>4,585,471</b>	<b>-</b>
<b>Net Assets - end of year</b>	<b>\$ 3,472,371</b>	<b>\$ 3,475,431</b>	<b>\$ 6,005,030</b>	<b>\$ 2,529,599</b>

**City of Casa Grande**  
**Golf Course Enterprise Fund**  
**Schedule of Operations - Budget and Actual**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES:</b>				
Rental	\$ 145,170	\$ 145,170	\$ 129,027	\$ (16,143)
Green fees	1,120,830	1,120,830	937,109	(183,721)
Miscellaneous	5,000	5,000	4,748	(252)
<b>Total operating revenues</b>	<b><u>1,271,000</u></b>	<b><u>1,271,000</u></b>	<b><u>1,070,884</u></b>	<b><u>(200,116)</u></b>
<b>OPERATING EXPENSES:</b>				
Personal services	496,900	496,190	487,429	8,761
Contractual	183,990	209,330	161,034	48,296
Materials and supplies	488,700	463,740	416,372	47,368
Depreciation	388,500	388,830	168,741	220,089
<b>Total operating expenses</b>	<b><u>1,558,090</u></b>	<b><u>1,558,090</u></b>	<b><u>1,233,576</u></b>	<b><u>324,514</u></b>
<b>Operating Income</b>	<b><u>(287,090)</u></b>	<b><u>(287,090)</u></b>	<b><u>(162,692)</u></b>	<b><u>124,398</u></b>
<b>NONOPERATING REVENUE (EXPENSE):</b>				
Interest income	-	-	91	91
Interest expense	-	-	(69,437)	(69,437)
City sales tax	(19,000)	(19,000)	29,539	48,539
<b>Total nonoperating revenue</b>	<b><u>(19,000)</u></b>	<b><u>(132,630)</u></b>	<b><u>(39,807)</u></b>	<b><u>92,823</u></b>
<b>Income (loss) before transfers</b>	<b><u>(306,090)</u></b>	<b><u>(419,720)</u></b>	<b><u>(202,499)</u></b>	<b><u>217,221</u></b>
Transfers in	(275,500)	(275,500)	275,500	551,000
Transfers out	(150,020)	(150,020)	(150,020)	-
<b>Net change in net assets</b>	<b><u>(731,610)</u></b>	<b><u>(845,240)</u></b>	<b><u>(77,019)</u></b>	<b><u>768,221</u></b>
<b>Net assets - beginning of year</b>	<b><u>1,307,199</u></b>	<b><u>1,307,199</u></b>	<b><u>1,307,199</u></b>	<b><u>-</u></b>
<b>Net assets - end of year</b>	<b><u>\$ 575,589</u></b>	<b><u>\$ 461,959</u></b>	<b><u>\$ 1,230,180</u></b>	<b><u>\$ 768,221</u></b>

**City of Casa Grande**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source**  
**June 30, 2012**

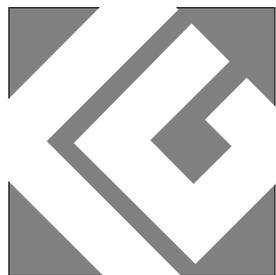
Governmental funds capital assets:	
Land and construction in progress	\$ 20,150,896
Buildings	66,227,689
Improvements other than buildings	208,619,647
Machinery and equipment	<u>23,352,050</u>
Total governmental funds capital assets	<u><u>\$ 318,350,282</u></u>
Investments in governmental funds capital assets by source:	
General obligation bonds	\$ 2,596,170
Grants	1,893,020
General Fund revenues	14,584,560
Special Revenue Fund revenues	115,573,105
Capital Project Funds	82,572,376
Gifts and donations	<u>101,131,051</u>
Total investments in governmental funds capital assets	<u><u>\$ 318,350,282</u></u>

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

**City of Casa Grande**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Year Ended June 30, 2012**

<u>Function and Activity</u>	<u>General Capital Assets June 30, 2011</u>	<u>Additions</u>	<u>Adjustments/ Disposals</u>	<u>General Capital Assets June 30, 2012</u>
General government	\$ 14,412,550	\$ 2,751,693	\$ -	\$ 17,164,243
Public safety	39,873,119	2,097,276	-	41,970,395
Streets/Transportation	194,062,585	2,885,271	(2,077,006)	194,870,850
Public works	3,308,917	1,074,857	-	4,383,774
Culture and recreation	42,031,024	196,734	(675,429)	41,552,329
Economic development	<u>20,733,675</u>	<u>-</u>	<u>(2,324,984)</u>	<u>18,408,691</u>
<b>Total</b>	<b><u>\$ 314,421,870</u></b>	<b><u>\$ 9,005,831</u></b>	<b><u>\$ (5,077,419)</u></b>	<b><u>\$ 318,350,282</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**



City of  
Casa Grande

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	100
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its sales and property taxes.	110
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.	113
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 Nine Fiscal Years**  
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>June 30</u> <u>2006</u>	<u>2007</u>	<u>2008</u>
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>

