

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

City of Casa Grande
Arizona



FY2018



City of Casa Grande, Arizona

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2018



Prepared by the Finance Department
Celina Morris, Finance Director
Stacey Hart, Accountant
Veronica Ramirez, Budget Analyst

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	ix
City of Casa Grande Officials	x
Organizational Chart	xi
II. FINANCIAL SECTION	
Independent Auditors' Report	1
A. Management's Discussion & Analysis	7
B. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	22
Statement of Activities	24
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	28
Reconciliation of the Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Budgetary Comparison Statements – General Fund	35
Budgetary Comparison Statements – Highway Users Fund	36
Proprietary Fund Financial Statements	
Statement of Net Position	38
Statement of Revenues, Expenses and Changes in Fund Net Position	40
Statement of Cash Flows	42
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	49
Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	
1. Summary of Significant Accounting Policies	53
2. Cash and Investments	63
3. Cash with Fiscal Agent/Restricted Investments	68
4. Receivables	69
5. Direct Loans	69
6. Property Taxes	70

Notes to Financial Statements (Continued)	Page
7. Capital Assets	71
8. Pensions and Other Postemployment Benefits	72
9. Risk Management	88
10. Capital Leases	89
11. Bond Debt	90
12. Excise Tax Revenue Obligations	92
13. WIFA Financing	93
14. Changes in Long-Term Obligations	94
15. Long-Term Debt	95
16. Landfill Closure and Post Closure Care Costs	95
17. Construction Commitments	96
18. Summary of Interfund Transactions	96
19. Deficit in Fund Balance	97
20. Sales Tax Incentive Agreement	97
21. Fund Balance Details by Classification	98
 C. Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability	
Cost-Sharing Pension Plan	103
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios	
Agent Pension Plan	104
Schedule of the City Pension Contributions	108
Notes to the Pension Plan Schedules	109
Schedule of Agent OPEB Plans' Funding Progress	111
 D. Other Supplementary Information	
Combining Fund Financial Statements - Non-Major Governmental Funds	
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	118
Budgetary Comparison Schedules - Other Major Governmental Funds	
Schedule of Expenditures – General Fund - Legal Level Budget Compliance	125
Capital Replacement/Recreation/Development Fund	126
Development Impact Fees Fund	127
Budgetary Comparison Schedules - Non-Major Governmental Funds	
Municipal Airport Special Revenue Fund	131
Parks Development Special Revenue Fund	132
Redevelopment/Downtown Revitalization Special Revenue Fund	133
Senior Services Special Revenue Fund	134
Youth Services Special Revenue Fund	135
Grants and Subsidies Special Revenue Fund	136
Rodeo Grounds Special Revenue Fund	137
Grande Sports Special Revenue Fund	138
Court Enhancement/Probationary Special Revenue Fund	139
Community Development Block Grant Special Revenue Fund	140
Housing Special Revenue Fund	141
Tribal Housing Special Revenue Fund	142
Home Special Revenue Fund	143

D. Other Supplementary Information (Continued) Page

Budgetary Comparison Schedules - Non-Major Governmental Funds (Continued)

Debt Service Fund	144
General Obligation Bond Debt Service Fund	145
Excise Tax Debt Service Fund	146
Airport Improvement Capital Projects Fund	147
Community Facilities Districts – Capital Projects	148

Schedule of Operations – Budget and Actual – Proprietary Funds

Enterprise Funds	
Water	151
Wastewater/Development	152
Sanitation	153
Golf Course	154

Fiduciary Funds

Combining Statement of Fiduciary Net Position	157
Combining Statement Changes in – All Agency Funds	158

III. STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	162
Changes in Net Position – Governmental Activities	2	164
Changes in Net Position – Business type Activities	3	166
Fund Balances of Governmental Funds	4	168
Changes in Fund Balances of Governmental Funds	5	170
Sales Tax Revenue by Industry	6	172
Direct and Overlapping Sales Tax Rates	7	175
Ratios of Outstanding Debt by Type	8	176
Ratio of General Bonded Debt Outstanding	9	178
Direct and Overlapping Governmental Activities Debt	10	179
Legal Debt Margin Information	11	180
Pledged – Revenue Coverage	12	181
Real & Personal Property Tax Levies and Collections	13	182
Tax Rate Data	14	183
Estimated Net Secondary Assessed Valuation of Major Taxpayers	15	184
Demographic and Economic Statistics	16	185
Principal Employers	17	186
Authorized City Government Employee Positions by Function/Program	18	197
Operating Indicators by Function/Program	19	188
Capital Asset Statistics by Function/Program	20	189

IV. COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	193
Independent Auditors' Report on compliance for each major program and on Internal Control Over Compliance Required by the Uniform Guidance	195
Schedule of Expenditures of Federal Awards	197
Notes to Schedule of Expenditures of Federal Awards	199
Schedule of Findings and Questioned Costs	200
Corrective Action Plan	203

Introductory Section





City of Casa Grande, Arizona

February 26, 2019

Honorable Mayor,
City Council,
City Manager, and the
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, 2018. This report was prepared by the City's Finance Department.

The CAFR 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, grant 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.

Management is responsible for the contents of the CAFR. 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.

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.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America 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, 2018 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that a reasonable basis exists for rendering an unqualified ("clean") opinion that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2018, 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, 2018, found one instance of a material weakness in the internal control structure, and no instances of significant violations of applicable laws and regulations with respect to major programs. Additional information is available within the separately issued Single Audit Report which is included along with the CAFR.

Included within the CAFR is the Management Discussion and Analysis (MD&A). The purpose of the MD&A is to introduce the basic financial statements and to provide an analytical overview of the government's activities. It includes additional information intended to enable the reader to gain an understanding of the City's financial activity and financial stability.

This letter of transmittal is intended to complement the information provided in the MD&A.

Profile of the City

The City of Casa Grande is a growing city with amazing people and special charm that can only be found in a small town. Founded in 1879, the city is named after the Hohokam Indian Ruins. Since its incorporation in 1915, Casa Grande has grown to be the largest city in western Pinal County. Casa Grande is located in central Arizona, approximately halfway between the State's two largest metropolitan areas of Phoenix and Tucson and is surrounded by three Indian

Reservations. In addition, the City is located at the intersection of two major interstate highways, 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 several years to just over 110 squares miles. The Voters approved the 2020 General Plan on November 3, 2009. The City's population has more than doubled from 25,224 in 2000 to 54,866 in 2018 with the majority of this growth occurring prior to 2009. The City's growth is attributed to affordable housing, proximity to labor opportunities in the metropolitan areas, and the rural quality of life offered to the residents.

The City provides a full range of municipal services, including police and fire protection, street maintenance, wastewater, and sanitation. The City also features a municipal airport, recreational and cultural events, an aquatic center, a senior center, two libraries, business friendly planning and development, and a municipal golf course. The City also provides municipal water services to an area just outside the city limits.

Casa Grande's first Community Recreation Center will be opening in the summer of 2019. The facility broke ground in February 2018. This \$18.25 million project includes the construction of a 50,000 square foot facility, furnishings, and site and utility improvements. The Community center will include a gymnasium, walking track, dance studio, fitness area, multi-purpose room, classrooms, lobby, administrative services and parking.



The Comprehensive Annual Financial Report (CAFR) consists of three sections: Introductory, Financial, and Statistical. As mentioned previously, 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 financial statements provided are 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) of the notes to the financial statements.

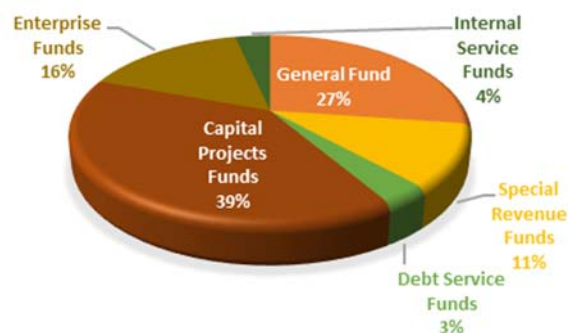
Budgetary Process

The City of Casa Grande, like all cities in the State 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 2017-2018 is \$211,523,289.

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 budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department and project level within each fund.

The City's FY2018 final expenditure budget was \$170,269,415. Figure 1 provides a percentage breakdown of the FY18 allocation of resources by fund type.



From a service area allocation standpoint, accounting for both operating and capital expenditures, \$57.5 million was allocated to public works, \$39 million was allocated to general government, \$37.3 million was allocated to community services, \$33.1 million was allocated to public safety, \$2.1 million to planning and development, and \$1.2 million to community development.

The general fund portion of the FY18 expenditure budget totals \$46.4 million. Figure 2 illustrates the allocation of resources by service area within the general fund. Public safety (communications, police, fire, and court) accounts for \$27.9 million, general government (mayor and council, city manager, city clerk, legal, finance, human resources, economic development) accounts for \$8.81 million, community services (parks, library, recreation) accounts for \$6.3 million, planning and development accounts for \$2 million and public works accounts for \$1.4 million.

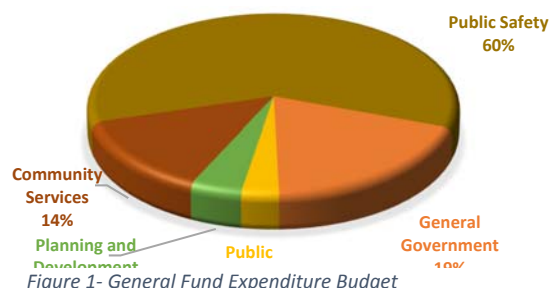


Figure 1- General Fund Expenditure Budget

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. The Community has adopted a Strategic Plan for Community and Economic Development with the purpose of developing a process to successfully attract and retain diverse types of businesses, attract new revenue, and expand/maintain the community revenues essential to sustaining Casa Grande and improving the overall quality-of-life.

The City's location, robust infrastructure, and unparalleled connectivity to modes of transportation (i.e., major interstate highways, commercial airports, and being directly served by the main line of the Union Pacific railroad) has enabled Casa Grande to attain numerous development deals that include Lucid Motors (\$700 million facility which will employ 2,000 people), Attessa Motorsports (2,300 acre development that will include two professional racing venues), and Dreamport Villages (1,500 acre extreme sport themed amusement park). Further, construction of Phoenixmart, the 1.5 mil. square foot international business-to-business sourcing center is gradually moving forward. Phoenixmart will house almost 1,200 vendors representing manufacturers and companies from all over the world in addition to almost 600 U.S. based companies. These four projects alone are projected to create over 30,000 jobs and represent over \$5 billion in capital investment over the next ten years. In addition to the direct impact on the city, these projects will benefit the entire region as well as the state. They will draw visitors from all over the world and attract additional companies, both national and international, to Arizona.

Casa Grande's high rates of population and economic growth have contributed to a significant drop in unemployment from 12.8% in 2009 at the height of the recession to 4.61% in 2018. This drop brought Casa Grande below the current Arizona unemployment rate of 4.7%. Additionally, the City's current job growth rate has expanded by more than 3% and the future job growth rate is projected to grow by 40% over the next ten years.

The City's current labor force is primarily composed of workers in health care, social services, and manufacturing. Growth in the City's labor force is forecasted to shift significantly towards construction, transportation, warehousing, manufacturing, and technology over the next ten years with the construction of Lucid, Attesa and Dreamport. Over the next ten years, nearly 25,000 construction workers are projected to be employed throughout the City as well as more than 10,000 transportation & warehousing workers. Casa Grande's proximity to the Phoenix and Tucson metropolitan areas provides easy access to a highly educated and skilled labor force of more than four million.

Long-term Financial Planning

The City engages in various types of long-term financial planning as part of the budget process. This includes ensuring that budget requests are aligned with the City's mission, vision, and strategic plan goals, establishing revenue and expenditure forecasts, and a five-year capital improvement plan.

In FY2018, the Council established a new vision statement and defined five key focus areas. Following are the City's Mission and Vision Statements, and Strategic Focus Areas:

Mission Statement

To Provide a Safe, Pleasant Community for All Citizens

Vision Statement

We will leverage the current economic climate, new opportunities and our strong community to improve quality of life, civic pride and quality jobs. Casa Grande's strategic location and strongly motivated City Leadership will honor diversity and provide opportunities for all residents to be successful. By building a sustainable and attractive community we can create a place where people can safely live, work and play.

Five Strategic Focus Areas

Quality of Life | Marketing | Education | Fiscal Responsibility | Infrastructure

The financial data in the report includes programs that support each of the focus areas key and the following strategic goals:

The City of Casa Grande will maintain a high quality of life by striving to 1) Increase positive citizen interaction by 10% each year for the next 5 years, 2) Allocate 5% of the City's General Fund resources to blight removal and improvement over 5 years (1% per year), 3) Ensure City event attendance demographics will be an 80% match to population in 4 years, and 4) Increase citizen's sense of security by 20% each year for 5 years.

The City of Casa Grande must continue to thrive as an organization by focusing to 1) Create an image of the City that 90% of residents rate favorably within 5 years, 2) Create an image of the City that 90% of businesses rate favorably within 5 years, 3) Increase the number of positive comments/posts on City's social media sites by 20% each year for 5 years.

The City of Casa Grande will partner with educational institutions and key industries to address needs and 1) Increase the number of baccalaureate degrees achieved by Casa Grande Residents by 10% over 5 years, 2) Increase the number of students attending post graduate institutions or vocational education by 20% through 2020, 3) Welcome 5 industrial companies participating in an apprenticeship/internship program to place 5 apprentices each year for the next 5 years, and 4) Place 5 interns within City Departments each year for the next 5 years.

The City of Casa Grande must manage financial and human resources to provide maximum efficiency and effectiveness in the delivery of City services by focusing to 1) Develop a sustainable budget that can withstand a 5% revenue reduction, 2) Develop a plan to have 100% of the benchmarked job positions mid-point of the salary range to be competitive with the market, and 3) Analyze and evaluate 5 programs or services a year to ensure efficiency/effectiveness against the private sector.

The City of Casa Grande will enhance the quality and availability of internet, transportation, traffic and trail infrastructure by striving to 1) Provide access to internet for 100% of citizens by 2019, 2) Identify and fund a transit plan within 5 years, 3) Implement traffic plan to improve travel system on major arterials by 25%, and 4) Increase trail system by 5% annually over 5 years.

Approximately 86% of the City's General Fund resources are derived from local taxes and intergovernmental revenues. With this concentration and reliance of resources, management conducts both short-term and long-term revenue and expenditure modeling. Key to modeling, are developing major assumptions, scenario planning and stress testing of the models and plans. This includes the evaluation of the fiscal impact that policy changes, legislation, changes in the federal, state or county fiscal policies, and the goals of local service providers may influence. County government and "other" coexisting jurisdictions, such as school districts, produce various and sometimes fluctuating policies which may influence local partnership arrangements. Local service providers such as the utility companies can also affect the City's ability to grow and may also affect the financial future of the community.

Financial Policies

The City has adopted a comprehensive set of financial policies to establish specific guidelines for the day-to-day financial activities of the City. Significant policies are highlighted below:

1. The City Council strives to set a property tax levy that provides for a primary rate of less than \$1 per \$100 of net assessed value. Management calculates three potential tax levy scenarios based on current net assessed property tax values, less new construction; 1) the anticipated property tax rate assuming no change in the levy set in the prior year 2) the anticipated property tax levy assuming no change in the rate set in the prior year, and 3) the maximum allowable tax rate. The three scenarios are presented to the City Council for consideration.

2. The City strives to maintain a consistent secondary property tax rate. Management calculates a secondary property tax rate for City Council consideration. The calculation includes the following factors: annual debt service, net cash available from the general obligation fund, estimated interest, property tax revenue, federal subsidy payments, voluntary contributions in lieu of property taxes, and anticipated cash defeasances, as applicable. The calculated rate is also adjusted for an estimated delinquency factor for uncollected taxes, and allowable cash reserves.
3. The City maintains a vehicle replacement fund to replace vehicles and major equipment. The City funds replacement of existing fleet vehicles and equipment by placing funds in a specific fund (Capital Replacement Fund). The replacement schedule is updated annually to ensure all applicable vehicles and equipment are included and that the Capital Replacement Fund remains a sustainable funding source.
4. The City only focuses on providing new programs and services that are financed with new revenue sources or reductions in existing programs or services. Permanent reductions in existing revenues or the elimination of existing revenues would result in the reduction or modification of existing services. Situations, such as unfunded mandates, will occur where new programs or services must be added using existing resources.
5. The City only uses one-time revenues to fund one-time expenses. One-time revenues and expenditures are defined as those items that are not reoccurring. These expenditures need not take place in the same fiscal year as receipt of the revenue, but instead can be reserved in a capital project fund for future capital projects as they occur or combined with other funds to complete other major capital projects. The City accounts for one-time revenues in a capital fund for the financing of one-time capital improvement projects.
6. The City maintains a performance measurement program to ensure that services are provided in a cost effective manner and provides the desired outcomes.
7. The City annually evaluates the comprehensive fee schedule to ensure that the cost of services are fair and equitable. User Fees are generally developed to cover the cost of those who use the service. However, the City does provide some programs or services where the financial cost is greater than the revenue generated because they create a public benefit that is important to the community as a whole.
8. The City has an established general fund reserve that equals up to 50% of annual anticipated general fund expenditures. The reserve is intended to establish resources that would be readily available in a fluctuating economy. The reserve also ensures that the City maintains a strong financial position.

9. The City has established a debt management policy to improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning. The core objectives of this Debt Policy include the following:
- Minimize debt service costs and issuance costs;
 - Maintain access to cost-effective borrowing;
 - Achieve and maintain the highest practical credit ratings;
 - Balance pay-go financing with debt financing;
 - Ensure full and timely repayment of debt;
 - Maintain full and complete financial and non-financial disclosure and reporting with respect to outstanding debt;
 - Ensure compliance with federal and State laws and regulations;
 - Promote the City's best interests and protect the City's financial stability when deciding whether to issue debt;
 - Increase transparency to debt stakeholders and consistency in debt decision making.
10. The City maintains monthly and quarterly financial reports to monitor and ensure that revenue and expenditure assumptions are still valid, that financial performance trends are consistent with budgeted expectations, and that actual spending is in compliance with the City's legal budget authority.

Major Initiatives

In FY18, the City focused on minimizing the effect of rising personnel costs, while ensuring that the City remained competitive in the local job market. Highlighted below are some of the major initiatives that are reflected in the financial statements:

- The City established a health benefit trust to provide self-insured medical benefits to its employees
- The City prepaid the public safety retirement employer contribution at the beginning of the fiscal year, to realize investment earnings to offset increasing contribution rates
- Eligible employees received a one-step merit increase
- Continued focus on the Health and Safety program, which has resulted in cost savings and a reduction in our experience modification rate for workers compensation

Awards and Acknowledgements

Casa Grande has received recognition for

- One of Travelocity's 25 Most Giving Cities in the US (#14)
- A Tree City USA by the National Arbor Day Foundation (11 Years)
- A Playful City USA designated by Kaboom! (9 years)
- Excellence in Financial Reporting from the Government Finance Officers Association (28 years)
- Distinguished Budget Presentation from the Government Finance Officers Association (21 years)
- Ranked 19th Safest City in Arizona by Safe Home's Safest Cities Score

The preparation of the City's Comprehensive Annual Financial Report was only made possible by the dedication and hard work of every member of 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 continued support and leadership.

Sincerely,

A handwritten signature in black ink, appearing to read 'Celina Morris', is positioned above the printed name and title.