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 166,666,266	\$ 169,037,582	\$ 163,072,110	\$ 161,430,232
63,759,736	66,259,746	68,817,721	37,158,304
29,204,011	24,786,399	20,795,291	48,679,263
<u>\$ 259,630,013</u>	<u>\$ 260,083,727</u>	<u>\$ 252,685,122</u>	<u>\$ 247,267,799</u>
\$ 42,819,605	\$ 46,698,154	\$ 47,003,748	\$ 49,361,435
16,814,023	11,962,381	10,324,306	11,742,168
1,188,222	5,103,985	7,429,067	3,708,031
<u>\$ 60,821,850</u>	<u>\$ 63,764,520</u>	<u>\$ 64,757,120</u>	<u>\$ 64,811,634</u>
\$ 209,485,871	\$ 215,735,736	\$ 210,847,017	\$ 210,791,667
80,573,759	78,222,127	78,350,244	48,900,472
30,392,233	29,890,384	28,244,981	52,387,294
<u>\$ 320,451,863</u>	<u>\$ 323,848,247</u>	<u>\$ 317,442,242</u>	<u>\$ 312,079,433</u>

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

	June 30				
	2003	2004	2005	2006	2007
<b>Governmental Activities:</b>					
Expenses					
General government	\$ 3,627,359	\$ 4,117,835	\$ 4,100,221	\$ 4,463,957	\$ 5,196,569
Public safety	9,888,543	10,732,674	11,789,718	13,504,033	14,765,435
Streets/Transportation	2,702,484	2,942,777	3,437,830	5,486,251	9,650,354
Public works	697,449	765,497	778,974	1,868,890	2,144,675
Culture and recreation	3,778,926	4,078,279	4,147,490	4,978,247	5,247,404
Economic development	2,289,429	2,422,140	2,716,784	4,468,076	5,564,781
Interest on long-term debt	540,921	499,031	477,956	500,879	610,630
Total expenses	<u>23,525,111</u>	<u>25,558,233</u>	<u>27,448,973</u>	<u>35,270,333</u>	<u>43,179,848</u>
Program Revenues					
Charges for services:					
General government	102,276	113,317	109,340	119,514	133,192
Public safety	823,583	810,216	904,202	984,555	1,091,960
Streets/Transportation	142,848	424,308	505,948	832,940	996,571
Public works	28,440	11,632	2,273,085	84,424	33,994
Culture and recreation	303,358	288,714	285,592	340,272	328,163
Development fees	1,511,684	2,139,152	4,667,542	11,353,338	13,115,223
Building permits	1,757,120	1,263,355	2,017,707	3,468,682	2,580,633
Development and engineering	0	430,876	1,876,291	3,357,825	2,456,074
Other economic development	0	572,326	795,721	1,282,294	863,185
Operating grants and contributions	1,295,836	4,993,835	5,834,031	7,866,501	9,066,924
Capital grants and contributions	4,312,801	4,199,412	6,372,598	43,675,183	14,852,514
Total program revenues	<u>10,277,946</u>	<u>15,247,143</u>	<u>25,642,057</u>	<u>73,365,528</u>	<u>45,518,433</u>
Total Governmental Activities Net Program Expen	<u>\$ (13,247,165)</u>	<u>\$ (10,311,090)</u>	<u>\$ (1,806,916)</u>	<u>\$ 38,095,195</u>	<u>\$ 2,338,585</u>
General Revenues and Other Changes in Net Assets					
Property taxes	1,536,606	1,799,803	2,333,638	2,401,386	2,475,296
Sales taxes	10,629,759	10,573,489	12,094,301	14,973,622	22,708,648
Franchise taxes	850,839	899,604	954,853	1,236,366	1,511,751
Shared revenues:					
State sales taxes	1,972,714	2,122,100	2,336,759	2,721,554	3,086,185
Urban revenue sharing	2,650,450	2,278,117	2,345,507	2,728,207	3,760,034
Auto-in-lieu	999,433	1,189,494	1,221,188	1,585,116	2,032,801
Investment earnings	(163,059)	124,545	466,925	1,508,717	3,222,176
Gain on sales of assets	221,721	(77,414)	414,900	660,798	1,846,201
Miscellaneous	2,337,149	277,201	145,585	361,586	274,310
Transfers	(26,617)	1,341,083	99,000	349,200	449,800
Total general revenues and other changes in net	<u>21,008,995</u>	<u>20,528,022</u>	<u>22,412,656</u>	<u>28,526,552</u>	<u>41,367,202</u>
Total Governmental Activities Change in Net Asse	<u>\$ 7,761,830</u>	<u>\$ 10,216,932</u>	<u>\$ 20,605,740</u>	<u>\$ 66,621,747</u>	<u>\$ 43,705,787</u>

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>	<b>2012</b>
\$ 7,824,380	\$ 6,961,775	\$ 6,875,962	\$ 6,943,378
20,384,692	20,366,672	20,265,216	22,629,105
12,198,334	12,007,921	12,554,956	13,442,435
2,336,854	2,335,926	2,067,097	2,542,009
7,696,876	6,828,387	7,103,723	7,247,394
4,367,403	4,700,480	3,731,265	3,186,873
972,791	2,145,146	2,436,221	2,670,881
<u>55,781,330</u>	<u>55,346,307</u>	<u>55,034,440</u>	<u>58,662,075</u>
131,394	153,150	215,969	173,396
1,410,573	1,135,284	1,028,639	1,370,883
1,297,796	1,144,798	1,213,808	1,369,817
23,399	9,736	12,018	26,595
378,961	469,536	771,516	601,627
1,332,296	1,414,107	1,023,436	161,576
635,045	494,055	342,553	290,999
96,008	55,896	65,715	40,880
379,636	842,301	376,785	429,012
8,859,174	7,469,173	6,266,856	7,420,053
7,360,861	4,841,012	315,613	3,507,353
<u>21,905,143</u>	<u>18,029,048</u>	<u>11,632,908</u>	<u>15,392,191</u>
<u>\$ (33,876,187)</u>	<u>\$ (37,317,259)</u>	<u>\$ (43,401,532)</u>	<u>\$ (43,269,884)</u>
6,264,879	7,422,710	6,570,203	6,439,021
23,313,628	19,776,002	18,973,408	18,901,163
1,910,594	1,947,031	2,196,398	2,201,312
2,583,416	2,382,825	2,590,692	3,795,352
4,793,336	4,106,244	2,897,028	4,099,428
2,126,092	2,034,181	1,992,071	2,137,645
815,213	107,521	108,552	67,705
-	-	-	-
440,101	625,779	81,130	121,530
(563,426)	(631,320)	593,445	94,464
<u>41,683,833</u>	<u>37,770,973</u>	<u>36,002,927</u>	<u>37,857,620</u>
<u>\$ 7,807,646</u>	<u>\$ 453,714</u>	<u>\$ (7,398,605)</u>	<u>\$ (5,412,264)</u>

**Schedule 3**  
**City of Casa Grande**  
**Changes in Net Assets**  
**Last Nine 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>

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 153,147	\$ 159,718	\$ 150,493	\$ 190,786
1,266,986	1,243,440	1,203,084	1,303,013
4,610,789	5,528,871	5,561,882	9,786,826
<u>5,465,908</u>	<u>4,653,383</u>	<u>5,028,014</u>	<u>5,060,239</u>
<u>11,496,830</u>	<u>11,585,412</u>	<u>11,943,473</u>	<u>16,340,864</u>
196,410	162,094	167,772	185,176
962,206	1,066,642	1,119,396	1,066,136
5,119,786	6,049,625	6,304,052	6,871,045
4,555,927	5,151,563	5,858,238	6,264,192
20,612	26,657	28,802	29,539
202,016	8,383	45,969	15,397
323,560	10,473	5,289	21,139
717,407	895,826	-	2,337,217
<u>12,097,924</u>	<u>13,371,263</u>	<u>13,529,518</u>	<u>16,789,841</u>
<u>\$ 601,094</u>	<u>\$ 1,785,851</u>	<u>\$ 1,586,045</u>	<u>\$ 448,977</u>
563,426	631,320	(593,445)	(94,464)
<u>\$ 1,164,520</u>	<u>\$ 2,417,171</u>	<u>\$ 992,600</u>	<u>\$ 354,513</u>
<u>\$ 8,972,166</u>	<u>\$ 2,870,885</u>	<u>\$ (6,406,005)</u>	<u>\$ (12,293,517)</u>

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

	2003	2004	2005	2006
General Fund				
Reserved	\$ 486,826	\$ 801,965	\$ 1,115,310	\$ 1,476,273
Unreserved	3,823,320	6,343,317	11,150,642	17,796,454
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<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	\$ 2,341,307	\$ 2,368,606	\$ 6,252,078	\$ 4,250,108
Unreserved, reported in:				
Special revenue funds	4,328,235	9,013,364	15,594,386	28,612,756
Capital projects funds	372,078	1,066,167	2,479,265	5,365,147
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<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*	2012
\$ 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	6,023
-	-	-	-	33,225	4,202,039
-	-	-	-	23,342,866	-
-	-	-	-	-	19,251,625
-	-	-	-	1,247,242	502,264
<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>	<u>\$ 23,961,951</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	60,783
-	-	-	-	13,250,249	33,542,117
-	-	-	-	1,083,515	15,628,386
-	-	-	-	50,374,649	13,156,163
-	-	-	-	(378,345)	(385,290)
<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>	<u>\$ 62,002,159</u>