Celina Morris
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Casa Grande
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Casa Grande, Arizona
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

CITY COUNCIL

Mayor

Craig McFarland

Mayor Pro-Tem

Donna McBride

Council Members

Lisa Fitzgibbons

Matt Herman

Robert Huddleston

Mary Kortsen

Dick Powell



City Manager

Larry Rains

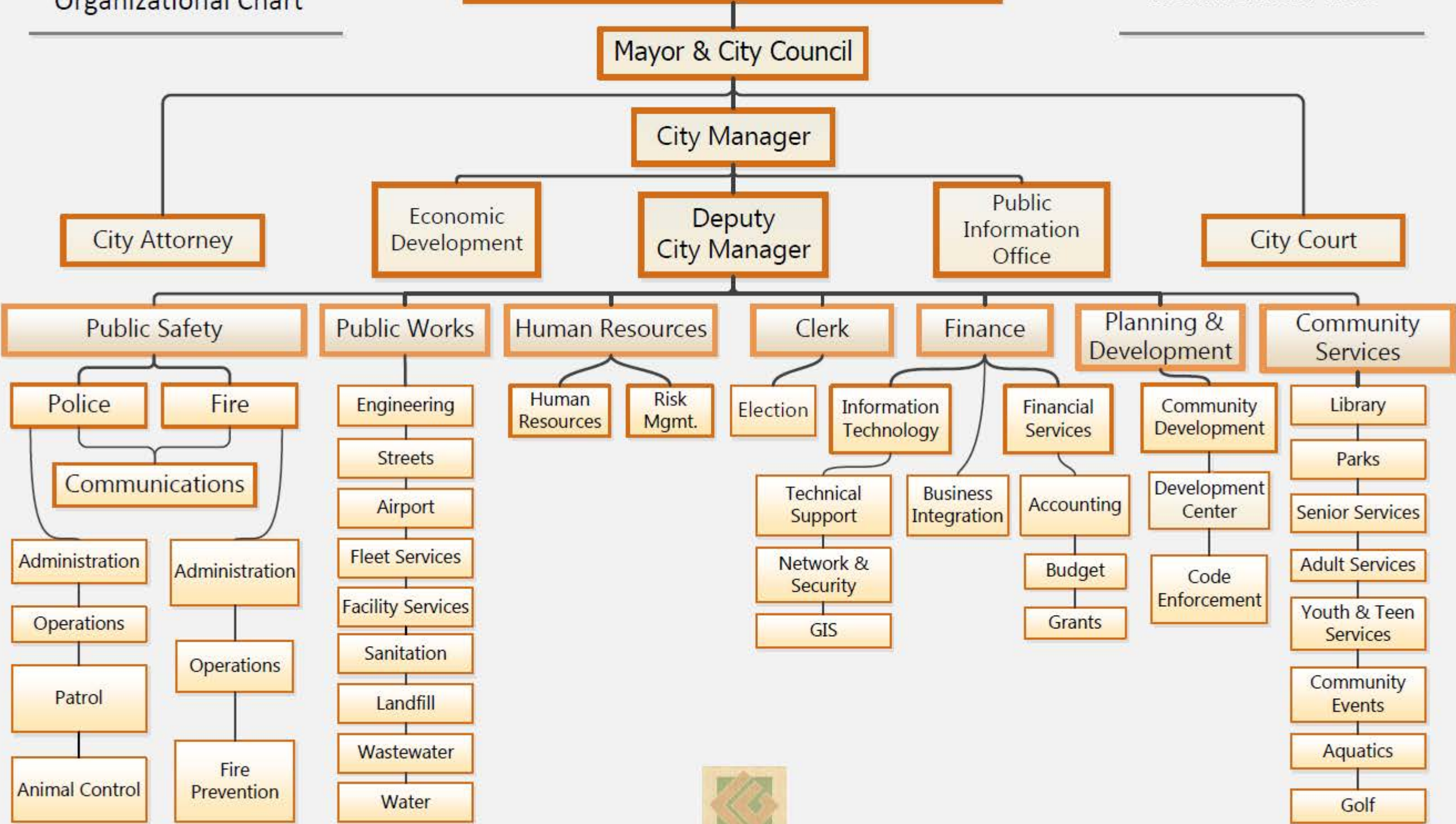
Finance Department Staff

Celina Morris, Finance Director

Stacey Hart, Accountant

Veronica Ramirez, Budget Analyst

Residents of Casa Grande





Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Casa Grande, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Highway User Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Casa Grande, Arizona's basic financial statements. The introductory section, the other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial information listed as other supplementary information in the table of contents 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information (Continued)

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.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

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 pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Casa Grande solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Casa Grande's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the City and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2019, on our consideration of the City of Casa Grande'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 solely 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 effectiveness of the City of Casa Grande's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Casa Grande's internal control over financial reporting and compliance.

Henry & Horne LLP

Casa Grande, Arizona
February 26, 2019

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Casa Grande, Arizona (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any significant deviations from the approved annual budget, and (5) identify individual fund issues or concerns. Please read it in conjunction with the Letter of Transmittal, Basic Financial Statements and the Accompanying Notes to the financial statements.

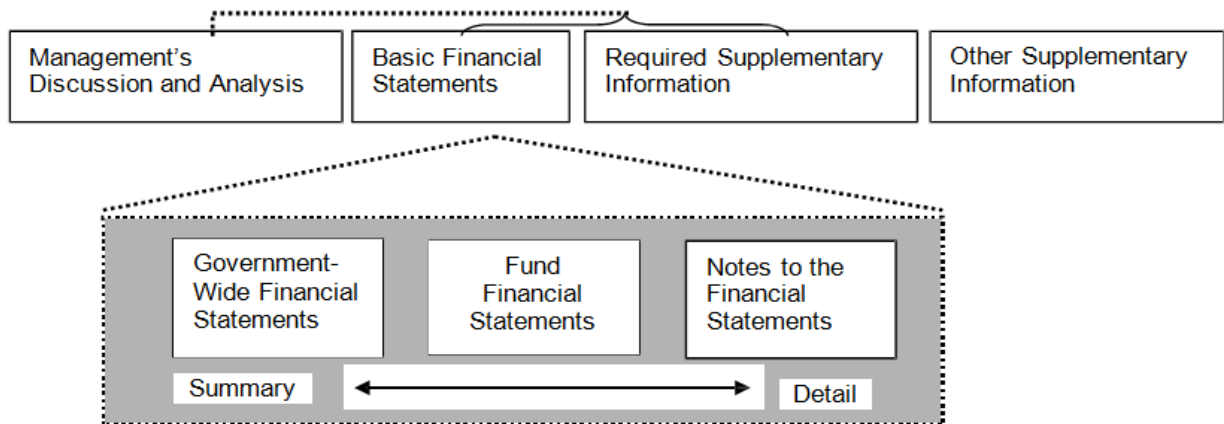
Financial Highlights

The following are some of the more significant financial highlights, on a government-wide bases.

- The City's total net position, totaled \$222 million at June 30, 2018. This is a decrease of \$3.0 million compared to fiscal year 2017.
- Net Pension liabilities as of June 30, 2018 totaled \$70.4 million; \$66.6 million from governmental activities and \$3.8 million from business-type activities.
- Current and Long-Term Debt totaled \$109.9 million as of June 30, 2018, compared to \$117.4 million in the previous year. The difference of \$7.5 million represents net debt service activities accomplished during fiscal year 2018.
- With no significant changes to operations, Government Activities ended both fiscal year 2018 and 2017 with Net Expenditures of \$57.2 million. In fiscal year 2018, Government Activities expenditures and revenues totaled \$69.9 million and \$12.8 million, respectively. In fiscal year 2017, total Government Activities expenditures and revenues totaled \$71.9 million and \$14.7 million, respectively.
- There was an increase of \$174 thousand in net revenues for Business-Type Activities compared to last year. In fiscal year 2018 there were \$2.96 million in net revenues, compared to \$2.82 million in fiscal year 2017. In fiscal year 2018, expenditures and revenues for Business-Type Activities totaled \$16.6 million and \$19.6 million, respectively. In fiscal year 2017, expenditures and revenues for Business-Type Activities totaled \$17.7 million and \$20.5 million, respectively.
- General Revenues for fiscal year 2018 were \$52.3 million, compared to \$48.5 million in the previous year. The net increase of \$3.8 million from the previous year was driven by increased revenues in each revenue category. The largest increase (\$1.9 million) was in local sales tax revenues, primarily attributable to the construction sales tax category.

OVERVIEW OF THE FINANCIAL STATEMENTS

Required Components of the Annual Financial Report



Government-wide Financial Statements

The government-wide financial statements 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 (finance, accounting, human resources, information technology, etc.), community services (parks, library, recreation, etc.), public safety (police, fire, communications, and court), planning and development and public works (streets, engineering, etc.). Taxes and intergovernmental revenues support the majority of these activities.

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

The *statement of net position* 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 position. The focus on net position is designed to focus on government as a business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, to accurately assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base, GASB changes, and condition of infrastructure should also be considered.

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. Full accrual accounting is used for the government-wide financial statements and all changes to net position 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 the major funds of the City. A major fund is determined based on the percentage a certain fund value is, in relation to all other funds 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 four (4) types 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 provide 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, we provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- 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 to account for activities that primarily serve customers for which fees are charged. The City has four enterprise funds: golf course, sanitation, water and wastewater funds.
- Internal Service funds - The internal service funds reflect activities in which the City is the customer. The fleet services, facilities maintenance, risk management and self-insurance funds are the City's four internal service funds. Their purpose is to provide vehicle maintenance and facilities services to City departments and to provide cost accounting for property, casualty and certain medical insurance costs and risk management.
- 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 provide additional information essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. They should be considered with the financial statements in their entirety.

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, 2018.

Statement of Net Position

Net position may serve over time as a useful indicator of the City's financial position. The following table reflects the condensed statement of net position as of June 30, 2018 and June 30, 2017. The City has chosen to account for its golf course, water, wastewater and sanitation operations in enterprise funds which are shown as Business Activities.

Statement of Net Position (In Thousands)						
	Governmental Activities		Business Activities		Total Primary Government	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Current and Other Assets	119,678	119,516	16,551	16,685	136,229	136,201
Capital Assets	167,403	172,550	96,487	98,956	263,890	271,505
Total Assets	287,080	292,065	113,038	115,641	400,118	407,707
Deferred Outflow of Resources	18,639	18,715	471	775	19,110	19,490
Current Liabilities	12,390	10,796	6,041	6,061	18,430	16,857
Long-term Liabilities	126,154	127,784	47,691	52,323	173,845	180,107
Total Liabilities	138,544	138,580	53,732	58,384	192,275	196,964
Deferred Inflows of Resources	4,728	5,199	307	510	5,035	5,710
Net Position						
Net investment in Capital Assets	108,271	125,562	51,298	49,611	159,568	175,173
Restricted	40,267	35,874	6,404	6,970	46,671	42,845
Unrestricted	13,909	5,565	1,769	940	15,678	6,505
	162,447	167,002	59,470	57,522	221,918	224,523

As of June 30, 2018 the net position of the City totaled \$221.9 million, a decrease of \$2.96 million from June 30, 2017. Net position is comprised of \$162.4 million in governmental activities and \$59.5 million in the business-type activities.

Net Position consists of three components. The largest portion of net position (\$159.6 million or 72%) reflects the City's net investment in capital assets. The City uses these capital assets to provide services to its citizens. It is not the City's intent to sell these assets; therefore, they are not considered available resources.

The restricted portion of the City's net position (\$46.7 million or 21%) represents resources subject to external restrictions on how they may be spent. This component is primarily made up of required fund balance reserves and 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 position (\$15.7 million or 7%), which may be used to meet the City's ongoing obligations to its residents and creditors.

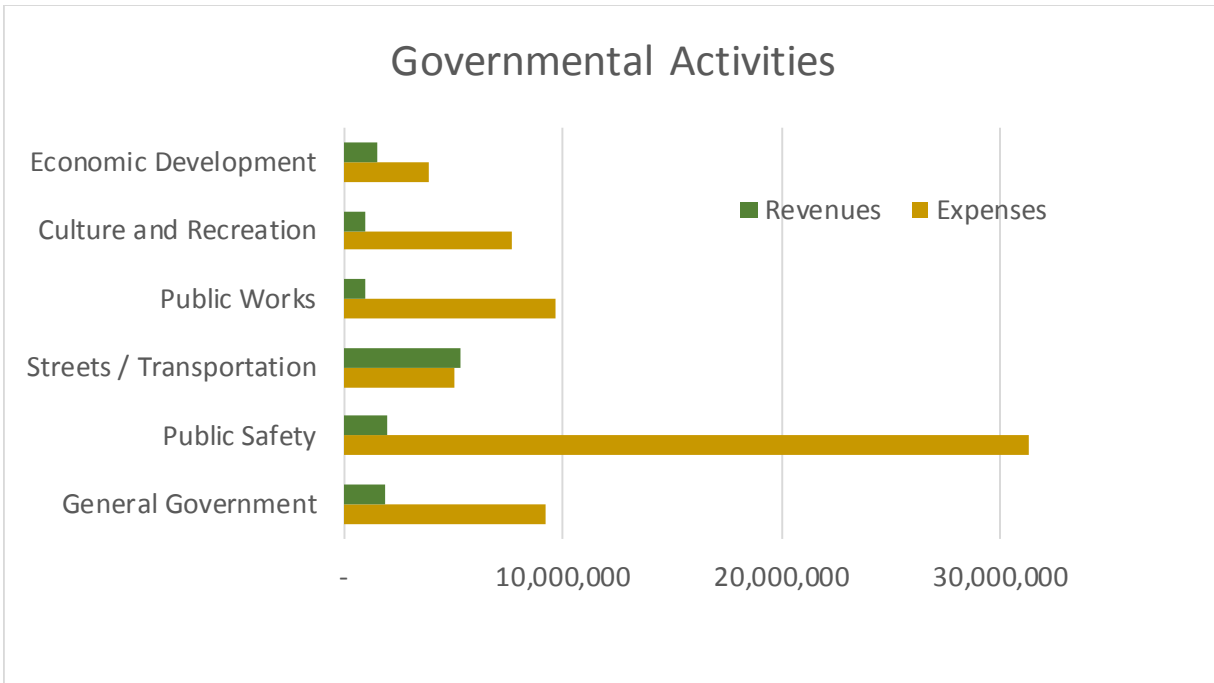
Changes in Net Position

The City's total revenues for the year ended June 30, 2018 were \$83.4 million. The total cost of all programs and services was \$86.5 million. This resulted in a Net Expense of \$2.96 million. The following table presents a summary of the changes in net position for the year ended June 30, 2018.

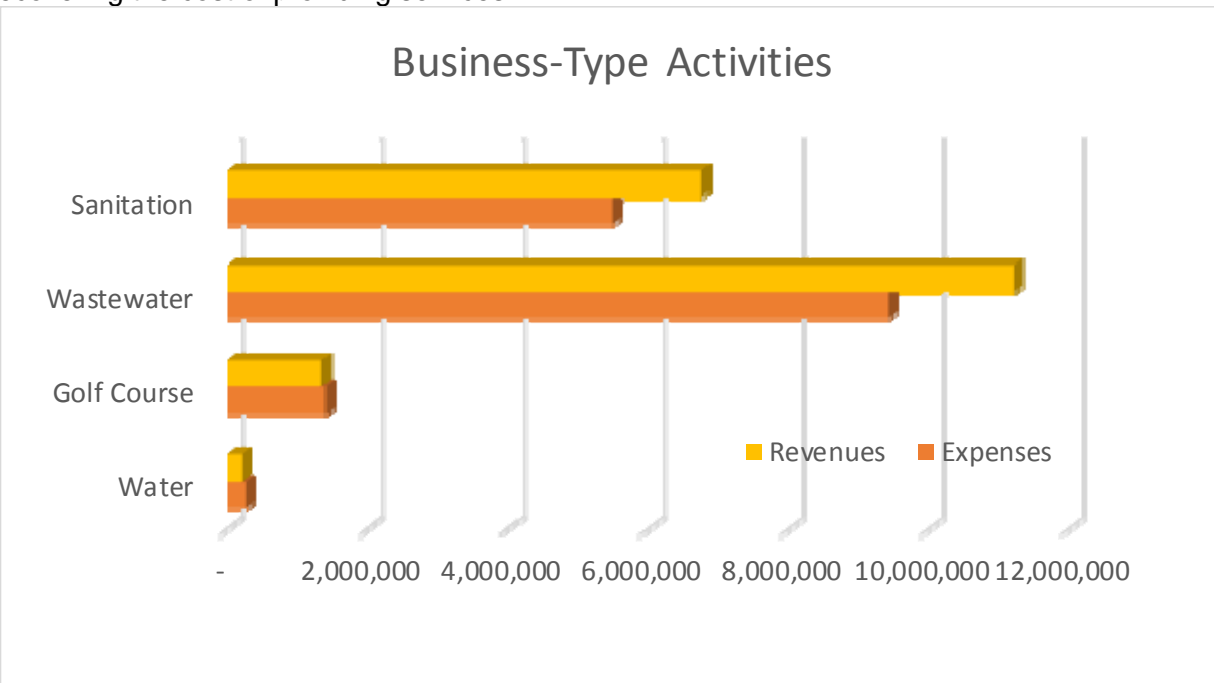
Changes in Net Position (In Thousands)						
	Governmental Activities		Business Activities		Total Primary Government	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Revenues						
Program Revenues						
Charges for Service	4,793	8,136	19,001	20,032	23,794	28,167
Operating Grants and Contributions	6,156	5,752	-	-	6,156	5,752
Capital Grants and Contributions	1,802	805	580	446	2,382	1,251
General Revenues					-	-
Property Taxes	6,971	6,473	-	-	6,971	6,473
Sales Taxes	25,292	23,402	26	29	25,318	23,431
Franchise Taxes	2,503	2,450	-	-	2,503	2,450
Share Revenues	15,173	13,696	-	-	15,173	13,696
Other	1,128	1,111	158	112	1,286	1,222
Total Revenues	63,818	61,825	19,765	20,618	83,583	82,443
Expenses						
General Government	9,204	8,951	-	-	9,204	8,951
Public Safety	31,274	31,694	-	-	31,274	31,694
Streets / Transportation	5,042	12,160	-	-	5,042	12,160
Public Works	9,665	5,945	-	-	9,665	5,945
Culture and Recreation	7,697	7,995	-	-	7,697	7,995
Economic Development	3,910	2,573	-	-	3,910	2,573
Interest on Long Term Debt	3,118	2,571	-	-	3,118	2,571
Water	-	-	286	590	286	590
Golf Course	-	-	1,406	1,263	1,406	1,263
Wastewater	-	-	9,435	10,077	9,435	10,077
Sanitation	-	-	5,498	5,726	5,498	5,726
	69,909	71,889	16,623	17,657	86,532	89,546
Net Revenues (Expense) before Transfers	(6,091)	(10,065)	3,142	2,962	(2,950)	(7,103)
Net Transfers In (Out)	1,192	1,371	(1,192)	(1,371)	-	-
Increase (Decrease) in Net Position	(4,899)	(8,693)	1,950	1,590	(2,950)	(7,103)
Beginning Net Position	167,002	176,041	57,522	55,930	224,523	231,972
Ending Net Position	162,102	167,347	59,471	57,521	221,573	224,868

In FY18, Governmental Activities accounted for 77% of the total revenues and 81% of the total expenses for the City, in the amount of \$63.8 million and \$69.9 million, respectively.

The following graph illustrates revenues and expenses for Governmental Activities by function. Program revenues partially offset program costs. The General Fund provides an allocation of resources to the various functions, where expenses are not fully recovered through direct program revenues.



Business Activities accounted for the remaining 23% of total revenues and 19% of total expenses, in the amount of \$19.8 million and \$16.6 million, respectively. The following graph illustrates revenues and expenses for the City's Business-Type Activities: Sanitation, Wastewater, Golf Course and Water. Operating revenues are generated by charging service fees to customers who use the services. User fees and charges are established with the goal of recovering the cost of providing services.



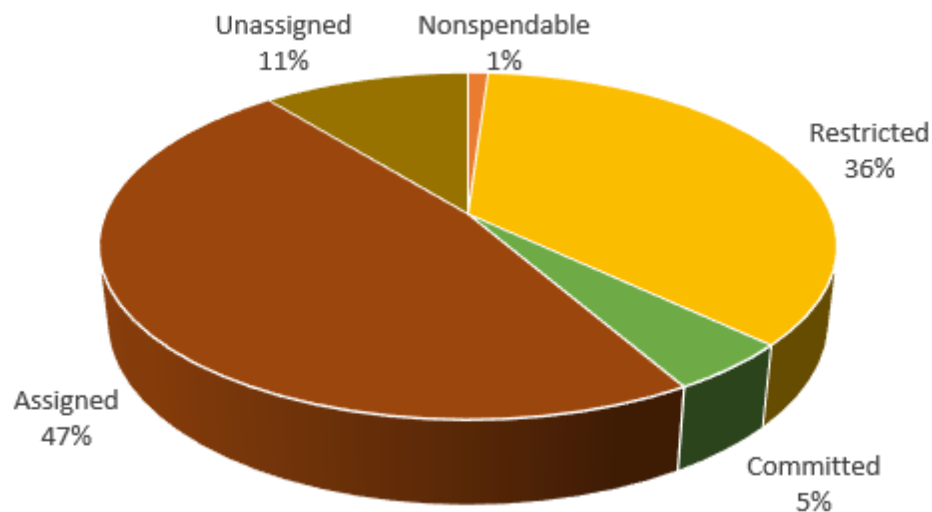
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 is to provide information on near-term inflows, outflows and the balance of spendable resources. All major governmental funds are discreetly presented, while non-major funds are combined into a single column.

The governmental fund financial statement provides fund balance by major fund, as well as, a combined total for non-major funds. Fund balance serves as a useful indicator of a government's net resources available for spending at the end of the year. As of June 30, 2018, fund balance for the City's governmental funds totaled \$112 million. Total fund balance is categorized in one of five types on the financial statements. Nonspendable fund balance totaled \$1.2 million, representing fund resources that are not in a form that could be spent. Restricted fund balance totaled \$40.3 million, representing fund resources that are subject to restrictions that are legally enforceable by outside parties or enabling legislation. Committed fund balance totaled \$5.2 million, representing fund resources that have self-imposed limitations on its use. Assigned fund balance totaled \$52.3 million, representing fund resources that are less formally limited. Unassigned fund balance totaled \$13.1 million, representing resources that are in spendable form and are not otherwise restricted, committed nor assigned.