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

	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 11,851,114	\$ 13,294,993	\$ 15,388,557	\$ 18,585,602	\$ 26,706,698
Licenses and permits	1,074,991	1,385,080	2,156,170	3,632,214	2,756,899
Intergovernmental revenues	10,358,329	10,902,234	11,911,931	15,208,404	18,007,273
Charges for services	2,528,275	3,221,772	9,853,065	16,390,930	16,678,803
Fines	690,177	677,048	739,283	734,495	826,533
Special assessments	211,787	137,644	217,895	354,840	28,907
Investment earnings	(163,059)	124,545	466,925	1,508,717	3,222,176
Rental and sale of city property	536,538	738,198	701,633	1,071,511	1,459,760
Other revenues	274,985	473,864	720,093	1,198,605	720,635
Total revenues	<u>27,363,137</u>	<u>30,955,378</u>	<u>42,155,552</u>	<u>58,685,318</u>	<u>70,407,684</u>
<b>Expenditures</b>					
General government	3,641,912	4,451,216	4,300,175	5,230,006	5,921,449
Public safety	9,499,759	10,309,036	11,344,629	12,957,767	14,155,865
Streets/Transportation	1,987,200	1,672,165	1,908,050	2,168,597	2,846,301
Public works	657,785	730,486	734,391	1,650,860	2,063,253
Culture and recreation	3,352,211	3,450,403	3,654,964	4,446,967	4,828,294
Planning and economic development	1,871,266	1,952,308	2,242,438	3,914,867	4,821,056
Capital outlay	4,472,441	1,939,318	4,526,914	6,149,634	8,251,421
Debt service					
Principal	932,344	960,801	799,546	1,206,388	882,247
Interest	559,527	471,539	477,428	484,775	707,501
Total expenditures	<u>26,974,445</u>	<u>25,937,272</u>	<u>29,988,535</u>	<u>38,209,861</u>	<u>44,477,387</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,618,327	2,919,819	2,686,632	5,808,434	6,844,898
Transfers out	(1,644,944)	(1,578,736)	(2,530,831)	(5,374,834)	(6,311,098)
Capital leases	150,000	1,056,839	3,500,000	-	-
Bond issuance	-	-	1,335,000	-	455,000
Bond issuance costs	-	-	(159,557)	-	-
Sale of land	-	-	-	-	1,809,371
Total other financing sources (uses)	<u>123,383</u>	<u>2,397,922</u>	<u>4,831,244</u>	<u>433,600</u>	<u>2,798,171</u>
Net change in fund balances	<u>\$ 512,075</u>	<u>\$ 7,416,028</u>	<u>\$ 16,998,260</u>	<u>\$ 20,909,057</u>	<u>\$ 28,728,468</u>
Debt service as a percentage of noncapital expenditures	6.63%	5.97%	5.02%	5.27%	4.30%

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

Fiscal Year				
2008	2009	2010	2011	2012
\$ 32,840,670	\$ 31,334,264	\$ 29,088,943	\$ 27,556,571	\$ 27,524,503
1,881,951	808,414	656,902	546,628	494,921
20,798,409	17,188,146	16,769,422	14,151,581	17,627,429
10,171,890	2,188,466	2,058,720	1,661,339	2,856,201
815,081	1,092,331	978,765	807,884	756,454
29,691	21,092	8,883	-	-
3,202,760	815,213	107,521	108,549	67,707
1,546,935	1,645,235	2,106,527	1,489,826	502,054
608,700	536,204	514,473	349,597	1,599,077
<u>71,896,087</u>	<u>55,629,365</u>	<u>52,290,156</u>	<u>46,671,975</u>	<u>51,428,346</u>
8,076,361	8,996,033	8,055,272	8,026,262	7,932,235
16,983,507	18,594,022	18,957,126	19,691,260	20,516,232
2,323,097	2,991,139	2,521,337	2,770,032	3,287,682
1,684,699	1,716,458	2,192,317	1,959,265	1,913,991
5,463,871	5,222,719	5,792,331	5,847,772	5,939,441
4,965,772	3,425,837	3,550,938	2,652,964	2,467,005
11,030,175	27,511,902	31,846,819	24,677,470	8,999,838
1,226,548	5,313,821	2,484,637	1,899,760	3,669,732
607,351	955,207	2,125,295	2,594,138	2,733,203
<u>52,361,381</u>	<u>74,727,138</u>	<u>77,526,072</u>	<u>70,118,923</u>	<u>57,459,359</u>
8,101,980	5,630,797	12,829,121	11,790,392	17,492,942
(7,483,839)	(5,922,924)	(13,965,253)	(11,101,760)	(17,303,578)
-	-	-	-	-
9,000,000	750,000	37,800,000	2,200,000	2,787,000
(30,201)	(103,736)	(472,067)	(66,000)	-
578,989	1,500,000	-	-	-
<u>10,166,929</u>	<u>1,854,137</u>	<u>36,191,801</u>	<u>2,822,632</u>	<u>2,976,364</u>
<u>\$ 29,701,636</u>	<u>\$ (17,243,635)</u>	<u>\$ 10,955,886</u>	<u>\$ (20,624,316)</u>	<u>\$ (3,054,649)</u>
4.44%	13.28%	10.06%	9.87%	19.49%

**Schedule 6**  
**City of Casa Grande**  
**Sales Tax Revenue by Industry**  
**Fiscal Years 2012, 2011, 2010, 2009, 2008, and 2007**

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

Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 3,558,323	17.82%	\$ 2,545,580	13.36%	\$ 1,802,508	9.41%
594,982	2.98%	575,026	3.02%	461,262	2.41%
2,053,502	10.29%	2,009,759	10.55%	2,217,902	11.57%
238,731	1.20%	246,612	1.29%	287,453	1.50%
9,361,417	46.89%	9,430,292	49.51%	9,836,562	51.33%
1,228,270	6.15%	1,227,699	6.45%	1,285,661	6.71%
1,751,628	8.77%	1,793,481	9.42%	1,897,474	9.90%
390,430	1.96%	449,581	2.36%	483,410	2.52%
433,326	2.17%	432,552	2.27%	500,029	2.61%
355,036	1.78%	336,162	1.76%	391,070	2.04%
<u>\$ 19,965,645</u>	<u>100.00%</u>	<u>\$ 19,046,744</u>	<u>100.00%</u>	<u>\$ 19,163,329</u>	<u>100.00%</u>

**Schedule 7  
City of Casa Grande  
Direct and Overlapping Sales Tax Rates  
As of June 30, 2012**

Type of Tax	Rates		
	City	State and Pinal County *	Combined
Privilege tax, except retail, utilities and telecommunication	1.8%	7.7%	9.5%
Retail (excluding food sales)	2.0% (b)	7.7%	9.7%
Retail - privilege tax for single item over \$5000	1.5%	7.7%	9.2%
Hotel/Motel	3.8%	7.7%	11.5%
Restaurant/Bar	1.8%	7.7%	9.5%
Utilities/Telecommunications	2.0%	7.7%	9.7%
Construction	4.0% (a)	7.7%	11.7%
Jet Fuel	1.8%	7.7%	9.5%
Real Property Rental	1.8%	7.7%	9.5%
All Other Services Not Specified	1.8%	7.7%	9.5%

(a) Includes a 2.2% tax on construction contracting activities the use of which is restricted to paying costs related to acquisition of capital assets and improvements included in the City's Capital Improvement Plan.

(b) Includes the two-tenths (0.2) of one percent (1%) Economic Development and Recreation Excise Tax. The sale of a single item over \$5,000 is taxed at 2.0% for the first \$5,000, then the rate drops to 1.5% for the taxable amount exceeding \$5,000.

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

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



City of  
Casa Grande

**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
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
2012	27,575,463	18,358,670	-	4,846,117	1,224,537	11,266,335

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>
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
-	51,530,115	114,801,237	8.54%	2,363.58

**Schedule 9**  
**City of Casa Grande**  
**Ratio of General Bonded Debt Outstanding**  
**Last Seven 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%	177
2010	2,430,000	(1)	249,681,000	0.97%	807
2010	26,234,999	(2)	3,680,064,800	0.71%	527
2011	4,555,000	(1)	235,284,000	1.94%	1,469
2011	25,109,998	(2)	3,209,485,830	0.78%	504
2012	4,235,000	(1)	313,880,004	1.35%	1,366
2012	23,340,463	(2)	3,145,296,113	0.74%	469

(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 49,804

(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, 2012**

<u>Governmental Unit</u>	<u>Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Elementary School District #4	\$ 17,320,000	80.26%	\$13,901,872
Union High School District #82	31,880,000	62.48%	19,919,859
Central Arizona Community College	97,150,000	16.68%	16,208,134
Mission Royale CFD	1,335,000	100.00%	1,335,000
Villago CFD	3,295,000	100.00%	<u>3,295,000</u>
Subtotal, overlapping debt			54,659,865
<b>City direct debt</b>	25,110,000	100.00%	<u>25,110,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 79,769,865</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, 2012**

Net Secondary Assessed Valuation as of June 30, 2012 (a)	\$358,940,023
Debt limit (6% of assessed value)	21,536,401
Debt applicable to limit:	
General obligation bonds	<u>6,500,000</u>
Legal 6% debt margin	<u>\$ 15,036,401</u>
Debt limit (20% of assessed value)	71,788,005
Debt applicable to limit:	
General obligation bonds	21,075,463
Legal 20% debt margin	<u>\$ 50,712,542</u>

(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		
	Transaction Privilege (Sales) Tax (a)(b)	State Shared Sales Tax	State Shared Income Tax	Franchise Tax	Licenses & Permits/Fines & Forfeitures	Debt Service		Coverage
						Principal	Interest	
2007	\$23,954,813	\$3,086,185	\$3,760,034	\$1,511,751	\$3,583,432	\$1,050,000	\$957,807	17.88
2008	27,140,828	2,984,122	4,592,697	1,687,014	2,697,032	1,105,000	901,980	19.48
2009	22,375,653	2,583,416	4,793,336	1,910,594	1,900,745	1,165,000	594,321	19.08
2010	18,566,490	2,382,825	4,106,244	1,947,031	1,635,667	950,001	1,054,202	14.29
2011	17,599,226	2,590,692	2,897,028	2,196,398	1,354,512	985,000	1,022,252	13.27
2012	18,901,163	3,795,352	4,099,428	2,137,645	1,251,374	1,470,871	1,379,240	10.59

(a) The sale of a single item over \$5,000 is taxed at 2.0% for the first \$5,000, then the rate drops to 1.5% for the taxable amount exceeding \$5,000.