The General Fund is the chief operating fund of the City and accounts for our major governmental activities, including public safety, community services, planning and development, and general administrative services. The following activity resulted in a positive net change in fund balance of \$2.3 million, bringing ending fund balance to \$34.5 million. General Fund revenues totaled \$45.4 million, an increase of \$2.67 million over fiscal year 2017. The increase was driven primarily from city sales tax and intergovernmental revenues. Expenses before transfers (in/out) totaled \$41.6 million, an increase of \$644 thousand over fiscal year 2017. Transfers-In totaled \$2.1 million, Transfers-Out totaled \$3.5 million, resulting in net Transfers Out of \$1.4 million.

The Highway User Revenue Fund (HURF) is governed by Arizona Revised Statutes. The HURF fund tracks the state allocation of gasoline taxes and other state shared revenues that are restricted for transportation. The Fund 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. The following activity resulted in a positive net change of \$1.5 million, bringing ending fund balance to \$7.0 million. Revenues totaled \$6.7 million, an increase of \$628 thousand from the prior fiscal year. Expenses totaled \$5.3 million, an increase of \$599 thousand from the prior fiscal year. Net Transfers-In totaled \$59 thousand in FY18, compared to \$2.1 million Net Transfers-Out in the prior fiscal year.

The Capital Replacement and Recreation Development Funds account for accumulated resources and capital expenses related to construction and the replacement of infrastructure and equipment. The following activity resulted in a net decrease in fund balance of \$4.2 million, bringing ending fund balance to \$38.6 million. Revenues totaled \$2.8 million, an increase of \$674 thousand from the prior fiscal year. Expenses totaled \$7.7 million, an increase of \$1.6 million from the prior fiscal year. Net Transfers-In totaled \$618 thousand in FY18, compared to \$1.1 million in the prior fiscal year.

The Development Impact Fee Funds account for accumulated resources and costs associated with necessary infrastructure and public services to provide growth areas with the same level of services provided to existing developments. The following activity resulted in a net increase in fund balance of \$831 thousand, bringing ending fund balance to \$22.7 million. Revenues totaled \$1.4 million, an increase of \$535 thousand from the prior fiscal year. Expenses totaled \$620 thousand, a decrease of \$163 thousand from the prior fiscal year. Net Transfers-In totaled \$35 thousand, in FY18, compared to zero (\$0) in the prior fiscal year.

All non-major governmental funds are combined into "Non-Major Governmental Funds." The following activity resulted in a net increase in fund balance of \$352 thousand, bringing ending fund balance to \$9.3 million. Revenues totaled \$6.8 million, an increase of \$414 thousand from the prior fiscal year. Expenses totaled \$9.2 million, an increase of \$546 thousand from the prior fiscal year. Net Transfers-In totaled \$2.5 million in FY18, compared to \$2.4 million in the prior fiscal year. In FY18, Net Debt Service activity provided a positive cash flow impact of \$178 thousand.

Proprietary Funds

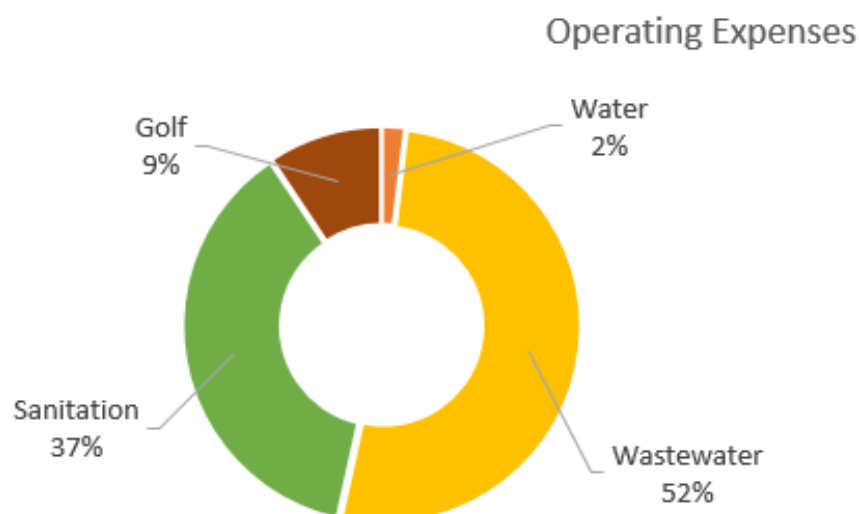
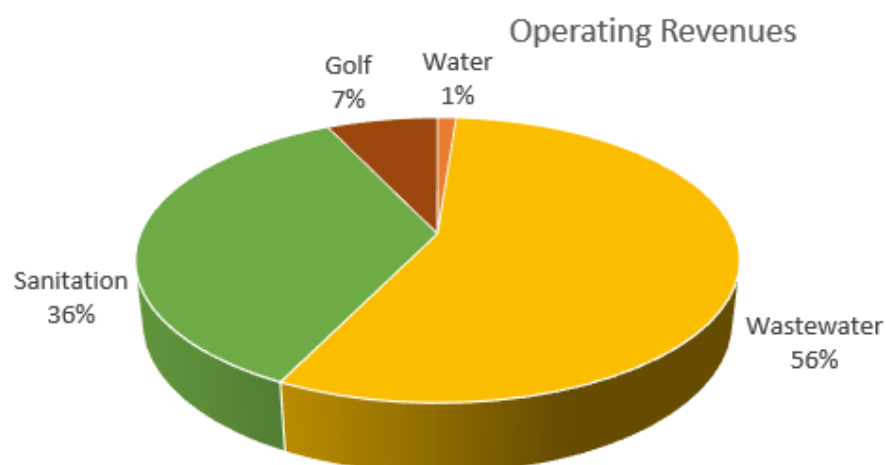
The proprietary funds financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each enterprise fund is shown individually on the fund statement. In addition to the enterprise funds, the proprietary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

Consolidated net position of the City's enterprise funds totaled \$59.5 million, an increase of \$1.95 million from the prior year. The change in net position was based on the following activity.

Consolidated revenues totaled \$19.2 million, a decrease of \$879 thousand from the prior year. The chart to the right illustrates the percentage of revenues that each business-type activity contributed to consolidated revenues. Water, Wastewater, Sanitation, and Golf Course revenues totaled \$229 thousand, \$10.8 million, \$6.8 million, and \$1.4 million, respectively.

Consolidated operating expenses totaled \$15.0 million, a decrease of \$707 thousand from the prior year. The chart to the right illustrates the percentage of expenses that each business-type activity contributed to consolidated revenues. Water, Wastewater, Sanitation, and Golf Course expenses totaled \$286 thousand, \$7.7 million, \$5.6 million, and \$1.4 million, respectively. Consolidated operating income totaled \$4.2 million. Water, Wastewater, Sanitation, and Golf Course net operating income (loss) totaled (\$56 thousand), \$3.0 million, \$1.3 million, and (\$48 thousand), respectively.

After non-operating revenues and expenses of \$1.6 million, developer fees of \$580 thousand and net transfers-out of \$1.2 million, the total change in net position totaled \$1.95 million.

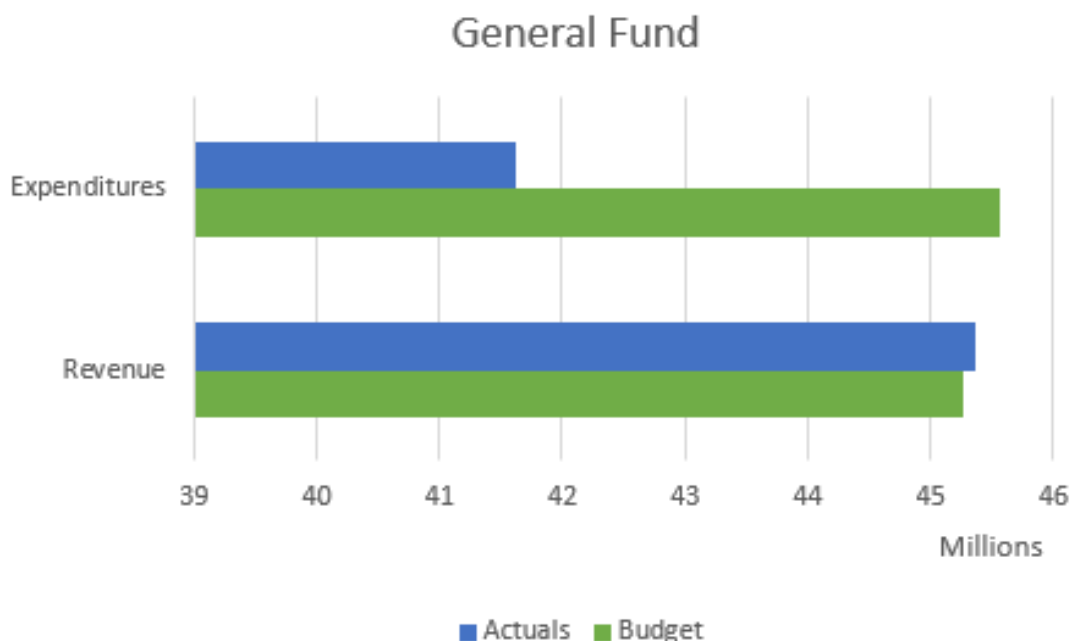


BUDGETARY HIGHLIGHTS

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. 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) 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 \$170.3 million during fiscal year 2018, compared to the Economic Estimates Commission Expenditure Limitation of \$211.5 million. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur. However, the total amount of the amended budget remained the same, as a whole.

Actual General Fund revenues of \$45.4 million were consistent with the estimated \$45.3 million of budgeted General Fund revenues. Actual General Fund expenses of \$41.6 million were \$3.9 million less than budgeted expenditures of \$45.6 million.



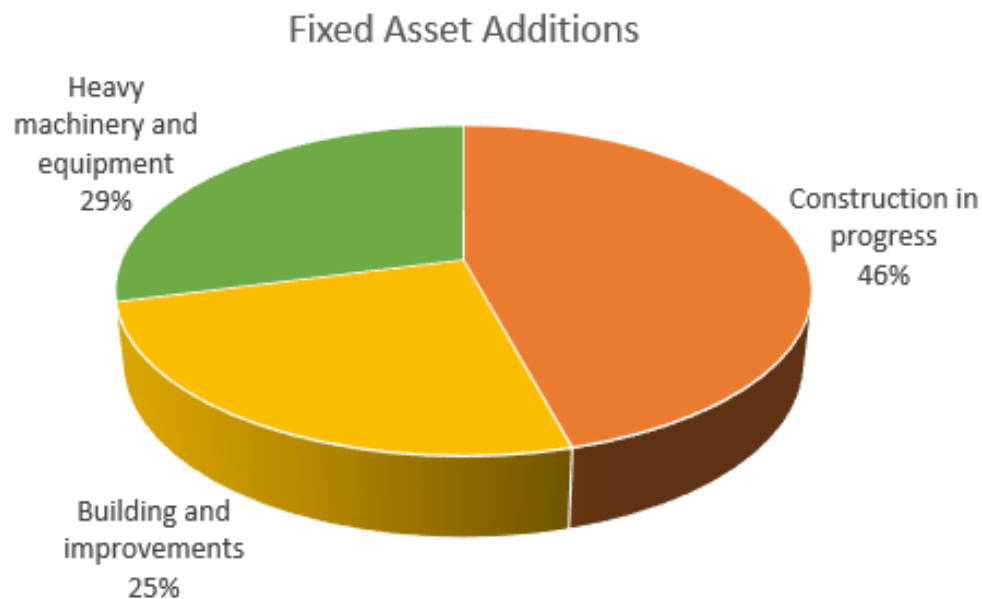
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had \$263.9 million invested in various capital assets, net of accumulated depreciation. Of this amount, \$167.4 million (64%) is invested in governmental activities and \$96.5 million (36%) is invested in business-type activities.

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

- Construction in progress of \$6.0 million
- Building and improvements of \$3.3 million
- Heavy machinery and equipment of \$3.8 million



The table on the following page provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2018. Additional information on the City's capital assets may be found in Note 7 Capital Assets.

Capital Assets
(in Thousands)

	Governmental Activities		Business Activities		Total Primary Government	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Land and Construction in Progress	25,915	22,363	5,198	4,444	31,113	26,807
Building and Improvements	129,595	139,315	86,692	89,669	216,287	228,984
Heavy Machinery and Equipment	11,893	10,871	4,597	4,842	16,490	15,713
Total	167,403	172,549	96,487	98,955	263,890	271,504

Long-Term Debt

The City's outstanding long-term debt, including bonds, capital leases, compensated absences, excise tax revenue bonds, net pension liabilities, notes, and post closure costs, was \$180.0 million at June 30, 2018, with \$9.5 million due within one year. Of this total, \$128.5 million was in governmental activities and \$51.5 million was in business-type activities. Of the outstanding debt, \$20.1 million is excise tax revenue obligation bond collateralized by the City's excise tax stream. The following schedule shows the outstanding debt of the City (both current and long term), including the Landfill Closure and Post Closure and Net Pension Liabilities as of June 30, 2018. Further details can be found in Notes 10 through Note 15.

	Outstanding Debt (in Thousands)					
	Governmental Activities		Business Activities		Total Primary Government	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
General Obligation Bonds	38,375	40,215	-	-	38,375	40,215
Capital Leases	6,342	6,960	-	-	6,342	6,960
Compensated Absences	3,164	3,166	299	301	3,463	3,467
Excise Tax Revenue Obligations	13,982	14,475	6,068	7,485	20,050	21,960
Net Pension Liability	66,599	64,529	3,804	4,071	70,403	68,599
Notes and Loans Payable	-	-	38,371	41,107	38,371	41,107
Post Closure	-	-	2,987	2,895	2,987	2,895
Total	<u>128,462</u>	<u>129,345</u>	<u>51,530</u>	<u>55,859</u>	<u>179,991</u>	<u>185,204</u>

ECONOMIC FACTORS

The local economy continues to experience slow, but consistent growth. Casa Grande's population has grown steadily since FY2009, when the city's population was 45,116. The growth rate over the past 10 years has averaged 2.22%. Casa Grande's current population is 54,866. The unemployment rate in Casa Grande (Pinal County) has improved from 11.1% in FY2009 to 5.3% in FY2018. In FY2018, we attracted exciting new businesses, opened two new schools and saw new housing starts jump significantly across the city.

Construction began on Casa Grande's first Community Recreation Center, and major renovations were approved for two of our largest green spaces, Carr McNatt Park and Dave White Park. Casa Grande remains the retail and commercial center of the Pinal County region.

PROJECTS IN CASA GRANDE

Electric car maker Lucid Motors is set to break ground on a state-of-the-art assembly plan in Casa Grande in FY2019. Lucid will eventually produce up to 130,000 vehicles a year at the facility starting with its inaugural model, the Lucid Air. The plant is anticipated to create thousands of new jobs and drive billions of dollars in related economic activity.

Attesa Motorsports Complex recently completed development and zoning agreements with Pinal County. They hope to break ground in FY2019, on a \$500 million motor sports center. The project will include two 2.8 mile road courses, a karting track, a driver experience center, a hotel and convention center, restaurants, shipping and a private airport.

LKQ Corporation, a global auto parts recycling company, recently completed a 107,000 square-foot warehouse / office space complex on 120 acres at the northwest corner of Thornton and Peters Roads with room for further expansion.

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, 510E. Florence Blvd. Casa Grande, AZ 85122 or send an e-mail to celina_morris@casagrandeaz.gov. Copies of this report and other financial information can also be found on the city's website www.casagrandeaz.gov.



Financial Section

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 26,852,212	\$ 12,851,686	\$ 39,703,898
Investments	83,878,951	1,940,818	85,819,769
Receivables (net of allowance for uncollectibles)	1,695,343	1,797,061	3,492,404
Internal balances	67,629	(67,629)	-
Due from other governments	4,701,298	-	4,701,298
Inventories	326,863	29,142	356,005
Prepays	1,130,346	-	1,130,346
Restricted cash and cash equivalents	1,024,943	-	1,024,943
Capital assets-nondepreciable	25,914,884	5,198,222	31,113,106
Capital assets-depreciable, net	141,487,830	91,288,862	232,776,692
Total assets	<u>287,080,299</u>	<u>113,038,162</u>	<u>400,118,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	16,326,542	471,077	16,797,619
Deferred amount on refunding	2,312,440	-	2,312,440
Total deferred outflows of resources	<u>18,638,982</u>	<u>471,077</u>	<u>19,110,059</u>
LIABILITIES			
Accounts payable and other current liabilities	3,355,752	870,530	4,226,282
Deposits held	1,536,267	200,028	1,736,295
Accrued wages and benefits	796,009	72,617	868,626
Accrued interest payable	1,648,697	456,850	2,105,547
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	1,418,167	104,244	1,522,411
Current portion of capital leases and notes	650,226	2,846,008	3,496,234
Current portion of excise tax revenue obligations	1,054,600	1,490,400	2,545,000
Current portion of bonds payable	1,930,000	-	1,930,000
Due in more than one year:			
Noncurrent portion of compensated absences	1,745,969	194,406	1,940,375
Noncurrent portion of capital leases and notes	5,691,985	35,525,109	41,217,094
Noncurrent portion of excise tax revenue obligations	12,927,300	5,179,733	18,107,033
Noncurrent portion of bonds payable	39,190,187	-	39,190,187
Closure and postclosure liability	-	2,987,227	2,987,227
Net pension liability	66,598,584	3,804,473	70,403,057
Total liabilities	<u>138,543,743</u>	<u>53,731,625</u>	<u>192,275,368</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>4,728,070</u>	<u>307,298</u>	<u>5,035,368</u>
NET POSITION			
Net investment in capital assets	108,270,856	51,445,834	159,716,690
Restricted for:			
Highways and streets	7,033,726	-	7,033,726
Grant purposes	17,832	-	17,832
Community development	783,042	-	783,042
Public safety purposes	433,465	-	433,465
Debt service	4,812,176	4,935,049	9,747,225
Capital projects	27,186,984	1,724,958	28,911,942
Unrestricted	<u>13,909,387</u>	<u>1,364,475</u>	<u>15,273,862</u>
Total net position	<u>\$162,447,468</u>	<u>\$ 59,470,316</u>	<u>\$221,917,784</u>

See accompanying notes.



CITY OF CASA GRANDE, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,203,693	\$ 460,030	\$ 1,338,532	\$ 55,115
Public safety	31,273,684	1,388,042	231,898	396,041
Streets/Transportation	5,042,379	-	4,215,444	1,162,523
Public works	9,664,687	909,437	-	45,023
Culture and recreation	7,696,620	691,224	193,752	143,473
Economic development	3,909,504	1,344,687	176,360	-
Interest on long-term debt	3,118,414	-	-	-
Total governmental activities	<u>69,908,981</u>	<u>4,793,420</u>	<u>6,155,986</u>	<u>1,802,175</u>
Business-type activities:				
Water	285,818	229,111	-	-
Golf course	1,405,600	1,357,751	-	-
Wastewater	9,434,505	10,646,739	-	579,670
Sanitation	5,497,521	6,767,313	-	-
Total business-type activities	<u>16,623,444</u>	<u>19,000,914</u>	<u>-</u>	<u>579,670</u>
Total primary government	<u>\$ 86,532,425</u>	<u>\$ 23,794,334</u>	<u>\$ 6,155,986</u>	<u>\$ 2,381,845</u>
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 position				
Net position-beginning				
Net position-ending				

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (7,350,016)	\$ -	\$ (7,350,016)
(29,257,703)	-	(29,257,703)
335,588	-	335,588
(8,710,227)	-	(8,710,227)
(6,668,171)	-	(6,668,171)
(2,388,457)	-	(2,388,457)
(3,118,414)	-	(3,118,414)
<u>(57,157,400)</u>	<u>-</u>	<u>(57,157,400)</u>
-	(56,707)	(56,707)
-	(47,849)	(47,849)
-	1,791,904	1,791,904
-	1,269,792	1,269,792
<u>-</u>	<u>2,957,140</u>	<u>2,957,140</u>
<u>(57,157,400)</u>	<u>2,957,140</u>	<u>(54,200,260)</u>
6,970,676	-	6,970,676
25,292,113	26,156	25,318,269
2,502,845	-	2,502,845
5,246,154	-	5,246,154
6,754,555	-	6,754,555
3,172,178	-	3,172,178
746,889	158,238	905,127
380,656	-	380,656
1,192,023	(1,192,023)	-
<u>52,258,089</u>	<u>(1,007,629)</u>	<u>51,250,460</u>
(4,899,311)	1,949,511	(2,949,800)
<u>167,346,779</u>	<u>57,520,805</u>	<u>224,867,584</u>
<u>\$ 162,447,468</u>	<u>\$ 59,470,316</u>	<u>\$ 221,917,784</u>



Government Fund Financial Statements

CITY OF CASA GRANDE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Highway Users	Capital Replacement/ Recreation/ Development
ASSETS			
Cash and cash equivalents	\$ 7,709,524	\$ 4,245,657	\$ 1,565,332
Investments	23,306,098	4,394,920	37,929,174
Accounts receivable (less allowance for uncollectibles)	979,365	-	-
Due from other governments	3,394,401	759,385	-
Due from other funds	1,597,027	-	-
Inventories	-	-	-
Prepays	1,006,102	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Total assets	\$ 37,992,517	\$ 9,399,962	\$ 39,494,506
LIABILITIES			
Accounts payable and other current liabilities	\$ 820,617	\$ 809,134	\$ 937,773
Deposits held	1,533,117	-	-
Accrued wages and benefits	731,823	27,704	-
Accrued interest	-	-	-
Due to other funds	-	1,529,398	-
Matured bond principal payable	-	-	-
Total liabilities	3,085,557	2,366,236	937,773
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	423,144	-	-
Total deferred inflows of resources	423,144	-	-
FUND BALANCES			
Nonspendable	1,006,102	-	-
Restricted	1,482,581	7,033,726	1,348,591
Committed	5,232,779	-	-
Assigned	13,094,976	-	37,208,142
Unassigned	13,667,378	-	-
Total fund balances	34,483,816	7,033,726	38,556,733
Total liabilities, deferred inflows of resources and fund balances	\$ 37,992,517	\$ 9,399,962	\$ 39,494,506

Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
\$ 4,504,071	\$ 8,231,981	\$ 26,256,565
18,248,759	-	83,878,951
-	608,840	1,588,205
-	547,512	4,701,298
-	737,206	2,334,233
-	45,896	45,896
-	124,244	1,130,346
-	1,024,943	1,024,943
<u>\$ 22,752,830</u>	<u>\$ 11,320,622</u>	<u>\$ 120,960,437</u>

\$ 57,164	\$ 182,721	\$ 2,807,409
-	3,150	1,536,267
-	16,428	775,955
-	53,350	53,350
-	737,206	2,266,604
-	830,000	830,000
<u>57,164</u>	<u>1,822,855</u>	<u>8,269,585</u>

-	157,566	580,710
-	157,566	580,710

-	170,140	1,176,242
22,695,666	7,706,661	40,267,225
-	-	5,232,779
-	1,994,417	52,297,535
-	(531,017)	13,136,361
<u>22,695,666</u>	<u>9,340,201</u>	<u>112,110,142</u>
<u>\$ 22,752,830</u>	<u>\$ 11,320,622</u>	<u>\$ 120,960,437</u>



CITY OF CASA GRANDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2018

Fund balance - total governmental funds balance sheet \$112,110,142

Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 373,806,365	
Less accumulated depreciation	(206,637,147)	
Internal service capital assets	494,581	
Less accumulated depreciation	<u>(261,085)</u>	167,402,714

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported in the funds.