(b) Does not include the two-tenths of one percent (0.2%) Economic Development and Recreation Excise Tax which is pledged to the repayment of the 2009 Obligations and obligations issued on a parity therewith only (the "2009 Parity Obligations"). In connection with allocating the Excise Taxes among payments due with respect to the 2009 Parity Obligations and all Parity Obligations, the Economic Development and Recreation Excise Taxes will be applied first to the payments due with respect to the 2009 Parity Obligations and the Excise Taxes will then be allocated proportionately to the remaining payments due with respect to all Parity Obligations. The revenues from the Economic Development and Recreation Excise Tax for the last five fiscal years have been:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$877,870
2008	956,265
2009	958,587
2010	936,142
2011	946,029
2012	983,656

**Schedule 13  
City of Casa Grande  
Record of Real & Secured Property Tax Levied & Collected**

Fiscal Year	Tax Levy	Collected to June 30 End of Tax Fiscal Year (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2011-12	\$5,572,740	\$5,700,285	102.29%	\$5,700,286	102.00%
2010-11	5,222,060	4,990,632	95.57%	5,105,945	97.78%
2009-10	5,475,378	5,214,155	95.23%	5,441,176	99.38%
2008-09	4,844,646	4,584,452	94.63%	4,838,383	99.87%
2007-08	2,093,115	2,019,873	96.50%	2,092,890	99.99%
2006-07	1,712,174	1,656,774	96.76%	1,712,149	100.00%

(a) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates unless the full year tax is paid by December 31. Penalties for delinquent payments are not included in the above collections figures.

(b) Reflects collections made through October, 2012 against current and prior levies.

Source: Pinal County Treasurer's Office

**Schedule 14**  
**City of Casa Grande**  
**Tax Rate Data**

Fiscal Year	City's Primary Tax Rate Per \$100 Assessed	City's Secondary Tax Rate Per \$100 Assessed	City's Total Tax Rate Per \$100 Assessed
2011-12	\$0.8988	\$0.6308	\$1.5296
2010-11	0.8110	0.6308	1.4418
2009-10	0.7135	0.6308	1.3443
2008-09	0.7468	0.6308	1.3776
2007-08	0.8774	0.0000	0.8774
2006-07	0.9102	0.0000	0.9102
2005-06	0.9999	0.0000	0.9999
2004-05	0.9999	0.0000	0.9999

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation

**Schedule 15**  
**City of Casa Grande**  
**Estimated Net Secondary Assessed Valuation of Major Taxpayers**

Taxpayers (a)(b)	Type of Business/Property	Estimated 2011-12 Net Secondary Assessed Valuation	As Percent of City's 2011-12 Net Secondary Assessed Valuation
Arizona Public Service Co.	Electric Utility	\$11,708,448	3.16%
Wp Casa Grande Retail LLC	Retailer	9,184,335	2.48%
Wal-Mart Stores East LP	Retailer	7,639,403	2.06%
Daisy Brand LP	Dairy Product Manufacturing	6,137,332	1.66%
Southwest Gas Corp.	Pharmaceutical Manufacturing	4,141,971	1.12%
Abbott Manufacturing Inc.	Gas Utility	4,045,004	1.09%
CG Hanna LLC	Real Estate Management	3,136,400	0.85%
Qwest Corp.	Telecommunications	2,589,757	0.70%
Wal-Mart Stores Inc.	Retailer	2,533,696	0.68%
Arizona Water Co.	Water Utility	2,422,096	0.65%
Lowes HIW Inc.	Home Improvement & Construction	2,203,850	0.60%
HSL Desert Sands Properties LLC	Real Estate Management	2,167,808	0.59%
Vanderbilt Farms LLC	Farming & Agriculture	1,872,643	0.51%
Hexel Corp.	Manufacturing	1,795,505	0.49%
Diamond Plastics Corp.	Manufacturing	1,781,106	0.48%
TOTAL		\$63,359,354	17.12%

(a) Some of such taxpayers or their parent companies are subject to the informational requirements of the Exchange Act, and in accordance therewith file reports, proxy statements and other information with Commission. The Filings may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth St. N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 W West Madison St. Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth St., N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at <http://www.sec.gov>.

(b) The assessed valuation of property owned by the Salt River Project Agricultural Improvement and Power District ("SRP") is not included in the assessed valuation of the City in the table. Because of SRP's quasi-governmental nature, property owned by SRP is exempt from property taxation. However, SRP may elect each year to make voluntary contributions in lieu of property tax with respect to certain of its electrical facilities (the "SRP Electric Plant"). If SRP elects to make the in lieu contribution for the year, the full cash value of the SRP Electric Plant and the in lieu contribution amount is determined in the same manner as the full cash value and property taxes owed is determined for similar non-governmental public utility property, with certain special deductions.

If after electing to make the in lieu contribution, SRP then failed to make the in lieu contribution when due, the Treasurer of the County and the City have no recourse against the property of SRP and the City.

Source: Pinal County Treasurer's Office

**Schedule 16  
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
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%
2012	49,804	21,716	1,081,543,664	11,512	* 11.20%

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.