Compensated absences	(3,098,933)	
Capital leases	(6,342,211)	
Bonds payable	(54,272,087)	
Net pension liability	<u>(65,631,685)</u>	(129,344,916)

Delayed revenue is shown on the governmental funds, but is not
on the statement of net position.

Grants and other revenue	416,763	
Property Tax	<u>163,947</u>	580,710

Deferred outflows and inflows of resources related to pensions
and deferred charges on debt refundings are applicable to future
reporting periods and, therefore, are not reported in the funds.

Deferred amount on refunding	2,312,440	
Deferred outflows of resources related to pensions	16,215,696	
Deferred inflows of resources related to pensions	<u>(4,655,913)</u>	13,872,223

Interest payable on long-term debt is not reported in the
governmental funds.

(1,595,347)

Internal service funds are used by management to charge the costs
of certain activities to individual funds.

The assets, deferred outflows of resources, liabilities, and deferred inflow of resources of the internal service of the internal services funds are reported with governmental activities.		<u>(578,058)</u>
---	--	------------------

Net position of governmental activities - statement of net position		<u><u>\$162,447,468</u></u>
---	--	-----------------------------

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General	Highway Users	Capital Replacement/ Recreation/ Development
REVENUES			
Taxes:			
Property taxes	\$ 3,820,862	\$ -	\$ -
City sales tax	20,355,781	-	2,432,331
Franchise tax	2,502,845	-	-
Licenses and permits	1,211,872	-	-
Intergovernmental revenues	15,166,255	6,419,634	-
Charges for services	917,628	-	-
Fines	873,169	-	-
Investment earnings	187,728	55,274	311,215
Contributions and donations	26,369	-	-
Rental and sale of city property	240,734	-	78,183
Miscellaneous	63,409	239,466	-
Total revenues	<u>45,366,652</u>	<u>6,714,374</u>	<u>2,821,729</u>
EXPENDITURES			
Current:			
General government	7,463,256	-	-
Public safety	24,977,725	-	-
Streets/Transportation	-	4,432,747	-
Public works	1,111,264	-	-
Culture and recreation	5,970,927	-	61,655
Planning and economic development	2,039,761	-	-
Capital outlay	69,943	818,461	7,603,654
Debt service:			
Bond issuance costs	-	-	-
Principal	-	-	-
Interest and fiscal charges	-	31,663	-
Total expenditures	<u>41,632,876</u>	<u>5,282,871</u>	<u>7,665,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,733,776</u>	<u>1,431,503</u>	<u>(4,843,580)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,133,036	516,027	1,634,158
Transfers out	(3,544,924)	(456,870)	(1,016,027)
Issuance of debt	-	-	-
Payment to escrow agent	-	-	-
Total other financing sources and uses	<u>(1,411,888)</u>	<u>59,157</u>	<u>618,131</u>
Net change in fund balances	2,321,888	1,490,660	(4,225,449)
Fund balances - beginning of year	<u>32,161,928</u>	<u>5,543,066</u>	<u>42,782,182</u>
Fund balances - end of year	<u>\$ 34,483,816</u>	<u>\$ 7,033,726</u>	<u>\$ 38,556,733</u>

Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,860,370	\$ 6,681,232
-	299,811	23,087,923
-	-	2,502,845
-	-	1,211,872
-	1,763,285	23,349,174
1,322,050	1,434,494	3,674,172
-	-	873,169
94,535	81,228	729,980
-	9,591	35,960
-	303,686	622,603
-	69,152	372,027
<u>1,416,585</u>	<u>6,821,617</u>	<u>63,140,957</u>
54,833	428,867	7,946,956
-	642,482	25,620,207
-	-	4,432,747
-	-	1,111,264
-	594,716	6,627,298
-	1,315,118	3,354,879
565,600	69,820	9,127,478
-	169,890	169,890
-	3,596,214	3,596,214
-	2,356,800	2,388,463
<u>620,433</u>	<u>9,173,907</u>	<u>64,375,396</u>
<u>796,152</u>	<u>(2,352,290)</u>	<u>(1,234,439)</u>
35,192	3,931,950	8,250,363
-	(1,405,335)	(6,423,156)
-	7,710,000	7,710,000
-	(7,531,828)	(7,531,828)
<u>35,192</u>	<u>2,704,787</u>	<u>2,005,379</u>
831,344	352,497	770,940
<u>21,864,322</u>	<u>8,987,704</u>	<u>111,339,202</u>
<u>\$ 22,695,666</u>	<u>\$ 9,340,201</u>	<u>\$ 112,110,142</u>

CITY OF CASA GRANDE, ARIZONA
RECONILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$770,940

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.

Contributions	480,125	
Expenditures for capital assets	8,904,193	
Less current year depreciation	<u>(14,612,989)</u>	(5,228,671)

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

Loss on capital assets		(769)
------------------------	--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes, grants, and other revenue		178,379
---	--	---------

City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

City pension contributions	5,384,353	
Pension expense	<u>(7,306,676)</u>	(1,922,323)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities. Neither transaction has any effect on net position.

Issuance of debt	(7,710,000)	
Payments to escrow agent for refunding	7,531,828	
Bond payments	2,978,200	
Amortization of bond discount/premium	22,596	
Lease payments	<u>618,015</u>	3,440,639

The internal service fund net revenue is reported with governmental activities		(1,394,872)
--	--	-------------

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	9,913	
Interest expense on long-term debt	<u>(752,547)</u>	(742,634)

Change in net position of governmental activities		<u>(\$4,899,311)</u>
---	--	----------------------

CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,646,500	\$ 3,711,000	\$ 3,820,862	\$ 109,862
City sales tax	18,900,000	18,900,000	20,355,781	1,455,781
Franchise tax	2,501,400	2,501,400	2,502,845	1,445
Licenses and permits	1,411,000	1,411,000	1,211,872	(199,128)
Intergovernmental revenues	14,960,888	14,960,888	15,166,255	205,367
Charges for services	1,395,700	1,395,700	917,628	(478,072)
Fines	812,525	812,525	873,169	60,644
Investment earnings	200,000	200,000	187,728	(12,272)
Contributions and donations	14,200	14,200	26,369	12,169
Rental and sale of city property	69,000	69,000	240,734	171,734
Miscellaneous	1,282,200	1,282,200	63,409	(1,218,791)
Total revenues	<u>45,193,413</u>	<u>45,257,913</u>	<u>45,366,652</u>	<u>108,739</u>
EXPENDITURES				
Current:				
General government				
Mayor and Council	573,253	590,673	487,970	102,703
City manager	1,307,759	1,026,932	875,813	151,119
Attorney	1,014,716	1,014,716	894,948	119,768
Clerk	478,255	478,255	374,549	103,706
Finance/Information technology	3,356,783	3,258,939	3,060,770	198,169
Human resources	625,647	625,647	554,222	71,425
Administrative services	1,482,300	1,466,371	1,214,984	251,387
Public safety				
Police	13,796,200	13,796,200	12,941,898	854,302
Fire	10,151,650	10,151,500	9,016,559	1,134,941
Court	698,900	698,900	669,439	29,461
Animal control	477,500	477,500	481,282	(3,782)
Communications	2,045,600	2,143,444	1,868,547	274,897
Public works	1,407,312	1,407,312	1,111,264	296,048
Culture and recreation	6,101,952	6,102,102	5,970,927	131,175
Planning and economic development	1,963,719	2,243,055	2,039,761	203,294
Capital outlay	75,000	75,000	69,943	5,057
Total expenditures	<u>45,556,546</u>	<u>45,556,546</u>	<u>41,632,876</u>	<u>3,923,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(363,133)</u>	<u>(298,633)</u>	<u>3,733,776</u>	<u>4,032,409</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,576,500	2,576,500	2,133,036	(443,464)
Transfers out	(1,613,686)	(1,613,686)	(3,544,924)	(1,931,238)
Total other financing sources and uses	<u>962,814</u>	<u>962,814</u>	<u>(1,411,888)</u>	<u>(2,374,702)</u>
Net change in fund balance	<u>599,681</u>	<u>664,181</u>	<u>2,321,888</u>	<u>1,657,707</u>
Fund balance - beginning of year	<u>32,161,928</u>	<u>32,161,928</u>	<u>32,161,928</u>	<u>-</u>
Fund balance - end of year	<u>\$ 32,761,609</u>	<u>\$ 32,826,109</u>	<u>\$ 34,483,816</u>	<u>\$ 1,657,707</u>

CITY OF CASA GRANDE, ARIZONA
HIGHWAY USERS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget-
REVENUES				
Taxes:				
State-shared gas tax	\$ 4,231,900	\$ 4,231,900	\$ 4,215,444	\$ (16,456)
County sales tax	1,700,000	1,700,000	2,204,190	504,190
Investment earnings	2,000	2,000	55,274	53,274
Rental and sale of city property	-	-	-	-
Miscellaneous	-	-	239,466	239,466
Total revenues	<u>5,933,900</u>	<u>5,933,900</u>	<u>6,714,374</u>	<u>780,474</u>
EXPENDITURES				
Current:				
Streets/Transportation	3,017,657	4,817,657	4,432,747	384,910
Capital outlay	6,430,000	6,277,300	818,461	5,458,839
Debt service	144,500	144,500	31,663	112,837
Total expenditures	<u>9,592,157</u>	<u>11,239,457</u>	<u>5,282,871</u>	<u>5,956,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,658,257)</u>	<u>(5,305,557)</u>	<u>1,431,503</u>	<u>6,737,060</u>
OTHER FINANCING USES				
Transfers in	-	-	516,027	516,027
Transfers out	<u>(876,341)</u>	<u>(876,341)</u>	<u>(456,870)</u>	<u>419,471</u>
Total other financing sources and uses	<u>(876,341)</u>	<u>(876,341)</u>	<u>59,157</u>	<u>935,498</u>
Net change in fund balance	<u>(4,534,598)</u>	<u>(6,181,898)</u>	<u>1,490,660</u>	<u>7,672,558</u>
Fund balance - beginning of year	<u>5,543,066</u>	<u>5,543,066</u>	<u>5,543,066</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,008,468</u>	<u>\$ (638,832)</u>	<u>\$ 7,033,726</u>	<u>\$ 7,672,558</u>

Proprietary Fund Financial Statements

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,835	\$ 5,658,868
Investments	-	1,940,818
Receivables, net of uncollectibles	12,735	1,033,685
Inventories	-	-
Total current assets	<u>91,570</u>	<u>8,633,371</u>
Noncurrent assets:		
Capital assets-nondepreciable	10,934	4,518,210
Capital assets-depreciable	446,052	85,474,589
Total noncurrent assets	<u>456,986</u>	<u>89,992,799</u>
Total assets	<u>548,556</u>	<u>98,626,170</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	4,292	127,580
Total deferred outflows of resources	<u>4,292</u>	<u>127,580</u>
LIABILITIES		
Current liabilities:		
Accounts payable	33,343	789,080
Deposits held	15,951	7,356
Accrued wages and benefits	471	19,830
Accrued interest payable	-	456,850
Due to other funds	-	-
Compensated absences	-	19,622
Notes/Loans payable	-	2,846,008
Excise tax revenue obligations	-	1,490,400
Total current liabilities	<u>49,765</u>	<u>5,629,146</u>
Noncurrent liabilities:		
Compensated absences	-	37,819
Notes/Loans payable	-	35,525,109
Excise tax revenue obligations	-	5,179,733
Closure and postclosure liability	-	-
Net pension liability	52,908	1,114,877
Total noncurrent liabilities	<u>52,908</u>	<u>41,857,538</u>
Total liabilities	<u>102,673</u>	<u>47,486,684</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	4,556	89,482
Total deferred inflows of resources	<u>4,556</u>	<u>89,482</u>
NET POSITION		
Net investment in capital assets	456,986	44,951,549
Restricted for:		
Debt service	-	4,935,049
Construction	-	1,724,958
Unrestricted	(11,367)	(433,972)
Total net position	<u>\$ 445,619</u>	<u>\$ 51,177,584</u>

Business-type Activities-Enterprise Funds			Governmental Activities
Sanitation	Golf Course	Total	Internal Service Funds
\$ 7,040,300	\$ 73,683	\$ 12,851,686	\$ 595,647
-	-	1,940,818	-
750,641	-	1,797,061	107,138
-	29,142	29,142	280,967
<u>7,790,941</u>	<u>102,825</u>	<u>16,618,707</u>	<u>983,752</u>
386,078	283,000	5,198,222	-
4,075,237	1,292,984	91,288,862	233,496
4,461,315	1,575,984	96,487,084	233,496
<u>12,252,256</u>	<u>1,678,809</u>	<u>113,105,791</u>	<u>1,217,248</u>
323,824	15,381	471,077	110,845
<u>323,824</u>	<u>15,381</u>	<u>471,077</u>	<u>110,845</u>
31,451	16,656	870,530	548,343
176,721	-	200,028	-
47,870	4,446	72,617	20,053
-	-	456,850	-
-	67,629	67,629	-
79,507	5,115	104,244	23,647
-	-	2,846,008	-
-	-	1,490,400	-
<u>335,549</u>	<u>93,846</u>	<u>6,108,306</u>	<u>592,043</u>
148,239	8,348	194,406	41,556
-	-	35,525,109	-
-	-	5,179,733	-
2,987,227	-	2,987,227	-
<u>2,491,208</u>	<u>145,480</u>	<u>3,804,473</u>	<u>966,899</u>
<u>5,626,674</u>	<u>153,828</u>	<u>47,690,948</u>	<u>1,008,455</u>
<u>5,962,223</u>	<u>247,674</u>	<u>53,799,254</u>	<u>1,600,498</u>
200,720	12,540	307,298	72,157
<u>200,720</u>	<u>12,540</u>	<u>307,298</u>	<u>72,157</u>
4,461,315	1,575,984	51,445,834	233,496
-	-	4,935,049	-
-	-	1,724,958	-
<u>1,951,822</u>	<u>(142,008)</u>	<u>1,364,475</u>	<u>(578,058)</u>
<u>\$ 6,413,137</u>	<u>\$ 1,433,976</u>	<u>\$ 59,470,316</u>	<u>\$ (344,562)</u>

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
Operating revenues:		
Service fees	\$ 229,111	\$ 10,754,316
Rental	-	-
Green fees	-	-
Miscellaneous	-	-
Total operating revenue	<u>229,111</u>	<u>10,754,316</u>
Operating expenses:		
Personal services	24,246	923,856
Contractual services	151,689	2,730,356
Materials and supplies	47,009	667,541
Depreciation	62,639	3,297,948
Closure and postclosure costs	-	-
Other expenses	-	109,751
Total operating expenses	<u>285,583</u>	<u>7,729,452</u>
Operating income (loss)	<u>(56,472)</u>	<u>3,024,864</u>
Nonoperating revenues (expense):		
Investment earnings	-	70,665
Interest expense	-	(1,812,630)
City sales tax	-	-
Gain (loss) on sale of equipment	(235)	-
Total nonoperating revenues (expense)	<u>(235)</u>	<u>(1,741,965)</u>
Income (loss) before contributions and transfers	(56,707)	1,282,899
Developer fees	-	579,670
Transfers in	-	473,399
Transfers out	<u>(28,436)</u>	<u>(995,544)</u>
Change in net position	(85,143)	1,340,424
Total net position-beginning of year	<u>530,762</u>	<u>49,837,160</u>
Total net position-end of year	<u>\$ 445,619</u>	<u>\$ 51,177,584</u>

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Sanitation	Golf Course	Total	
\$ 6,840,168	\$ 270,225	\$ 18,093,820	\$ 9,457,509
-	197,056	197,056	-
-	892,221	892,221	-
-	-	-	64,437
<u>6,840,168</u>	<u>1,359,502</u>	<u>19,183,097</u>	<u>9,521,946</u>
2,285,453	237,323	3,470,878	911,804
1,503,254	822,189	5,207,488	8,493,499
735,585	169,234	1,619,369	881,709
880,956	173,080	4,414,623	11,531
92,273	-	92,273	-
72,855	5,525	188,131	-
<u>5,570,376</u>	<u>1,407,351</u>	<u>14,992,762</u>	<u>10,298,543</u>
<u>1,269,792</u>	<u>(47,849)</u>	<u>4,190,335</u>	<u>(776,597)</u>
85,969	1,604	158,238	16,909
-	-	(1,812,630)	-
-	26,156	26,156	-
-	-	(235)	-
<u>85,969</u>	<u>27,760</u>	<u>(1,628,471)</u>	<u>16,909</u>
1,355,761	(20,089)	2,561,864	(759,688)
-	-	579,670	-
-	-	473,399	1,000,000
<u>(506,700)</u>	<u>(134,742)</u>	<u>(1,665,422)</u>	<u>(1,635,184)</u>
849,061	(154,831)	1,949,511	(1,394,872)
<u>5,564,076</u>	<u>1,588,807</u>	<u>57,520,805</u>	<u>1,050,310</u>
<u>\$ 6,413,137</u>	<u>\$ 1,433,976</u>	<u>\$ 59,470,316</u>	<u>\$ (344,562)</u>

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 230,693	\$ 10,875,085
Payments to suppliers	(301,783)	(3,160,231)
Payments to employees	(25,583)	(978,508)
Net cash provided by operating activities	<u>(96,673)</u>	<u>6,736,346</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
City sales tax	-	-
Transfers to other funds	(28,436)	(995,544)
Transfers from other funds	-	473,399
Net cash provided by noncapital financing activities	<u>(28,436)</u>	<u>(522,145)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(74,519)	(864,301)
Contributions	-	579,670
Principal paid on capital debt	-	(4,152,587)
Interest paid on capital debt	-	(2,008,404)
Net cash provided (used) by capital and related financing activities	<u>(74,519)</u>	<u>(6,445,622)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	-	60,614
Net increase (decrease) in cash	(199,628)	(170,807)
Cash and cash equivalents at beginning of year	<u>278,463</u>	<u>5,829,675</u>
Cash and cash equivalents at end of year	<u>\$ 78,835</u>	<u>\$ 5,658,868</u>

Business-type Activities-Enterprise Funds			Governmental Activities -
Sanitation	Golf Course	Total	Internal Service Funds
\$ 6,946,363	\$ 1,362,900	\$ 19,415,041	\$ 9,423,412
(2,615,012)	(1,041,623)	(7,118,649)	(8,996,036)
(2,402,305)	(239,081)	(3,645,477)	(950,497)
<u>1,929,046</u>	<u>82,196</u>	<u>8,650,915</u>	<u>(523,121)</u>
-	26,156	26,156	-
(506,700)	(134,742)	(1,665,422)	(1,635,184)
-	-	473,399	1,000,000
<u>(506,700)</u>	<u>(108,586)</u>	<u>(1,165,867)</u>	<u>(635,184)</u>
(1,007,290)	-	(1,946,110)	(94,179)
-	-	579,670	-
-	-	(4,152,587)	-
-	-	(2,008,404)	-
<u>(1,007,290)</u>	<u>-</u>	<u>(7,527,431)</u>	<u>(94,179)</u>
<u>85,969</u>	<u>1,604</u>	<u>148,187</u>	<u>16,909</u>
501,025	(24,786)	105,804	(1,235,575)
<u>6,539,275</u>	<u>98,469</u>	<u>12,745,882</u>	<u>1,831,222</u>
<u>\$ 7,040,300</u>	<u>\$ 73,683</u>	<u>\$ 12,851,686</u>	<u>\$ 595,647</u>

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Concluded)
Year Ended June 30, 2018

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (56,472)	\$ 3,024,864
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Closure and postclosure costs	-	-
Depreciation expense	62,640	3,297,948
Provision for bad debt	3,987	675,295
(Increase) decrease in accounts receivable	(2,161)	(436,805)
(Increase) decrease in inventory	-	-
(Increase) decrease in deferred outflows of resources related to pensions	2,195	76,697
Increase (decrease) in accounts payable	(103,085)	347,417
Increase (decrease) in deposits held	(244)	(117,723)
Increase (decrease) in accrued wages	(60)	(1,677)
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	-	(4,822)
Increase (decrease) in net pension liabilities	(1,970)	(70,810)
(Increase) decrease in deferred inflows of resources related to pensions	(1,503)	(54,040)
Total adjustments	(40,201)	3,711,480
Net cash provided (used) by operating activities	<u>\$ (96,673)</u>	<u>\$ 6,736,344</u>
Schedule of Noncash Investing, Capital and Financing Activities		
Loss on disposal of assets	\$ 4,513	\$ -
Amortization of bond premium	-	150,508

<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
<u>Sanitation</u>	<u>Golf Course</u>	<u>Total</u>	
\$ 1,269,792	\$ (47,849)	\$ 4,190,335	\$ (776,597)
92,273	-	92,273	-
880,956	173,080	4,414,624	11,531
486,895	-	1,166,177	-
(444,085)	3,398	(879,653)	(98,534)
-	6,994	6,994	(16,069)
221,234	3,341	303,467	76,063
(303,318)	(7,696)	(66,682)	395,241
63,386	-	(54,581)	-
(5,217)	935	(6,019)	370
-	(43,972)	(43,972)	-
(2,040)	4,030	(2,832)	8,258
(187,633)	(5,708)	(266,121)	(69,978)
(143,196)	(4,356)	(203,095)	(53,406)
<u>659,255</u>	<u>130,046</u>	<u>4,460,580</u>	<u>253,476</u>
<u>\$ 1,929,047</u>	<u>\$ 82,197</u>	<u>\$ 8,650,915</u>	<u>\$ (523,121)</u>
\$ -	\$ -	\$ 4,513	\$ -
-	-	150,508	-



Fiduciary Funds



CITY OF CASA GRANDE, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Agency Funds</u>	<u>Part-Time Firemen's Pension</u>
ASSETS		
Cash	\$ 340,821	\$ 26,726
	<u>-</u>	<u>402,264</u>
Total assets	<u>340,821</u>	<u>428,990</u>
LIABILITIES		
Other liabilities	<u>340,821</u>	<u>-</u>
Total liabilities	<u>340,821</u>	<u>-</u>
NET POSITION		
Net position restricted for pensions	<u>\$ -</u>	<u>\$ 428,990</u>

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2018

	Part-Time Firemen's Pension
ADDITIONS	
Contributions:	
Employer	\$ -
Plan members	-
Total contributions	<u>-</u>
Investment earnings:	
Investment income	17,067
Change in the fair value of Investments	32,915
Total additions	<u>49,982</u>
DEDUCTIONS	
Administrative expenses	8,167
Pension payments	21,936
Total deductions	<u>30,103</u>
Change in net position	19,879
Net position-beginning of year	<u>409,111</u>
Net position-end of year	<u>\$ 428,990</u>

Notes to the Financial Statements



CITY OF CASA GRANDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 position 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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

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. Certain charges for interfund services provided and used, such as charges between the Enterprise Fund utility segments and various functional activities, were not eliminated if the charges approximated their exchange values. 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 Highway Users Fund that accounts for the City's share of tax revenues legally restricted to the maintenance of the highways within the City's boundaries is presented as a major fund in the basic financial statement.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

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.

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 and Development Impact Fee Funds are major funds presented in the basic financial statements. This fund accounts for the replacement of fleet, recreation facilities construction and development of infrastructure.

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.

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 four internal services funds: Fleet Maintenance is used to account for the maintenance and operations of City owned vehicles, Facilities Maintenance is used to account for the maintenance and operations of City owned buildings, Risk Management is used for property and casualty insurance activities, and Health Benefit Trust used to account for the City's health insurance costs. Each cost center is charged their proportional share of the cost for these services.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

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 position and changes in net position and employs accounting principles similar to proprietary funds. Fiduciary Funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

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

Agency Funds account for assets the City holds as an agent for individuals, private organizations, other governments or other funds in a temporary custodial capacity. The City currently maintains three agency funds, one to account for contributed and donated resources held for various community programs, one is to account for the RICO Fund, and another to account for employee deposits into a flexible spending plan. The three agency funds are aggregated in the statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are 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.

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, 2018, are recorded as receivable, net of allowance for un-collectibles. 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.

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Data

- 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.
- The Council holds open work sessions relating to budget preparation.
- 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.
- Transfer of budgeted amounts within a department may be authorized by the Director of each department, unless the transfer involves personnel services. This type of budgetary transfer requires City Manager approval. In the adoption of the budget the City Council delegates authority to transfer budget amounts between funds and departments to the City Manager. The original budget was amended for the year ending June 30, 2018.
- All funds are subject to the comprehensive appropriated budget.
- Encumbrances used by the City during the budget year. All appropriations lapse at fiscal year-end unless re-appropriated as a carry-over. Invoices for goods and services received on or before June 30 must be paid within 60 days of the fiscal year-end.
- The budget for the City is adopted on a basis consistent with generally accepted accounting principles.
- Under State statutes, certain annual expenditure limitations must be adhered to.
- Several supplemental appropriations were necessary during the year.
- Expenditures may not exceed budgeted appropriations at the total budget level.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents, and Investments

Cash represents amounts in demand deposits, cash on hand, 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.

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, city, town or school district. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

The State's investment pool is managed by the State Treasurer's office. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information.

Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. In accordance with GASB Codification 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.

G. Inventory

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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, donated works of art and similar items, and assets received in service concession arrangements should be reported at acquisition value rather than fair value.

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 Systems	20 to 50 years
Street Systems	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

I. Deferred outflows and inflows of resources

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Post employment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ASRS and PSPRS net OPEB asset (liabilities) have not been recorded, or further disclosed at June 30, 2018 in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, due to the relative insignificance to the City's financial statements.

K. Compensated absences

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).

New employees hired between November 1, 2015 and June 30, 2018 are allowed to participate in either the Paid Time Off (PTO) program or the traditional vacation/sick leave program.

Under the PTO program, employees earn paid time off annually ranging from 160 hours to 268 hours per month or 224 to 375 hours per month for firefighters working 24-hour shifts. The maximum amount of PTO which may be accrued by employees is 600 hours or 840 for firefighters working 24-hour shifts. In the event of termination, an employee is reimbursed for the accumulated PTO.

Under the traditional vacation/sick leave program, employees are able to earn between 8 and 20 hours of vacation per month or 11.2 and 30 hours of vacation per month for firefighters working 24-hour shifts. In the event of termination, an employee is reimbursed for the accumulated vacation leave.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated absences (Continued)

The traditional vacation/sick leave program allows city employees with less than ten years of service to be 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 or 180 hours for firefighters working 24-hour shifts.
- 15 – 19 years of service will receive 40% up to a maximum of 288 hours or 404 hours for firefighters working 24-hour shifts.
- 20 or more years of service will receive 50% up to a maximum of 640 hours or 896 hours for firefighters working 24-hour shifts.

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

L. Long-term Obligations

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

M. Interfund Activity

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.

N. Fund Equity

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Policies

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

Non-spendable 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 through the adoption of an Ordinance 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 the Fund Balance Details by Classification note disclosure.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the City's cash in bank totaled \$1,440,596 and the bank balance was \$3,764,617. Federal Depository Insurance covered the City's deposits at June 30, 2018, to the extent of \$250,000. The City had cash on hand of \$5,705. Deposits of \$3,514,617 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.

In addition, the City holds Certificates of Deposit with Western State Bank totaling \$250,316 at June 30, 2018.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments

The City's policy is to invest unrestricted cash in the Local Government Investment Pool 7 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool pursuant to ARS 35-311. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2018, the City's funds invested with the State Treasurer totaled \$38,599,091.

The City also holds \$85,569,210 invested with PFM Asset Management, LLC, \$1,024,943 with Zions Bank, and \$428,550 with TD Ameritrade. The accounts are invested in U.S. Treasury securities, U.S. Government bonds, certificates of deposit and corporate debt securities.

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

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	26,852,212	\$ 12,851,686	367,547	\$ 40,071,445
Investments	83,878,951	1,940,818	402,264	86,222,033
Restricted cash and cash equivalents	1,024,943	-	-	1,024,943
	<u>\$ 111,756,106</u>	<u>\$ 14,792,504</u>	<u>\$ 769,811</u>	<u>\$ 127,318,421</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

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. 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. The following table shows the City's investment maturities:

2018 Investment Type	Amount	Remaining Maturity (In Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 34,931,993	\$ 9,036,020	\$ 16,417,152	\$ 9,478,821	\$ -
Supra-National Agency Bond	6,085,497	-	2,061,430	4,024,067	-
Federal Agency Collateralized Mortgage Obligations	637,684	-	637,684	-	-
Federal Agency Notes	9,094,049	2,808,688	6,285,361	-	-
Corporate Note	17,594,784	2,096,971	7,349,036	8,148,777	-
Certificate of Deposit	13,447,979	5,185,288	5,612,639	2,650,052	-
Commercial Paper	2,480,912	2,480,912	-	-	-
Cash	1,296,311	1,296,311	-	-	-
Money Market	1,024,943	1,024,943	-	-	-
Mutual Funds	428,550	428,550	-	-	-
State Investment Pool 7 (LGIP)	38,599,091	38,599,091	-	-	-
	<u>\$ 125,621,794</u>	<u>\$ 62,956,775</u>	<u>\$ 38,363,302</u>	<u>\$ 24,301,717</u>	<u>\$ -</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial 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 City does not have a formal investment policy regarding credit risk. However, the City is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, corporate notes, commercial paper, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

2018 Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 34,931,993	S&P	AA+
Supra-National Agency Bond	6,085,497	S&P	AAA
Federal Agency Collateralized Mortgage Obligations	637,684	S&P	AA+
Federal Agency Notes	9,094,049	S&P	AA+
Corporate Note	478,254	S&P	AAA
Corporate Note	1,055,036	S&P	AA+
Corporate Note	809,074	S&P	AA
Corporate Note	709,013	S&P	AA-
Corporate Note	4,570,832	S&P	A+
Corporate Note	3,799,893	S&P	A
Corporate Note	3,901,787	S&P	A-
Corporate Note	2,270,895	S&P	BBB+
Certificate of Deposit	1,893,942	S&P	A-1+
Certificate of Deposit	2,650,052	S&P	AA-
Certificate of Deposit	3,518,891	S&P	A+
Certificate of Deposit	2,093,748	S&P	A
Certificate of Deposit	3,291,345	S&P	A-1
Commercial Paper	1,735,109	S&P	A-1+
Commercial Paper	745,803	S&P	A-1
Cash	1,296,311	Unrated	
Money Market	1,024,943	Unrated	
Mutual Funds	428,550	Unrated	
State Investment Pool 7 (LGIP)	38,599,091	Unrated	
	<u>\$ 125,621,794</u>		

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Fair Value Measurement

Investments are measured at fair value. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2018:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 34,931,993	\$ -	\$ 34,931,993	\$ -
Supra-National Agency Bond	6,085,497	-	6,085,497	-
Federal Agency Collateralized Mortgage Obligations	637,684	-	637,684	-
Federal Agency Notes	9,094,049	-	9,094,049	-
Corporate Note	17,594,784	-	17,594,784	-
Certificate of Deposit	13,447,979	-	13,447,979	13,447,979
Commercial Paper	2,480,912	-	-	2,480,912
Cash	1,296,311	-	-	1,296,311
Money Market	1,024,943	-	-	1,024,943
Total Investments by Fair Value Level	<u>\$ 86,594,153</u>	<u>\$ -</u>	<u>\$ 81,791,986</u>	<u>\$ 17,225,202</u>
External Investment Pool Measured at Fair Value				
State Investment Pool 7 (LGIP)	<u>\$ 38,599,091</u>			
Total Investments Measured at Fair Value	<u>125,193,244</u>			
Investments Measured at Amortized Costs				
Mutual Funds	<u>428,550</u>			
Total Investments	<u>\$ 125,621,794</u>			

Investments categorized as Level 2 are valued significant other observable inputs for those investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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:

2018 Issuer	Reported Amount	Concentration
U.S. Treasury Notes	\$ 34,931,993	27.8%
Supra-National Agency Bond	6,085,497	4.8%
Federal Agency Collateralized Mortgage Obligations	637,684	0.5%
Federal Agency Notes	9,094,049	7.2%
Corporate Note	17,594,784	14.0%
Certificate of Deposit	13,447,979	10.7%
Commercial Paper	2,480,912	2.0%
Cash	1,296,311	1.0%
Money Market	1,024,943	0.8%
Mutual Funds	428,550	0.3%
State Investment Pool 7 (LGIP)	38,599,091	30.7%
	<u>\$ 125,621,794</u>	<u>100%</u>

NOTE 3 CASH WITH FISCAL AGENT/RESTRICTED INVESTMENTS

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 position and on the balance sheet because their use is limited by applicable bond covenants.

Fund Type	Description of Designated Capital	Balance at 6/30/2018
Capital - CFD	Sewer Line	<u>\$ 141,545</u>

The City has also issued long-term general obligation bonds. Certain resources set aside for repayment are classified as restricted cash on the statement of net position and on the balance sheet because their use is limited by applicable bond covenants.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 CASH WITH FISCAL AGENT/RESTRICTED INVESTMENTS (Continued)

Fund Type	Description of Designated Capital	Balance at 6/30/2018
Debt Service	GO Bonds	<u>\$ 883,350</u>

NOTE 4 RECEIVABLES

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

Receivables:	General Fund	Highway User	Developer Impact Fees	Capital Replacement/ Recreation/ Development	Non-Major Governmental Funds	Total Governmental Funds
Intergovernmental	\$ 3,394,401	\$ 759,385	\$ -	\$ -	\$ 547,512	\$ 4,701,298
Accounts	<u>979,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,840</u>	<u>1,588,205</u>
Total receivables	<u>\$ 4,373,766</u>	<u>\$ 759,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,156,352</u>	<u>\$ 6,289,503</u>

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

Revenues of the enterprise funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water	\$ 3,987
Uncollectibles related to wastewater	675,295
Uncollectibles related to sanitation	<u>486,895</u>
Total uncollectibles for the current year	<u>\$ 1,166,177</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, 2018 these loans outstanding totaled \$391,000.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

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 City 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 2017-2018 maximum primary levy limit was \$4,269,559. The primary tax levy was \$3,514,870. The City's secondary tax levy was \$2,112,640.

Using the modified accrual basis of accounting, property tax revenue is recognized when it becomes both measurable and available to finance expenditures as of year-end 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, 2018, are \$186,594 and \$163,898, respectively.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2018 follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 19,613,528	\$ 50,000	\$ -	\$ 19,663,528
Construction in progress	2,749,919	5,267,340	(1,765,903)	6,251,356
Total capital assets not being depreciated	22,363,447	5,317,340	(1,765,903)	25,914,884
Capital assets, being depreciated:				
Buildings	76,512,376	83,050	-	76,595,426
Improvements	235,442,445	2,806,709	-	238,249,154
Heavy machinery & equipment	30,745,886	3,037,300	(224,122)	33,559,064
Total capital assets being depreciated	342,700,707	5,927,059	(224,122)	348,403,644
Less accumulated depreciation for:				
Buildings	(31,099,301)	(2,399,458)	-	(33,498,759)
Improvements	(141,540,956)	(10,210,018)	-	(151,750,974)
Heavy machinery & equipment	(19,874,394)	(2,015,044)	223,357	(21,666,081)
Total accumulated depreciation	(192,514,651)	(14,624,520)	223,357	(206,915,814)
Total capital assets, being depreciated, net	150,186,056	(8,697,461)	(765)	141,487,830
Governmental activities capital assets, net	<u>\$ 172,549,503</u>	<u>\$ (3,380,121)</u>	<u>\$ (1,766,668)</u>	<u>\$ 167,402,714</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 4,216,809	\$ -	\$ -	\$ 4,216,809
Construction in progress	226,851	754,562	-	981,413
Total capital assets not being depreciated	4,443,660	754,562	-	5,198,222
Capital assets, being depreciated:				
Buildings and improvements	128,924,577	414,356	-	129,338,933
Machinery and equipment	12,953,377	781,468	(32,399)	13,702,446
Total capital assets being depreciated	141,877,954	1,195,824	(32,399)	143,041,379
Less accumulated depreciation for:				
Buildings and improvements	(39,255,082)	(3,392,253)	-	(42,647,335)
Machinery and equipment	(8,110,699)	(1,022,370)	27,887	(9,105,182)
Total accumulated depreciation	(47,365,781)	(4,414,623)	27,887	(51,752,517)
Total capital assets, being depreciated, net	94,512,173	(3,218,799)	(4,512)	91,288,862
Business-Type activities capital assets, net	<u>\$ 98,955,833</u>	<u>\$ (2,464,237)</u>	<u>\$ (4,512)</u>	<u>\$ 96,487,084</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 312,109
Public safety	2,371,164
Streets/Transportation	222,416
Public Works	9,423,430
Culture and recreation	976,443
Economic Development	1,307,427
Internal Service	11,531
	<hr/>
Total depreciation expense	<u>\$ 14,624,520</u>
Business-type activities:	
Water	\$ 62,639
Wastewater	3,297,948
Sanitation	880,956
Golf Course	173,080
	<hr/>
Total depreciation expense	<u>\$ 4,414,623</u>

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2018, the City reported the following aggregate amounts related to pensions) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liability	66,598,584	\$ 3,804,473	\$ 70,403,057
Deferred outflows of resources	16,326,542	471,077	16,797,619
Deferred inflows of resources	4,728,070	307,298	5,035,368
Pension expense	7,306,675	124,489	7,431,164

The City reported \$5,721,910 of pension contributions as expenditures in the fund statements related to all pension plans to which it contributes.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System

Plan Description - City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*with actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2018 active ASRS members were required by statute to contribute at the actuarially determined rate of 11.5 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.5 percent (10.9 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018, were \$1,575,952, \$63,616, and \$23,133, respectively.

During fiscal year 2018, the City paid for ASRS pension as follows: 70.8 percent from the General Fund, 6.8 percent from the HURF Fund, 0.1 percent from the Water Fund, 4.7 percent from the Wastewater Fund, 12.5 percent from the Sanitation Fund, 0.4 percent from the Golf Fund, and 4.7 percent from other funds.

Pension Liability – At June 30, 2018, the City reported a liability of \$22,351,387 for its proportionate share of the ASRS' net pension liability. The net liability was measured as of June 30, 2017. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The City's proportion measured as of June 30, 2017, was 0.143480 percent, which was a decrease of 0.004305 percent from its proportion measured as of June 30, 2016.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net pension liability measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net asset and net liabilities as a result of these changes is not known.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2018, the City recognized pension expense of \$1,575,953. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 670,218
Changes of assumptions or other inputs	970,772	668,347
Net difference between projected and actual earnings on pension plan investments	160,468	-
Changes in proportion and differences between City contributions and proportionate share of contributions	111,406	494,197
City contributions subsequent to the measurement date	1,575,952	-
Total	<u>\$ 2,818,598</u>	<u>\$ 1,832,762</u>

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense as follows:

Year ending June 30	
2019	\$ (1,035,400)
2020	729,395
2021	230,037
2022	(514,148)
2023	-
Thereafter	-

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 20, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected arithmetic real rate of return
Equity	58%	6.73%
Fixed Income	25%	3.70%
Commodities	2%	3.84%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Total	100%	

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% increase (9%)
City's proportionate share of the net pension liability	\$ 28,688,394	\$ 22,351,387	\$ 17,056,275

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Descriptions – City police department employees and City fire fighter employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefits		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries		
currently receiving benefits	46	24
Inactive employees entitled to		
by not yet receiving benefits	13	6
Active employees	73	52
Total	132	82

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members - Pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	48.72%	39.43%
Health insurance premium benefit	0.57%	0.53%

In addition, the City was required by statute to contribute at the actuarially determined rate of 33.75 percent for Police and 24.26 percent for Fire for the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's contributions to the plans for the year ended June 30, 2018, were:

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	\$ 2,441,782	\$ 1,704,176
Health Insurance Premium Benefit		
Annual OPEB cost contributions made	28,568	22,907

During fiscal year 2018, the City paid for PSPRS pension and OPEB contributions as follows: 100 percent from the General Fund.