\* U S Census

**Schedule 17  
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 18**  
**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	
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
2012	38.75	126.37	62.25	66.62	24.5	99.4	417.89

Source: City Budget

Note: Information is based on authorized positions.

**Schedule 19**  
**City of Casa Grande**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Registered voters	13,685	13,685	15,919	13,239	13,946	19,331	20,805	20,805	20,805	20,805
Votes cast last primary election	1,242	1,242	1,428	1,428	2,364	2,364	2,400	2,400	4,182	4,182
Fire										
Medical support calls	2,774	3,085	3,427	3,766	3,778	4,286	4,689	4,289	4,849	5,403
Total alarms	3,697	4,136	4,557	5,137	5,194	5,642	5,050	5,703	6,397	6,638
Inspections/investigations	305	524	487	390	986	1,512	1,505	883	1,051	1,458
Public education contacts	11,386	7,344	11,764	8,884	10,164	19,801	25,064	15,812	12,622	22,665
Police										
Calls for service	33,076	37,674	38,869	39,365	42,412	41,126	40,893	38,629	38,660	34,213
Officer initiated	68,677	69,588	69,412	69,936	72,028	71,626	76,263	72,807	85,032	78,125
Patrolled miles	671,030	716,138	702,062	706,375	802,935	864,421	939,398	983,100	1,005,416	974,867
Traffic accidents	886	928	1,046	1,213	1,121	1,104	991	974	942	938
Traffic citations	8,408	8,607	7,068	6,127	6,136	6,943	7,025	6,107	5,171	6,008
Arrests (adult and juvenile)	4,773	4,387	4,614	4,055	3,840	4,015	3,981	4,738	3,737	4,052
Culture and recreation - library (a)										
Items in collections	100,655	90,826	86,364	73,984	74,311	75,863	79,920	113,480	114,257	117,108
Total circulation transactions	149,210	52,240	51,915	49,718	73,079	75,840	78,727	98,937	70,820	69,376
Total circulation items	825,000	172,391	170,875	187,063	225,043	229,446	270,473	329,790	368,693	361,334
Economic development										
Building permits - commercial	262	262	273	339	143	195	114	90	95	63
Building permits - residential	1,639	1,983	2,565	3,501	1,454	777	329	369	291	259
Self-help homes completed	23	22	6	20	25	25	25	12	12	11
Self-help homes started	15	13	26	27	25	26	25	12	12	14
Housing rehabilitations	16	12	9	12	12	12	12	12	12	11
Code enforcement cases	724	660	1,059	1,704	984	1,150	1,331	1,317	2,104	1,203
Planning cases	114	161	154	334	193	85	95	90	121	110

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 20**  
**City of Casa Grande**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

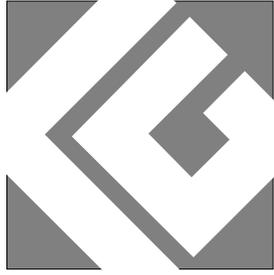
Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire stations	3	3	3	3	3	3	3	3	4	4
Parks and recreation										
Park areas	23	24	24	24	25	26	26	27	27	27
Parkland acreage	1,783	1,790	1,370	1,370	1,371	1,387	1,396	1,566	1,611	1,611
Community centers	4	4	4	4	4	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	20	22	22	24	24	25	26	26	26	26
Other maintenance areas	85	85	85	87	88	93	93	95	97	97
Airport										
T-hangers	52	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	1,893	2,011	2,217	3,130	3,302	3,500	3,363	5,340	5,340
Miles of streets	307	321	354	375	375	389	410	410	410	414
Miles of sewer	121	145	160	300	375	450	455	455	455	455
Number of lift stations	10	10	10	9	9	9	10	10	10	10
Number of signalized intersections*	27	27	27	31	31	35	38	39	41	42

\* Includes ADOT signalized intersections

Sources: Various City departments



City of  
Casa Grande



## **SINGLE AUDIT REPORTS**



City of  
Casa Grande



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 City of Casa Grande (the City), Arizona as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 21, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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 consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [2012-1]

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**Casa Grande**  
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### Compliance and Other Matters

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

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

A handwritten signature in black ink, appearing to read "Kay. Hae, CPA". The signature is stylized and cursive.