Pension Liability- At June 30, 2018, the City reported a PSPRS net pension liabilities of \$47,995,863.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2017, reflects changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011.

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on both the PSPRS Police and PSPRS Fire plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS	Asset Class	Target	Long-Term
		Allocation	Expected Geometric Real Rate of Return
	U.S. equity	16.00%	7.60%
	Non-U.S. equity	14.00%	8.70%
	Private credit	12.00%	6.75%
	Fixed income	5.00%	1.25%
	Credit opportunities	16.00%	5.83%
	Absolute return	2.00%	3.75%
	GTAA	10.00%	3.96%
	Real assets	9.00%	4.52%
	Real estate	10.00%	3.75%
	Risk Parity	4.00%	5.00%
	Short term investments	2.00%	0.25%
Total		100.00%	

Discount Rate - A 7.4 percent discount rate was used to measure the total pension liability for both the PSPRS Police and PSPRS Fire plans.

The projection of cash flows used to determine the discount rates for both PSPRS Police and PSPRS Fire assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net Pension Liability

PSPRS - Police

	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net	Liability
	Liability	Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 46,602,166	\$ 17,115,096	\$ 29,487,070
Changes for the year:			
Service Cost	1,293,070	-	1,293,070
Interest on the total liability	3,458,358	-	3,458,358
Changes of benefit terms	601,523	-	601,523
Differences between expected and actual experience in the measurement of the liability	222,393	-	222,393
Changes of assumptions or other inputs	1,607,956	-	1,607,956
Contributions - employer	-	2,661,381	(2,661,381)
Contributions - employee	-	751,939	(751,939)
Net investment income	-	2,233,060	(2,233,060)
Benefit payments, including refunds of employee contributions	(2,274,512)	(2,274,512)	-
Administrative expense	-	(20,159)	20,159
Other changes	-	(17,598)	17,598
Net changes	4,908,788	3,334,111	1,574,677
Balances at June 30, 2018	\$ 51,510,954	\$ 20,449,207	\$ 31,061,747

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net Pension Liability (Continued)

PSPRS - Fire	Increase (Decrease)		
	Plan		
	Total	Fiduciary	Net
	Pension	Net	Pension
	Liability	Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 30,435,001	\$ 15,176,067	\$ 15,258,934
Changes for the year:			
Service Cost	986,609	-	986,609
Interest on the total liability	2,276,137	-	2,276,137
Changes of benefit terms	347,560	-	347,560
Differences between expected and actual experience in the measurement of the liability	487,783	-	487,783
Changes of assumptions or other inputs	1,462,032	-	1,462,032
Contributions - employer	-	1,472,557	(1,472,557)
Contributions - employee	-	514,482	(514,482)
Net investment income	-	1,915,054	(1,915,054)
Benefit payments, including refunds of employee contributions	(1,159,629)	(1,159,629)	-
Administrative expense	-	(17,345)	17,345
Other changes	-	191	(191)
Net changes	4,400,492	2,725,310	1,675,182
Balances at June 30, 2018	\$ 34,835,493	\$ 17,901,377	\$ 16,934,116

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the City's Net Pension/Liability to Changes in the Discount Rate - The following table presents the City's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% increase (8.40%)
PSPRS - Police			
Total pension liability	\$ 58,698,587	\$ 51,510,954	\$ 45,673,489
Plan fiduciary net position	20,449,207	20,449,207	20,449,207
Net pension liability	\$ 38,249,380	\$ 31,061,747	\$ 25,224,282
PSPRS - Fire			
Total pension liability	\$ 39,841,782	\$ 34,835,493	\$ 30,766,610
Plan fiduciary net position	17,901,377	17,901,377	17,901,377
Net pension liability	\$ 21,940,405	\$ 16,934,116	\$ 12,865,233

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Expense - For the year ended June 30, 2018, the City recognized \$6,815,547 of PSPRS pension expense.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred Outflows/Inflows of Resources - At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 179,597	\$ 1,060,250
Changes of assumptions or other inputs	3,616,542	-
Net difference between projected and actual earnings on pension plan investments	1,006,226	888,578
City contributions subsequent to the measurement date	2,441,782	-
Total	<u>\$ 7,244,147</u>	<u>\$ 1,948,828</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 1,079,778	\$ 519,007
Changes of assumptions or other inputs	3,082,914	-
Net difference between projected and actual earnings on pension plan investments	866,482	723,997
City contributions subsequent to the measurement date	1,704,176	-
Total	<u>\$ 6,733,350</u>	<u>\$ 1,243,004</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

	PSPRS Police
Year ending June 30,	
2019	\$ 1,068,992
2020	1,034,076
2021	510,630
2022	170,595
2023	69,244
Thereafter	-
	PSPRS Fire
Year ending June 30,	
2019	\$ 692,215
2020	819,041
2021	705,582
2022	492,395
2023	508,720
Thereafter	568,217

Agent Plan OPEB Actuarial Assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2018, were established by the June 30, 2016, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Projections of benefits are based on (1) the plans as understood by the City and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2018 contribution requirements, are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

Agent Plan OPEB Trend Information – Annual OPEB cost information for the health insurance premium benefit for the current and preceding 2 years follows for each of the agent plans:

PSPRS - Police

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2018	\$ 28,568	100%	\$ -
2017	17,659	100%	-
2016	11,174	100%	-

PSPRS - Fire

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2018	\$ 22,907	100%	\$ -
2017	20,211	100%	-
2016	22,505	100%	-

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Agent Plan OPEB Funded Status - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Police
Actuarial value of assets (a)	\$ 835,212
Actuarial accrued liability (b)	994,888
Unfunded actuarial accrued liability (funded excess) (b) - (a)	159,676
Funded ratio (a)/(b)	83.95%
Annual covered payroll (c)	\$ 5,663,908
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	2.82%

	PSPRS Fire
Actuarial value of assets (a)	\$ 449,128
Actuarial accrued liability (b)	553,264
Unfunded actuarial accrued liability (funded excess) (b) - (a)	104,136
Funded ratio (a)/(b)	81.18%
Annual covered payroll (c)	\$ 4,285,877
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	2.43%

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 Human Resources 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 2018 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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 CAPITAL LEASES

Leases at June 30, 2018, 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. \$ 563,622

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. 2,035,000

Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.59%, due through April 2031. 2,758,697

Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.75%, due through February 2033. 984,892

Total Governmental Activities Capital Lease Obligation \$ 6,342,211

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities
2019	\$ 891,613
2020	899,476
2021	608,516
2022	615,760
2023	623,644
2024-2028	3,079,970
2029-2033	1,145,911
Total minimum lease payments	7,864,890
Less: amount representing interest	(1,522,679)
Present value of future minimum lease payments	6,342,211
Less: current portion	(650,226)
Noncurrent portion	\$ 5,691,985

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 10 CAPITAL LEASES (Continued)

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	\$ 12,278,922	\$ (4,188,370)	\$ 8,090,552
Total Building and Improvement	<u>\$ 12,278,922</u>	<u>\$ (4,188,370)</u>	<u>\$ 8,090,552</u>

NOTE 11 BOND DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

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

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 11 BOND DEBT (Continued)

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.

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.

In June 2016, the City issued General Obligation bonds (Series 2016A) in the amount of \$16,000,000 to be used to design, construct, furnish and equip a new recreational center in the City. The 30-year bond has interest rates ranging from 2% to 3%. Principal payments ranging from \$540,000 to \$990,000 are paid annually on August 1, with payments beginning August 2016 and with interest paid semiannually on August and February 1. In addition, the City also issued General Obligation Refunding bonds (Series 2016B) in the amount \$18,650,000 which will be refund a portion of the City's Series 2008 and Series 2009 bonds. The 20-year bonds has interest rates of 4%. Principal payments range from \$540,000 to \$1,635,000 and are paid annually on August 1, with payments beginning August 2020 and interest paid semiannually on August and February 1. The refunded portion of the Series 2008 and Series 2009 bonds are considered defeased and the related liability for the bonds removed from the City's liabilities. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds of \$1,835,568. The balance outstanding on the defeased bonds is \$18,760,000 at June 30, 2018.

The following table is a summary of the City's future general obligation bond debt service requirements:

Fiscal year ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 1,930,000	\$ 1,367,083
2020	1,925,000	1,303,536
2021	1,985,000	1,239,724
2022	2,015,000	1,173,041
2023	1,825,000	1,106,838
2024-2028	10,125,000	4,481,680
2029-2033	11,290,000	2,460,581
2034-2038	7,280,000	397,350
Total	<u>\$ 38,375,000</u>	<u>\$ 13,529,833</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 EXCISE TAX REVENUE OBLIGATIONS

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.

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.

On December 28, 2017, the City issued \$7,710,000 of Excise Tax Revenue Refunding Bonds, Series 2017, with a fixed interest rate of 2.945%. The net proceeds of \$7,710,000 (after issuance costs of \$178,171) were used to advance refund various series of bonds with a total principal amount of \$7,175,000 and an average interest rate of 4.82%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities. The advance refunding was done in order to reduce debt payments. The refunding decreased the City's total debt service payments by \$729,603. The transaction resulted in an economic gain of \$622,089.

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 12 EXCISE TAX REVENUE OBLIGATIONS (Continued)

The following table summarizes the City's future revenue obligation debt service requirements as of June 30, 2018:

Tax Revenue Bonds

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,054,600	\$ 615,843	\$ 1,490,400	\$ 281,428
2020	1,120,600	555,543	1,559,400	206,908
2021	1,181,200	492,852	1,623,800	144,532
2022	1,227,400	420,815	1,394,500	63,342
2023	1,175,000	346,138	-	-
2024-2028	6,748,100	856,475	-	-
2029-2033	1,475,000	43,439	-	-
Total	<u>\$ 13,981,900</u>	<u>\$ 3,331,105</u>	<u>\$ 6,068,100</u>	<u>\$ 696,210</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 which was completed in 2011. The original loan was authorized for a total of \$62,555,540; however, the balance disbursed to the City of Casa Grande at June 30, 2018 is \$59,224,517. The following schedule shows estimated payments based on the amount due of \$38,371,117.

Fiscal Year Ending June 30,	Principal	Interest
2019	\$ 2,846,008	\$ 1,545,972
2020	2,960,673	1,431,307
2021	3,079,959	1,312,021
2022	3,204,050	1,187,930
2023	3,333,142	1,058,838
2024-2028	18,791,628	3,168,272
2029-2033	4,155,657	167,431
	<u>\$ 38,371,117</u>	<u>\$ 9,871,771</u>

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 semi-annually on October 1 and April 1.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 14 CHANGES IN LONG-TERM OBLIGATIONS

	Beginning Balance	Additions & transfers	Reductions & transfers	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 3,165,791	\$ 14,753	\$ (16,408)	\$ 3,164,136	\$ 1,418,167
G.O Bonds (2)	40,215,000	-	(1,840,000)	38,375,000	1,930,000
Excise tax revenue obligations	14,475,097	7,710,000	(8,203,197)	13,981,900	1,054,600
Capital leases	6,960,226	-	(618,015)	6,342,211	650,226
Bonds premiums	2,924,478	-	(179,291)	2,745,187	-
Bonds discounts	-	-	-	-	-
Net pension liability	64,528,587	2,069,997	-	66,598,584	-
Governmental activities long-term liabilities	<u>\$ 132,269,179</u>	<u>\$ 7,724,753</u>	<u>\$ (10,856,911)</u>	<u>\$ 131,207,018</u>	<u>\$ 5,052,993</u>
Business-type activities					
Compensated absences	\$ 301,483	\$ 37,191	\$ (40,024)	\$ 298,650	\$ 104,244
Excise tax revenue obligations	7,484,907	-	(1,416,807)	6,068,100	1,490,400
Loan payable	41,106,897	-	(2,735,780)	38,371,117	2,846,008
Bond premiums	752,541	-	(150,508)	602,033	-
Postclosure liability	2,894,954	92,273	-	2,987,227	-
Net pension liability	4,070,594	-	(266,121)	3,804,473	-
Business-type activities long-term liabilities	<u>\$ 56,611,376</u>	<u>\$ 129,464</u>	<u>\$ (4,343,119)</u>	<u>\$ 52,131,600</u>	<u>\$ 4,440,652</u>

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the year ended June 30, 2018, the City primarily paid for compensated absences from the General Fund.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 15 LONG-TERM DEBT

The following table summarizes the annual debt service requirements to maturity for all bonds, and notes:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 2,984,600	\$ 1,982,926	\$ 4,336,408	\$ 1,827,400
2020	3,045,600	1,859,079	4,520,073	1,638,215
2021	3,166,200	1,732,576	4,703,759	1,456,553
2022	3,242,400	1,593,856	4,598,550	1,251,272
2023	3,000,000	1,452,976	3,333,142	1,058,838
2024-2028	16,873,100	5,338,155	18,791,628	3,168,272
2029-2033	12,765,000	2,504,020	4,155,657	167,431
2034-2038	7,280,000	397,350	-	-
Total	<u>\$ 52,356,900</u>	<u>\$ 16,860,938</u>	<u>\$ 44,439,217</u>	<u>\$ 10,567,981</u>

NOTE 16 LANDFILL CLOSURE AND POST CLOSURE 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, 2018, the City has reported a \$2,987,227 landfill closure and postclosure care liability that represents the total current cost based on 59.4 percent of estimated capacity of the landfill.

The remaining cost of \$2,046,321 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 12 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 2018 valuation of the total closure and postclosure costs were estimated to be \$5,033,548.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 17 CONSTRUCTION COMMITMENTS

As of June 30, 2018, the City had outstanding construction commitments and contractual commitments that will be financed from operating funds. The City's commitments are as follows:

Project	Remaining Commitment
Ambulance Replacment	\$ 240,631
Barscreen Compactor Rebuild	64,447
Carr McNatt Park Project	424,619
Community Recreation Center Construction	13,032,329
East Area Sewer Expansion Project	1,419,088
Land Acquisition	1,757,000
Main Library Expansion	40,802
Master Drainage Study Phase II	145,400
Pavement Management System Update	43,800
Replace one Public Works and one Maintenance Vehicle	51,982
Replace three Police Department Vehicles	85,511
Replacement of Police Motorcycles	57,182
Replacement of the Asphalt Patch Truck	204,674
Replacement of two Bucket Trucks	307,876
Replacement of Two-Radio Transmitters and Voters	1,021,772
Replacement of Water Truck	116,133
Sidewalk Improvement Project	143,015
Wireless Closed Circuit Television Solar Trailers	53,941
	<u>\$ 19,210,202</u>

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS

Interfund transactions as of June 30, 2018, were as follows:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,597,027	\$ -
HURF	-	1,529,398
Non-Major Funds	737,206	737,206
Golf Course	-	67,629
Total	<u>\$ 2,334,233</u>	<u>\$ 2,334,233</u>

The interfund balances at June 30, 2018 are short-term loans to cover temporary cash deficits in various funds.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS (Continued)

Transfers:

Fund	Transfers Out	Transfers In
General Fund	\$ 3,544,924	\$ 2,133,036
Highway Users Fund	456,870	516,027
Development Impact Fee Funds	-	35,192
Capital Replacement	1,016,027	1,634,158
Non-Major Governmental Funds	1,405,335	3,931,950
Water Fund	28,436	-
Wastewater Fund	995,544	473,399
Sanitation Fund	506,700	-
Golf Course	134,742	-
Internal Service Funds	1,635,184	1,000,000
Total	<u>\$ 9,723,762</u>	<u>\$ 9,723,762</u>

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.

NOTE 19 DEFICIT IN FUND BALANCE

Two funds had deficits in fund balance. The Municipal Airport operating fund deficit decreased by \$21,337 to a total of \$464,021. The Municipal Airport is supported through fuel sales and hangar rentals which continue to be lower than expected. The deficit in this fund is expected to decrease as charges for services increase in the future. The HOME/HUD fund deficit increased from \$575 in the prior year to the current year balance of \$21,000. It is expected that these deficit balances continue to decrease as intergovernmental revenues increase.

NOTE 20 SALES TAX INCENTIVE AGREEMENT

In March 2006, the City entered into a tax-incentive agreement with WP Casa Grande Retail LLC in order to develop the Promenade at Casa Grande Mall. In May 2018, WP Casa Grande Retail LLC sold the Promenade at Casa Grande Mall to LARC Asset Management & Realty Inc. doing business as Promenade CG Retail, LLC. Included in the sale was an assignment of leases and rents provided under the tax-incentive agreement.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 20 SALES TAX INCENTIVE AGREEMENT (Continued)

Under the assigned agreement, 50% of the retail sales and construction activities uncommitted tax collected by the City from Promenade sales will be paid to Promenade CG Retail, LLC. The agreement applies to the portion of tax that is not a dedicated or special tax. The twenty-year agreement provides a maximum payment of \$19,950,000, including interest calculated at 7%. The agreement can be extended for an additional three years if the amount remaining unpaid after twenty years is \$3,000,000 or more (including accrued unpaid interest). Payments are made within forty-five days after the end of each calendar quarter. The first payment under the agreement was made in September 2008. As of June 30, 2018, \$8,287,673 has been paid.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 21 FUND BALANCE DETAILS BY CLASSIFICATION

	General	Major Governmental Funds	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 45,896	\$ 45,896
Prepaid items	1,006,102	-	124,244	1,130,346
Restricted for:				
Highway Users Revenue Fund	-	7,033,726	-	7,033,726
Grants	-	-	17,832	17,832
Airport Improvement	-	-	178,182	178,182
Debt Services	-	-	4,812,176	4,812,176
Court Enhancement	-	-	433,465	433,465
Housing	-	-	783,042	783,042
CFD Debt	-	-	1,481,964	1,481,964
Capital Replacement	-	1,348,591	-	1,348,591
Developer Impact Fees - Capital	-	22,695,666	-	22,695,666
Developer Agreements	1,482,581			1,482,581
Committed to:				
Aesthetic Revitalization	5,232,779	-	-	5,232,779
Assigned to:				
General Fund Reserves	13,094,976	-	-	13,094,976
Parks Development	-	-	1,031,165	1,031,165
Capital Replacement	-	37,208,142	-	37,208,142
Rodeo Grounds	-	-	28,092	28,092
Redevelopment	-	-	453,168	453,168
Grande Sports World	-	-	257,221	257,221
Senior Services	-	-	41,741	41,741
Youth Services	-	-	183,030	183,030
Unassigned	13,667,378	-	(531,017)	13,136,361
Total fund balances	<u>\$ 34,483,816</u>	<u>\$ 68,286,125</u>	<u>\$ 9,340,201</u>	<u>\$ 112,110,142</u>



Required Supplementary Information



CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING PENSION PLAN
June 30, 2018

Arizona Retirement System	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.143480%	0.147785%	0.145976%	0.147102%	Information not available
City's proportionate share of the net pension liability	\$ 22,407,194	\$ 23,853,177	\$ 22,737,813	\$ 21,766,069	
City's covered payroll	\$ 13,928,321	\$ 13,863,447	\$ 11,457,463	\$ 12,967,224	
City's proportionate share of the net pension liability as a percentage of its covered payroll	160.88%	172.06%	198.45%	167.85%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN
June 30, 2018

PSPRS - Police	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Service cost	\$ 1,293,070	\$ 1,071,458	\$ 1,005,609	\$ 1,015,910	Information not available
Interest on the total pension liability	3,458,358	3,272,521	3,199,872	2,707,371	
Changes on benefit terms	601,523.00	1,657,105	-	863,565	
Differences between expected and actual experience in the measurement of the pension liability	222,393	(873,099)	(909,542)	(573,850)	
Changes of assumptions or other inputs	1,607,956	1,728,627	-	4,417,506	
Benefit payments, including refunds of employee contributions	(2,274,512)	(2,813,757)	(1,993,041)	(2,309,869)	
Net change in total pension liability	\$ 4,908,788	\$ 4,042,855	\$ 1,302,898	\$ 6,120,633	
Total pension liability - beginning	46,602,166	42,559,311	41,256,413	35,135,780	
Total pension liability - ending (a)	<u>\$51,510,954</u>	<u>\$46,602,166</u>	<u>\$42,559,311</u>	<u>\$41,256,413</u>	
Plan fiduciary net position					
Contributions - employer	\$ 2,661,381	\$ 2,318,393	\$ 1,632,224	\$ 1,604,579	
Contributions - employee	751,939	726,673	559,645	539,514	
Net investment income	2,233,060	105,517	598,261	1,965,995	
Benefit payments, including refunds of employee contributions	(2,274,512)	(2,813,757)	(1,993,041)	(2,309,869)	
Administrative expense	(20,159)	(15,582)	(14,978)	(14,978)	
Other changes	(17,598)	(100,587)	(101,064)	(782,663)	
Net change in plan fiduciary net position	\$ 3,334,111	\$ 220,657	\$ 681,047	\$ 1,017,556	
Plan fiduciary net position - beginning	17,115,096	16,894,439	16,213,392	15,195,836	
Plan fiduciary net position - ending (b)	<u>\$20,449,207</u>	<u>\$17,115,096</u>	<u>\$16,894,439</u>	<u>\$16,213,392</u>	
City's net pension liability (asset) - ending (a) - (b)	<u>\$31,061,747</u>	<u>\$29,487,070</u>	<u>\$25,664,872</u>	<u>\$25,043,021</u>	

PSPRS - Police	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Plan fiduciary net position as a percentage of the total pension liability	39.70%	36.73%	39.70%	39.30%	Information not available
Covered payroll	\$ 5,663,908	\$ 5,554,474	\$ 4,921,524	\$ 5,253,946	
City's net pension liability (asset) as a percentage of covered payroll	548.42%	530.87%	521.48%	476.65%	

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (Concluded)
June 30, 2018

PSPRS - Fire	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					Information not available
Service cost	\$ 986,609	\$ 775,382	\$ 872,432	\$ 817,489	
Interest on the total pension liability	2,276,137	1,967,441	1,899,792	1,586,947	
Changes on benefit terms	347,560	1,771,605	-	346,208	
Differences between expected and actual experience in the measurement of the pension liability	487,783	680,418	(825,229)	288,360	
Changes of assumptions or other inputs	1,462,032	1,122,239	-	1,859,876	
Benefit payments, including refunds of employee contributions	(1,159,629)	(1,114,667)	(958,739)	(923,381)	
Net change in total pension liability	\$ 4,400,492	\$ 5,202,418	\$ 988,256	\$ 3,975,499	
Total pension liability - beginning	30,435,001	25,232,583	24,244,327	20,268,828	
Total pension liability - ending (a)	<u>\$ 34,835,493</u>	<u>\$ 30,435,001</u>	<u>\$ 25,232,583</u>	<u>\$ 24,244,327</u>	
Plan fiduciary net position					
Contributions - employer	\$ 1,472,557	\$ 1,329,591	\$ 968,712	\$ 991,261	
Contributions - employee	514,482	521,437	618,303	555,093	
Net investment income	1,915,054	88,738	494,059	1,538,450	
Benefit payments, including refunds of employee contributions	(1,159,629)	(1,114,667)	(958,739)	(923,381)	
Administrative expense	(17,345)	(13,169)	(12,443)	-	
Other changes	191	33,117	16,979	(331,791)	
Net change in plan fiduciary net position	\$ 2,725,310	\$ 845,047	\$ 1,126,871	\$ 1,829,632	
Plan fiduciary net position - beginning	15,176,067	14,331,020	13,204,149	11,374,517	
Plan fiduciary net position - ending (b)	<u>\$ 17,901,377</u>	<u>\$ 15,176,067</u>	<u>\$ 14,331,020</u>	<u>\$ 13,204,149</u>	
City's net pension liability (asset) - ending (a) - (b)	<u>\$ 16,934,116</u>	<u>\$ 15,258,934</u>	<u>\$ 10,901,563</u>	<u>\$ 11,040,178</u>	

PSPRS - Fire	Reporting Fiscal Year (Measurement Date)				2014 through 2006
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Plan fiduciary net position as a percentage of the total pension liability	51.39%	49.86%	56.80%	54.46%	Information not available
Covered payroll	\$ 4,285,877	\$ 4,007,142	\$ 4,192,804	\$ 4,550,142	
City's net pension liability (asset) as a percentage of covered payroll	395.11%	380.79%	260.01%	242.63%	

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
June 30, 2018

Arizona Retirement System	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,575,952	\$ 1,501,473	\$ 1,504,184	\$ 1,246,572	\$ 1,387,493	Information not available
City's contributions in relation to the statutorily required contribution	1,575,952	1,501,473	1,504,184	1,246,572	1,387,493	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 14,458,275	\$ 13,928,321	\$ 13,863,447	\$ 11,457,463	\$ 12,967,224	
City's contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.88%	10.70%	
PSPRS - Police	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,441,782	\$ 2,657,066	\$ 2,341,546	\$ 1,825,522	\$ 1,664,257	Information not available
City's contributions in relation to the statutorily required contribution	2,441,782	2,657,066	2,341,546	1,825,522	1,664,257	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 5,011,868	\$ 5,886,278	\$ 5,587,082	\$ 5,733,423	\$ 5,532,769	
City's contributions as a percentage of covered payroll	48.72%	45.14%	41.91%	31.84%	30.08%	
PSPRS - Fire	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,704,176	\$ 1,278,667	\$ 1,248,349	\$ 924,690	\$ 920,873	Information not available
City's contributions in relation to the statutorily required contribution	1,704,176	1,278,667	1,248,349	924,690	920,873	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 4,322,029	\$ 4,491,279	\$ 4,592,896	\$ 4,163,395	\$ 4,315,244	
City's contributions as a percentage of covered payroll	39.43%	28.47%	27.18%	22.21%	21.34%	

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT PENSION PLAN SCHEDULES
June 30, 2018

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2016 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%.
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT PENSION PLAN SCHEDULES
June 30, 2018

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined.

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2018

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2017	\$ 865,512	\$ 994,888	\$ 129,376	87.0%	\$ 5,663,908	2.28%
6/30/2016	837,906	1,003,022	165,116	83.5%	5,554,474	2.97%
6/30/2015	824,531	781,172	(43,359)	105.6%	4,921,524	0.0%
6/30/2014	754,568	675,772	(78,796)	111.7%	5,253,943	0.0%
PSPRS Fire						
6/30/2017	\$ 465,421	\$ 553,264	\$ 87,843	84.1%	\$ 4,285,877	2.05%
6/30/2016	431,097	553,389	122,292	77.9%	4,007,142	3.05%
6/30/2015	417,428	505,507	88,079	82.6%	4,192,804	2.10%
6/30/2014	371,272	525,683	154,411	70.6%	4,550,140	3.39%



Other Supplementary Information

Non-Major Government Funds

CITY OF CASA GRANDE, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	Special Revenue			
	Municipal Airport	Parks Develop.	Redevelop- ment	Senior Services
ASSETS				
Cash	\$ -	\$ 1,024,258	\$ 450,286	\$ -
Investments	-	-	-	-
Receivables (less allowance for uncollectibles)	29,302	6,943	2,979	61,047
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	45,896	-	-	-
Prepays	-	-	-	-
Restricted assets: cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 75,198</u>	<u>\$ 1,031,201</u>	<u>\$ 453,265</u>	<u>\$ 61,047</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 43,379	\$ 36	\$ 97	\$ 8,838
Deposits held	3,150	-	-	-
Accrued wages and benefits	2,792	-	-	2,395
Accrued interest	-	-	-	-
Due to other funds	489,898	-	-	8,073
Matured bond principal payable	-	-	-	-
Total liabilities	<u>539,219</u>	<u>36</u>	<u>97</u>	<u>19,306</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	45,896	-	-	-
Restricted	-	-	-	-
Assigned	-	1,031,165	453,168	41,741
Unassigned	(509,917)	-	-	-
Total fund balances	<u>(464,021)</u>	<u>1,031,165</u>	<u>453,168</u>	<u>41,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,198</u>	<u>\$ 1,031,201</u>	<u>\$ 453,265</u>	<u>\$ 61,047</u>

Special Revenue						
Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ 183,030	\$ -	\$ 28,092	\$ 180,432	\$ 435,219	\$ -	\$ 141,404
-	-	-	-	-	-	-
-	-	-	103,279	-	384,765	20,525
-	118,741	-	-	2,118	317,835	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 183,030</u>	<u>\$ 118,741</u>	<u>\$ 28,092</u>	<u>\$ 283,711</u>	<u>\$ 437,337</u>	<u>\$ 702,600</u>	<u>\$ 161,929</u>
\$ -	\$ 12,789	\$ -	\$ 26,490	\$ 3,470	\$ 60,833	\$ 3,008
-	-	-	-	-	-	-
-	9,710	-	-	402	-	-
-	-	-	-	-	-	-
-	19,615	-	-	-	200,693	-
<u>-</u>	<u>42,114</u>	<u>-</u>	<u>26,490</u>	<u>3,872</u>	<u>261,526</u>	<u>3,008</u>
-	58,795	-	-	-	13,925	23,133
<u>-</u>	<u>58,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,925</u>	<u>23,133</u>
-	-	-	-	-	-	-
-	17,832	-	-	433,465	427,149	135,788
183,030	-	28,092	257,221	-	-	-
-	-	-	-	-	-	-
<u>183,030</u>	<u>17,832</u>	<u>28,092</u>	<u>257,221</u>	<u>433,465</u>	<u>427,149</u>	<u>135,788</u>
<u>\$ 183,030</u>	<u>\$ 118,741</u>	<u>\$ 28,092</u>	<u>\$ 283,711</u>	<u>\$ 437,337</u>	<u>\$ 702,600</u>	<u>\$ 161,929</u>

CITY OF CASA GRANDE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
June 30, 2018

	Special Revenue		Debt Service	
	Tribal Housing	Home	Debt Service	General Obligations
ASSETS				
Cash	\$ 227,948	\$ -	\$ 154,382	\$ 3,873,910
Investments	-	-	-	-
Receivables (less allowance for uncollectibles)	-	-	-	-
Due from other governments	-	-	33,462	69,589
Due from other funds	-	-	-	737,206
Inventory	-	-	-	-
Prepays	-	-	124,244	-
Restricted assets: cash and cash equivalents	-	-	-	883,350
Total assets	<u>\$ 227,948</u>	<u>\$ -</u>	<u>\$ 312,088</u>	<u>\$ 5,564,055</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 7,843	\$ 1,044	\$ -	\$ 1,000
Deposits held	-	-	-	-
Accrued wages and benefits	-	1,129	-	-
Accrued interest	-	-	-	53,350
Due to other funds	-	18,927	-	-
Matured bond principal payable	-	-	-	830,000
Total liabilities	<u>7,843</u>	<u>21,100</u>	<u>-</u>	<u>884,350</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	61,664
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,664</u>
FUND BALANCES				
Nonspendable	-	-	124,244	-
Restricted	220,105	-	187,844	4,618,041
Assigned	-	-	-	-
Unassigned	-	(21,100)	-	-
Total fund balances	<u>220,105</u>	<u>(21,100)</u>	<u>312,088</u>	<u>4,618,041</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 227,948</u>	<u>\$ -</u>	<u>\$ 312,088</u>	<u>\$ 5,564,055</u>

Debt Service	Capital Improvements		Total Nonmajor Governmental Funds
Excise Bonds	Airport Improvements	Community Facilities	
\$ 6,791	\$ 191,332	\$ 1,334,897	\$ 8,231,981
-	-	-	-
-	-	-	608,840
-	-	5,767	547,512
-	-	-	737,206
-	-	-	45,896
-	-	-	124,244
-	-	141,593	1,024,943
<u>\$ 6,791</u>	<u>\$ 191,332</u>	<u>\$ 1,482,257</u>	<u>\$ 11,320,622</u>
\$ 500	\$ 13,150	\$ 244	\$ 182,721
-	-	-	3,150
-	-	-	16,428
-	-	-	53,350
-	-	-	737,206
			830,000
<u>500</u>	<u>13,150</u>	<u>244</u>	<u>1,822,855</u>
-	-	49	157,566
-	-	49	157,566
-	-	-	170,140
6,291	178,182	1,481,964	7,706,661
-	-	-	1,994,417
-	-	-	(531,017)
<u>6,291</u>	<u>178,182</u>	<u>1,481,964</u>	<u>9,340,201</u>
<u>\$ 6,791</u>	<u>\$ 191,332</u>	<u>\$ 1,482,257</u>	<u>\$ 11,320,622</u>

CITY OF CASA GRANDE, ARIZONA
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2018

	Special Revenue			
	Municipal Airport	Parks Develop.	Redevelop- ment	Senior Services
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Intergovernmental revenues	-	-	-	183,534
Charges for services	574,493	514	-	42,507
Investment earnings	-	11,082	-	-
Contributions and donations	-	-	-	9,591
Rental and sale of city property	224,822	43,645	31,719	-
Miscellaneous	930	-	-	-
Total revenues	<u>800,245</u>	<u>55,241</u>	<u>31,719</u>	<u>235,632</u>
EXPENDITURES				
Current:				
General government	-	-	343	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	300,222
Economic development	697,830	-	-	-
Capital outlay	1,175	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>699,005</u>	<u>-</u>	<u>343</u>	<u>300,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,240</u>	<u>55,241</u>	<u>31,376</u>	<u>(64,590)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	128,678
Transfers out	(79,903)	-	-	-
Issuance of debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources and uses	<u>(79,903)</u>	<u>-</u>	<u>-</u>	<u>128,678</u>
Net change in fund balances	21,337	55,241	31,376	64,088
Fund balances - beginning of year	<u>(485,358)</u>	<u>975,924</u>	<u>421,792</u>	<u>(22,347)</u>
Fund balances - end of year	<u>\$ (464,021)</u>	<u>\$ 1,031,165</u>	<u>\$ 453,168</u>	<u>\$ 41,741</u>

Special Revenue						
Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
299,811	-	-	-	-	-	-
-	502,616	-	-	-	255,688	-
-	-	-	592,483	177,197	35,768	11,532
3,219	-	-	-	-	-	1,075
-	-	-	-	-	-	-
-	-	3,500	-	-	-	-
-	-	-	-	-	-	-
303,030	502,616	3,500	592,483	177,197	291,456	12,607
120,000	43,826	-	-	-	(325)	-
-	544,720	-	-	70,101	5,000	-
-	11,988	383	275,122	-	-	-
-	-	-	-	-	220,191	3,610
-	-	-	-	-	46,215	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
120,000	600,534	383	275,122	70,101	271,081	3,610
183,030	(97,918)	3,117	317,361	107,096	20,375	8,997
-	-	-	1,008,070	-	-	-
-	-	-	(1,325,432)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(317,362)	-	-	-
183,030	(97,918)	3,117	(1)	107,096	20,375	8,997
-	115,750	24,975	257,222	326,369	406,774	126,791
<u>\$ 183,030</u>	<u>\$ 17,832</u>	<u>\$ 28,092</u>	<u>\$ 257,221</u>	<u>\$ 433,465</u>	<u>\$ 427,149</u>	<u>\$ 135,788</u>

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
Year Ended June 30, 2018

	Special Revenue		Debt Service	
	Tribal Housing	Home	Debt Service	General Obligations
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,304,462
Sales Tax	-	-	-	-
Intergovernmental revenues	471,761	349,686	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	54,052
Contributions and donations	-	-	-	-
Rental and sale of city property	-	-	-	-
Miscellaneous	-	-	68,222	-
Total revenues	<u>471,761</u>	<u>349,686</u>	<u>68,222</u>	<u>2,358,514</u>
EXPENDITURES				
Current:				
General government	246,948	-	-	6,370
Public safety	22,661	-	-	-
Culture and recreation	7,001	-	-	-
Planning and economic development	23,276	370,211	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Principal	-	-	618,014	1,820,000
Interest and fiscal charges	-	-	268,454	1,231,080
Total expenditures	<u>299,886</u>	<u>370,211</u>	<u>886,468</u>	<u>3,057,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,875</u>	<u>(20,525)</u>	<u>(818,246)</u>	<u>(698,936)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	886,469	-
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>886,469</u>	<u>-</u>
Net change in fund balances	171,875	(20,525)	68,223	(698,936)
Fund balances - beginning of year	<u>48,230</u>	<u>(575)</u>	<u>243,865</u>	<u>5,316,977</u>
Fund balances - end of year	<u>\$ 220,105</u>	<u>\$ (21,100)</u>	<u>\$ 312,088</u>	<u>\$ 4,618,041</u>

Debt Service	Capital Improvements		Total
Excise Bonds	Airport Improvements	Community Facilities	Nonmajor Governmental Funds
\$ -	\$ -	\$ 555,908	\$ 2,860,370
-	-	-	299,811
-	-	-	1,763,285
-	-	-	1,434,494
-	-	11,800	81,228
-	-	-	9,591
-	-	-	303,686
-	-	-	69,152
-	-	567,708	6,821,617
5,450	-	6,255	428,867
-	-	-	642,482
-	-	-	594,716
-	-	-	1,315,118
-	18,000	4,430	69,820
169,890	-	-	169,890
1,028,200	-	130,000	3,596,214
675,172	-	182,094	2,356,800
1,878,712	18,000	322,779	9,173,907
(1,878,712)	(18,000)	244,929	(2,352,290)
1,908,733	-	-	3,931,950
-	-	-	(1,405,335)
7,710,000	-	-	7,710,000
(7,531,828)	-	-	(7,531,828)
2,086,905	-	-	2,704,787
208,193	(18,000)	244,929	352,497
(201,902)	196,182	1,237,035	8,987,704
\$ 6,291	\$ 178,182	\$ 1,481,964	\$ 9,340,201



Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND LEGAL AND OTHER MAJOR GOVERNMENTAL
FUNDS



CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
SCHEDULE OF EXPENDITURES - LEGAL LEVEL BUDGET COMPLIANCE
Year Ended June 30, 2018

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current:				
General Government				
Mayor and Council				
Personnel services	\$ 138,823	\$ 154,752	\$ 156,573	\$ (1,821)
Other expenditures	434,430	435,921	331,397	104,524
City Manager				
Personnel services	970,337	762,962	693,968	68,994
Other expenditures	337,422	263,970	179,531	84,439
Attorney				
Personnel services	938,493	938,493	844,967	93,526
Other expenditures	76,223	76,223	49,981	26,242
Clerk				
Personnel services	325,384	325,384	295,066	30,318
Other expenditures	152,871	152,871	79,483	73,388
Finance/Information technology				
Personnel services	1,930,586	1,832,742	1,827,716	5,026
Other expenditures	1,426,197	1,426,197	1,233,054	193,143
Human Resources				
Personnel services	405,791	405,791	346,062	59,729
Other expenditures	219,856	219,856	208,160	11,696
Administrative Services				
Personnel services	276,000	276,000	-	276,000
Other expenditures	1,206,300	1,190,371	1,217,298	(26,927)
Public Safety				
Police				
Personnel services	11,778,000	11,778,000	11,185,748	592,252
Other expenditures	2,018,200	2,018,200	1,756,150	262,050
Fire				
Personnel services	7,925,700	7,925,700	7,742,189	183,511
Other expenditures	2,225,950	2,225,800	1,274,370	951,430
Court				
Personnel services	563,700	563,700	541,691	22,009
Other expenditures	135,200	135,200	127,748	7,452
Animal Control				
Personnel services	324,800	324,800	309,256	15,544
Other expenditures	152,700	152,700	172,026	(19,326)
Communications				
Personnel services	1,544,600	1,642,444	1,525,043	117,401
Other expenditures	501,000	501,000	343,504	157,496
Public Works				
Personnel services	1,275,119	1,275,119	999,785	275,334
Other expenditures	132,193	132,193	111,479	20,714
Culture and Recreation				
Personnel services	3,529,329	3,529,329	3,358,193	171,136
Other expenditures	2,572,623	2,572,773	2,612,734	(39,961)
Planning and Economic Development				
Personnel services	1,646,488	1,853,863	1,725,742	128,121
Other expenditures	317,231	389,192	314,019	75,173
Capital outlay	75,000	75,000	69,943	5,057
Transfers out	1,613,686	1,613,686	3,544,924	(1,931,238)
Total expenditures	\$ 47,170,232	\$ 47,170,232	\$ 45,177,800	\$ 1,992,432

CITY OF CASA GRANDE, ARIZONA
CAPITAL REPLACEMENT/RECREATION/DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Investment earnings	\$ 15,000	\$ 15,000	\$ 311,215	296,215
Rental and sale of city property	50,000	50,000	78,183	28,183
Construction sales tax	2,020,000	2,020,000	2,432,331	412,331
Total revenues	2,085,000	2,085,000	2,821,729	736,729
EXPENDITURES				
Current:				
Culture and recreation	146,800	146,100	61,655	84,445
Capital outlay	34,860,100	33,013,000	7,603,654	25,409,346
Total expenditures	35,006,900	33,159,100	7,665,309	25,493,791
Excess (deficiency) of revenues over (under) expenditures	(32,921,900)	(31,074,100)	(4,843,580)	26,230,520
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	2,763,840	1,634,158	(1,129,682)
Transfers out	(500,000)	(500,000)	(1,016,027)	(516,027)
Total other financing sources and uses	1,000,000	2,263,840	618,131	(1,645,709)
Net change in fund balance	(31,921,900)	(28,810,260)	(4,225,449)	24,584,811
Fund balance - beginning of year	42,782,182	42,782,182	42,782,182	-
Fund balance - end of year	\$ 10,860,282	\$ 13,971,922	\$ 38,556,733	24,584,811

CITY OF CASA GRANDE, ARIZONA
DEVELOPMENT IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charges for services	\$ 812,100	\$ 812,100	\$ 1,322,050	\$ 509,950
Investment earnings	10,300	10,300	94,535	84,235
Total revenues	<u>822,400</u>	<u>822,400</u>	<u>1,416,585</u>	<u>594,185</u>
EXPENDITURES				
Current:				
General government	4,979,500	5,070,200	54,833	5,015,367
Capital outlay	7,506,900	7,556,200	565,600	6,990,600
Total expenditures	<u>12,486,400</u>	<u>12,626,400</u>	<u>620,433</u>	<u>12,005,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,664,000)</u>	<u>(11,804,000)</u>	<u>796,152</u>	<u>12,600,152</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	35,192	35,192
Transfers out	(1,500,000)	(1,500,000)	-	1,500,000
Total other financing sources and uses	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>35,192</u>	<u>1,535,192</u>
Net change in fund balance	(13,164,000)	(13,304,000)	831,344	14,135,344
Fund balance - beginning of year	<u>21,864,322</u>	<u>21,864,322</u>	<u>21,864,322</u>	<u>-</u>
Fund balance - end of year	<u>\$ 8,700,322</u>	<u>\$ 8,560,322</u>	<u>\$ 22,695,666</u>	<u>\$ 14,135,344</u>



Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS



CITY OF CASA GRANDE, ARIZONA
MUNICIPAL AIRPORT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charge for service	\$ 557,500	\$ 557,500	574,493	\$ 16,993
Rental and sale of city property	235,600	235,600	224,822	(10,778)
Miscellaneous	1,000	1,000	930	(70)
Total revenues	794,100	794,100	800,245	6,145
EXPENDITURES				
Current:				
Planning and Economic Development	798,215	798,215	697,830	100,385
Capital outlay	45,000	45,000	1,175	43,825
Total expenditures	843,215	843,215	699,005	144,210
Excess (deficiency) of revenues over (under) expenditures	(49,115)	(49,115)	101,240	150,355
OTHER FINANCING SOURCES (USES)				
Transfers out	(134,983)	(134,983)	(79,903)	55,080
Proceeds from obligations	-	-	-	-
Total other financing sources and uses	(134,983)	(134,983)	(79,903)	55,080
Net change in fund balance	(184,098)	(184,098)	21,337	205,435
Fund balance - beginning of year	(485,358)	(485,358)	(485,358)	-
Fund balance - end of year	\$ (669,456)	\$ (669,456)	\$ (464,021)	\$ 205,435

CITY OF CASA GRANDE, ARIZONA
 PARKS DEVELOPMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charge for service	\$ -	\$ -	\$ 514	\$ 514
Rental and sale of City property	46,000	46,000	43,645	(2,355)
Investment earnings	-	-	11,082	11,082
Total revenues	46,000	46,000	55,241	9,241
EXPENDITURES				
Current:				
Culture and recreation	100,000	100,000	-	100,000
Capital outlay	900,000	900,000	-	900,000
Total expenditures	1,000,000	1,000,000	-	1,000,000
Excess (deficiency) of revenues over (under) expenditures	(954,000)	(954,000)	55,241	1,009,241
Fund balance - beginning of year	975,924	975,924	975,924	-
Fund balance - end of year	\$ 21,924	\$ 21,924	\$ 1,031,165	\$ 1,009,241

CITY OF CASA GRANDE, ARIZONA
REDEVELOPMENT/DOWNTOWN REVITALIZATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Rental and sale of city property	\$ 36,000	\$ 36,000	\$ 31,719	\$ (4,281)
Total revenues	36,000	36,000	31,719	(4,281)
EXPENDITURES				
Current:				
General Government:	-	-	343	(343)
Total expenditures	-	-	343	(343)
Excess (deficiency) of revenues over (under) expenditures	36,000	36,000	31,376	(4,624)
Fund balance - beginning of year	421,792	421,792	421,792	421,792
Fund balance - end of year	\$ 457,792	\$ 457,792	\$ 453,168	\$ 417,168

CITY OF CASA GRANDE, ARIZONA
 SENIOR SERVICES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 166,300	\$ 166,300	\$ 183,534	\$ 17,234
Charges for services	30,000	30,000	42,507	12,507
Contributions and donations	9,600	9,600	9,591	(9)
Total revenues	<u>205,900</u>	<u>205,900</u>	<u>235,632</u>	<u>29,732</u>
EXPENDITURES				
Current:				
General government:	-	-	(1,427)	1,427
Culture and recreation:	338,200	338,200	301,649	36,551
Total expenditures	<u>338,200</u>	<u>338,200</u>	<u>300,222</u>	<u>37,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,300)</u>	<u>(132,300)</u>	<u>(64,590)</u>	<u>67,710</u>
OTHER FINANCING USES				
Transfers in	128,000	128,000	128,678	678
Total other financing sources and uses	<u>128,000</u>	<u>128,000</u>	<u>128,678</u>	<u>678</u>
Net change in fund balance	(4,300)	(4,300)	64,088	68,388
Fund balance - beginning of year	<u>(22,347)</u>	<u>(22,347)</u>	<u>(22,347)</u>	-
Fund balance - end of year	<u>\$ (26,647)</u>	<u>\$ (26,647)</u>	<u>\$ 41,741</u>	<u>\$ (68,388)</u>

CITY OF CASA GRANDE, ARIZONA
YOUTH SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
City sales taxes	\$ 262,000	\$ 262,000	\$ 299,811	\$ 37,811
Investment earnings	-	-	3,219	3,219
Total revenues	<u>262,000</u>	<u>262,000</u>	<u>303,030</u>	<u>41,030</u>
EXPENDITURES				
Current:				
General government	-	262,000	120,000	142,000
Culture and recreation:	<u>262,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>262,000</u>	<u>262,000</u>	<u>120,000</u>	<u>142,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>183,030</u>	<u>183,030</u>
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,030</u>	<u>\$ 183,030</u>

CITY OF CASA GRANDE, ARIZONA
GRANTS AND SUBSIDIES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 2,848,000	\$ 2,466,051	\$ 502,616	\$ (1,963,435)
Total revenues	<u>2,848,000</u>	<u>2,466,051</u>	<u>502,616</u>	<u>(1,963,435)</u>
EXPENDITURES				
Current:				
General government:	1,520,000	1,034,858	43,826	991,032
Public safety:	-	211,634	544,720	(333,086)
Planning and Economic Development:	-	75,000	-	75,000
Culture and recreation:	-	11,100	11,988	(888)
Capital outlay	328,000	253,000	-	253,000
Total expenditures	<u>1,848,000</u>	<u>1,585,592</u>	<u>600,534</u>	<u>985,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,000,000</u>	<u>880,459</u>	<u>(97,918)</u>	<u>(978,377)</u>
Fund balance - beginning of year	<u>115,750</u>	<u>115,750</u>	<u>115,750</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,115,750</u>	<u>\$ 996,209</u>	<u>\$ 17,832</u>	<u>\$ (978,377)</u>

CITY OF CASA GRANDE, ARIZONA
 RODEO GROUNDS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and sale of city property	\$ -	\$ -	\$ 3,500	\$ 3,500
Total revenues	-	-	3,500	3,500
EXPENDITURES				
Current:				
Culture and recreation:	-	-	383	(383)
Total expenditures	-	-	383	(383)
Excess (deficiency) of revenues over (under) expenditures	-	-	3,117	3,117
Fund balance - beginning of year	24,975	24,975	24,975	-
Fund balance - end of year	\$ 24,975	\$ 24,975	\$ 28,092	\$ 3,117

CITY OF CASA GRANDE, ARIZONA
 GRANDE SPORTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 194,700	\$ 194,700	\$ 592,483	397,783
Total revenues	<u>194,700</u>	<u>194,700</u>	<u>592,483</u>	<u>397,783</u>
EXPENDITURES				
Current:				
Culture and recreation:	206,000	206,000	275,122	(69,122)
Total expenditures	<u>206,000</u>	<u>206,000</u>	<u>275,122</u>	<u>(69,122)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,300)</u>	<u>(11,300)</u>	<u>317,361</u>	<u>328,661</u>
OTHER FINANCING USES				
Transfers in	500,000	500,000	1,008,070	508,070
Transfers out	(1,650,300)	(1,650,300)	(1,325,432)	(324,868)
Total other financing uses	<u>(1,150,300)</u>	<u>(1,150,300)</u>	<u>(317,362)</u>	<u>183,202</u>
Net change in fund balance	(1,161,600)	(1,161,600)	(1)	1,161,599
Fund balance - beginning of year	<u>257,222</u>	<u>257,222</u>	<u>257,222</u>	<u>-</u>
Fund balance - end of year	<u>\$ (904,378)</u>	<u>\$ (904,378)</u>	<u>\$ 257,221</u>	<u>\$ 1,161,599</u>

CITY OF CASA GRANDE, ARIZONA
COURT ENHANCEMENT/PROBATIONARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charges for services	\$ 161,000	\$ 161,000	\$ 177,197	\$ 16,197
Total revenues	161,000	161,000	177,197	16,197
EXPENDITURES				
Current:				
Public safety:	126,300	126,300	70,101	56,199
Capital outlay	165,100	165,100	-	165,100
Total expenditures	291,400	291,400	70,101	221,299
Excess (deficiency) of revenues over (under) expenditures	(130,400)	(130,400)	107,096	237,496
Fund balance - beginning of year	326,369	326,369	326,369	-
Fund balance - end of year	\$ 195,969	\$ 195,969	\$ 433,465	\$ 237,496

CITY OF CASA GRANDE, ARIZONA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 550,400	\$ 550,400	\$ 255,688	\$ (294,712)
Charges for services	-	-	35,768	35,768
Total revenues	550,400	550,400	291,456	(258,944)
EXPENDITURES				
Current:				
General government:	-	-	(325)	325
Public safety:	-	5,000	5,000	-
Planning and Economic Development:	595,792	540,792	220,191	320,601
Capital outlay	100,000	150,000	46,215	103,785
Total expenditures	695,792	695,792	271,081	424,711
Excess (deficiency) of revenues over (under) expenditures	(145,392)	(145,392)	20,375	165,767
Fund balance - beginning of year	406,774	406,774	406,774	-
Fund balance - end of year	\$ 261,382	\$ 261,382	\$ 427,149	\$ 165,767

CITY OF CASA GRANDE, ARIZONA
HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charges for service	\$ 120,000	\$ 120,000	\$ 11,532	\$ (108,468)
Investment earnings	-	-	1,075	1,075
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>12,607</u>	<u>(107,393)</u>
EXPENDITURES				
Current:				
Planning and Economic Development:	120,200	120,200	3,610	116,590
Total expenditures	<u>120,200</u>	<u>120,200</u>	<u>3,610</u>	<u>116,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200)</u>	<u>(200)</u>	<u>8,997</u>	<u>9,197</u>
Fund balance - beginning of year	<u>126,791</u>	<u>126,791</u>	<u>126,791</u>	<u>-</u>
Fund balance - end of year	<u>\$ 126,591</u>	<u>\$ 126,591</u>	<u>\$ 135,788</u>	<u>\$ 9,197</u>

CITY OF CASA GRANDE, ARIZONA
 TRIBAL HOUSING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 60,000	\$ 268,323	\$ 471,761	\$ 203,438
Total revenues	60,000	268,323	471,761	203,438
EXPENDITURES				
Current:				
General government:	-	171,455	246,948	(75,493)
Planning and Economic Development:	60,000	80,000	23,276	56,724
Culture and recreation:	-	8,728	7,001	1,727
Public safety:	-	8,140	22,661	(14,521)
Capital outlay	-	54,085	-	54,085
Total expenditures	60,000	322,408	299,886	22,522
Excess (deficiency) of revenues over (under) expenditures	-	(54,085)	171,875	(225,960)
Fund balance - beginning of year	48,230	48,230	48,230	-
Fund balance - end of year	\$ 48,230	\$ (5,855)	\$ 220,105	\$ 225,960

CITY OF CASA GRANDE, ARIZONA
HOME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 422,600	\$ 422,600	\$ 349,686	\$ (72,914)
Total revenues	<u>422,600</u>	<u>422,600</u>	<u>349,686</u>	<u>(72,914)</u>
EXPENDITURES				
Current:				
Planning and Economic Development:	422,600	422,600	370,211	52,389
Total expenditures	<u>422,600</u>	<u>422,600</u>	<u>370,211</u>	<u>52,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(20,525)</u>	<u>(20,525)</u>
Fund balance - beginning of year	<u>(575)</u>	<u>(575)</u>	<u>(575)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (575)</u>	<u>\$ (575)</u>	<u>\$ (21,100)</u>	<u>\$ (20,525)</u>

CITY OF CASA GRANDE, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous revenues	\$ 215,900	\$ 215,900	\$ 68,222	\$ (147,678)
Total revenues	<u>215,900</u>	<u>215,900</u>	<u>68,222</u>	<u>(147,678)</u>
EXPENDITURES				
Current:				
General government:	9,000	9,000	-	9,000
Debt Service:				
Principal retirement	619,000	619,000	618,014	986
Interest	<u>270,000</u>	<u>270,000</u>	<u>268,454</u>	<u>1,546</u>
Total expenditures	<u>898,000</u>	<u>898,000</u>	<u>886,468</u>	<u>11,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(682,100)</u>	<u>(682,100)</u>	<u>(818,246)</u>	<u>(136,146)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>887,200</u>	<u>887,200</u>	<u>886,469</u>	<u>(731)</u>
Total other financing sources and uses	<u>887,200</u>	<u>887,200</u>	<u>886,469</u>	<u>(731)</u>
Net change in fund balance	205,100	205,100	68,223	(136,877)
Fund balance - beginning of year	<u>243,865</u>	<u>243,865</u>	<u>243,865</u>	<u>-</u>
Fund balance - end of year	<u>\$ 448,965</u>	<u>\$ 448,965</u>	<u>\$ 312,088</u>	<u>\$ (136,877)</u>

CITY OF CASA GRANDE, ARIZONA
GENERAL OBLIGATION BOND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,110,300	\$ 2,110,300	\$ 2,304,462	\$ 194,162
Investment earnings	4,000	4,000	54,052	50,052
Total revenues	<u>2,114,300</u>	<u>2,114,300</u>	<u>2,358,514</u>	<u>244,214</u>
EXPENDITURES				
Current:				
General government:	11,000	11,000	6,370	4,630
Debt Service				
Principal retirement	1,710,100	1,710,100	1,820,000	(109,900)
Interest	1,247,350	1,247,350	1,231,080	16,270
Total expenditures	<u>2,968,450</u>	<u>2,968,450</u>	<u>3,057,450</u>	<u>(89,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(854,150)</u>	<u>(854,150)</u>	<u>(698,936)</u>	<u>155,214</u>
Fund balance - beginning of year	<u>5,316,977</u>	<u>5,316,977</u>	<u>5,316,977</u>	<u>-</u>
Fund balance - end of year	<u>\$ 4,462,827</u>	<u>\$ 4,462,827</u>	<u>\$ 4,618,041</u>	<u>\$ 155,214</u>

CITY OF CASA GRANDE, ARIZONA
 EXCISE TAX DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current:				
General government:	\$ 11,000	\$ 11,000	\$ 5,450	\$ 5,550
Debt Service				
Bond issuance costs	-	-	169,890	(169,890)
Principal retirement	948,300	948,300	1,028,200	(79,900)
Interest	788,562	788,562	675,172	113,390
Total expenditures	<u>1,747,862</u>	<u>1,747,862</u>	<u>1,878,712</u>	<u>(130,850)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,747,862)</u>	<u>(1,747,862)</u>	<u>(1,878,712)</u>	<u>(130,850)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,739,700	1,739,700	1,908,733	169,033
Transfers out	-	-	-	-
Issuance of debt	-	-	7,710,000	(7,710,000)
Payment to escrow agent	-	-	(7,531,828)	7,531,828
Total other financing sources and uses	<u>1,739,700</u>	<u>1,739,700</u>	<u>2,086,905</u>	<u>(9,139)</u>
Net change in fund balance	(8,162)	(8,162)	208,193	216,355
Fund balance - beginning of year	<u>(201,902)</u>	<u>(201,902)</u>	<u>(201,902)</u>	-
Fund balance - end of year	<u>\$ (210,064)</u>	<u>\$ (210,064)</u>	<u>\$ 6,291</u>	<u>\$ 216,355</u>

CITY OF CASA GRANDE, ARIZONA
 AIRPORT IMPROVEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 3,972,500	\$ 3,972,500	\$ -	\$ (3,972,500)
Total revenues	<u>3,972,500</u>	<u>3,972,500</u>	<u>-</u>	<u>(3,972,500)</u>
EXPENDITURES				
Current:				
Planning and Economic Development:	-	3,972,500	-	3,972,500
Capital outlay	3,972,500	-	18,000	(18,000)
Total expenditures	<u>3,972,500</u>	<u>3,972,500</u>	<u>18,000</u>	<u>3,954,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>(18,000)</u>
Fund balance - beginning of year	<u>196,182</u>	<u>196,182</u>	<u>196,182</u>	<u>-</u>
Fund balance - end of year	<u>\$ 196,182</u>	<u>\$ 196,182</u>	<u>\$ 178,182</u>	<u>\$ (18,000)</u>

CITY OF CASA GRANDE, ARIZONA
COMMUNITY FACILITIES DISTRICTS - CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property tax	\$ 493,800	\$ 548,841	\$ 555,908	\$ 7,067
Contributions and donations	29,800	29,800	-	(29,800)
Investment earnings	-	-	11,800	11,800
Total revenues	<u>523,600</u>	<u>578,641</u>	<u>567,708</u>	<u>(10,933)</u>
EXPENDITURES				
Current:				
General government:	44,000	44,000	6,255	37,745
Capital outlay	10,854,500	10,863,000	4,430	10,858,570
Debt Service				
Principal retirement	130,000	130,000	130,000	-
Interest	<u>185,000</u>	<u>185,000</u>	<u>182,094</u>	<u>2,906</u>
Total expenditures	<u>11,213,500</u>	<u>11,222,000</u>	<u>322,779</u>	<u>10,899,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,689,900)</u>	<u>(10,643,359)</u>	<u>244,929</u>	<u>10,888,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(75,700)</u>	<u>(75,700)</u>	<u>-</u>	<u>75,700</u>
Total other financing sources and uses	<u>(75,700)</u>	<u>(75,700)</u>	<u>-</u>	<u>75,700</u>
Net change in fund balance	(10,765,600)	(10,719,059)	244,929	10,963,988
Fund balance - beginning of year	<u>1,237,035</u>	<u>1,237,035</u>	<u>1,237,035</u>	<u>-</u>
Fund balance - end of year	<u>\$ (9,528,565)</u>	<u>\$ (9,482,024)</u>	<u>\$ 1,481,964</u>	<u>\$ 10,963,988</u>

Other Supplementary Information

SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL PROPRIETARY FUNDS



CITY OF CASA GRANDE, ARIZONA
WATER ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 236,000	\$ 236,000	\$ 229,111	\$ (6,889)
Miscellaneous	400	400	-	(400)
Total operating revenues	<u>236,400</u>	<u>236,400</u>	<u>229,111</u>	<u>(7,289)</u>
OPERATING EXPENSES:				
Personnel services	40,500	40,500	24,246	16,254
Contractual	254,174	374,174	151,689	222,485
Materials and supplies	363,400	243,400	47,009	196,391
Depreciation	62,500	62,500	62,639	(139)
Total operating expenses	<u>720,574</u>	<u>720,574</u>	<u>285,583</u>	<u>434,991</u>
Operating income (expense)	<u>(484,174)</u>	<u>(484,174)</u>	<u>(56,472)</u>	<u>(427,702)</u>
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on sale of equipment	-	-	(235)	(235)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(235)</u>	<u>(235)</u>
Income (loss) before transfers	(484,174)	(484,174)	(56,707)	427,467
Transfers out	<u>(54,457)</u>	<u>(54,457)</u>	<u>(28,436)</u>	<u>26,021</u>
Net change in Fund Balance	(538,631)	(538,631)	(85,143)	453,488
Fund Balance - beginning of year	<u>530,762</u>	<u>530,762</u>	<u>530,762</u>	<u>-</u>
Fund Balance - end of year	<u>\$ (7,869)</u>	<u>\$ (7,869)</u>	<u>\$ 445,619</u>	<u>\$ 453,488</u>

CITY OF CASA GRANDE, ARIZONA
WASTEWATER/DEVELOPMENT ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 11,211,300	\$ 11,211,300	\$ 10,754,316	\$ (456,984)
Miscellaneous	-	-	-	-
Total operating revenues	<u>11,211,300</u>	<u>11,211,300</u>	<u>10,754,316</u>	<u>(456,984)</u>
OPERATING EXPENSES:				
Personnel services	1,164,200	1,164,200	923,856	240,344
Contractual	2,552,229	3,184,429	2,730,356	454,073
Materials and supplies	7,487,300	7,125,800	667,541	6,458,259
Depreciation	3,262,700	3,262,700	3,297,948	(35,248)
Other expense	-	-	109,751	(109,751)
Total operating expenses	<u>14,466,429</u