Casa Grande, Arizona  
January 21, 2013



HENRY & HORNE, LLP  
Certified Public Accountants

INDEPENDENT AUDITOR'S 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, 2012. 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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**City of Casa Grande**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:			
Self Help Housing Technical Assistance	12	10.420	\$ 159,323
Housing Preservation Grant	40	10.433	23,656
Total Department of Agriculture			<u>182,979</u>
U.S. Department of Housing and Urban Development:			
Passed through Arizona Department of Housing:			
Community Development Block Grant - 2010	140-10	14.228	119,168
Community Development Block Grant - 2011	111-11	14.228	118,686
Community Development Block Grant - 2012	101-12	14.228	132,502
Total Community Development Block Grant			<u>370,356</u>
Passed through Arizona Department of Housing:			
HOME - 2010	301-10	14.239	114,356
Total Department of Housing and Urban Development			<u>484,712</u>
US Dept of Interior National Park Service:			
Passed thru State Historic Preservation Office			
Historic Perservation	AZ-11-17	15.904	5,000
Historic Perservation	AZ-11-18	15.904	3,000
Total Historic Preservation			<u>8,000</u>
U.S. Department of Justice:			
ARRA -JAG Grant	2009-SB-B9-3190	16.804	50,866
JAG Grant	2009DJBX0766	16.738	15,014
JAG Grant	2010-DJBS-3344	16.738	1,201
JAG Grant	2010-DJBX-0517	16.738	13,749
Total Justice Assistance Grant Cluster			<u>80,830</u>
Other U.S. Department of Justice:			
Bulletproof Vest Grant	2006BUBX	16.607	6,170
ARRA -Community Oriented Policing Services (COPS)	2010RKWX003	16.710	251,964 *
Total Department of Justice			<u>338,964</u>
U.S. Department of Transportation:			
FAA Airport Grant	3-04-0007-14-2011	20.106	310,113 *
FAA Airport Grant	3-04-0007-13-2009	20.106	11,568 *
Total Airport Improvement Program			<u>321,681</u>
Passed thru Governor's Office of Highway Safety			
DUI Enforcement	2011-AL-050	20.600	6,915
School Zone Enforcement	2011-PS-003	20.600	3,208
DUI Enforcement	2012-AL-005	20.600	16,547
TraCS Software	2012-TR-001	20.600	17,916
Buckle UP Campaign	2012-OP-022	20.600	6,064
Speed Enforcement	2011-PT-038	20.600	1,644
Total State and Community Highway Safety			<u>52,294</u>
Total Department of Transportation			<u>373,975</u>

(continued)

**City of Casa Grande**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

	Grant Number	Federal CFDA Number	Expenditures
Institute of Museum & Library Services			
Passed thru State Library Administrative Agencies			
eReaders	212J2168	45.310	18,834
Testing Preparation	212J2205	45.310	3,024
Total Institute of Museum & Library Services			<u>21,858</u>
U.S. Department of Energy:			
ARRA -Energy Efficiency Conservation Block Grant	DE-RW0000128	81.128	24,918
Total Department of Energy			<u>24,918</u>
U.S. Department of Education:			
Passed thru Governor's Office of Economic Recovery			
ARRA- Public Safety Stabilization Program	OER-11-IGA-GS-55	84.397	25,405
Pinal County SWAT/Drug & Human Smuggling	OER-11-IGA-GS-164	84.397	1,548
Total Department of Education			<u>26,953</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	8,557
Special Programs for the Aging	5-237	93.045	73,776
Nutritional Services Incentive Program	5-237	93.053	17,453
Total Aging Cluster			<u>99,786</u>
Passed through Pinal-Gila Council for Senior Citizens:			
Social Services Block Grant	5-237	93.667	10,248
Total Department of Health & Human Services			<u>110,034</u>
Executive Office of the President			
Passed through Tucson Police Department:			
US Marshall's Service	D08-12-2004	95.001	20,390
U.S. Department of Homeland Security			
Federal Emergency Management Agency	EMW-2010-FH-00356	97.044	125,535
Federal Emergency Management Agency	EMW-2007-FF-00468	97.044	75,990
FEMA/AFG Fire Regional Training Program	EMW-2011-F0211	97.044	2,625
Total FEMA			<u>204,150</u>
Passed through Arizona Department of Homeland Security:			
Emergency Operation Center	2010-EO-MX-0015	97.052	144,895
Homeland Security Grant Program			
Passed through Arizona Division of Emergency Management:			
Arizona Dept of Homeland Security	777301-01	97.067	23,109
Passed through Arizona Department of Homeland Security:			
Operation Stonegarden Grant Program	888308-01	97.067	45,710
Operation Stonegarden Grant Program	777315-01	97.067	12,738
Operation Stonegarden Grant Program	777315-02	97.067	12,998
Total Homeland Security Grant Program			<u>94,555</u>
Total Department of Homeland Security			<u>443,600</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u><b>\$ 2,036,383</b></u>

\*Denotes major program

See accompanying note.

**City of Casa Grande**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2012**

**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, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

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

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)?      yes   X   none reported

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
16.710 - R	Department of Justice – COPS Program
20.106	Department of Transportation – FAA Airport 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, 2012

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

FINDING: 2012-1

CRITERIA

Auditing standards dictate that material financial statement errors discovered during the course of an audit are signs that the internal controls of the entity are not in place to prevent or detect errors in the financial statements.

CONDITION/CONTEXT

Certain material errors were made in the preparation of the City's financial statements in the long-term debt section of the financial statements and the reconciliations from the fund-type statements to the government-wide financial statements. Controls were not in place to prevent or detect the errors.

EFFECT

Material errors in long-term debt and the reconciliations were present in the financial statements of the City.

CAUSE

Controls were not adequate to prevent or detect material errors.

RECOMMENDATION

It is recommended that management implement procedures be put in place to prevent these errors from occurring again.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management concurs with this recommendation and will implement policies and procedures to prevent this from occurring again.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted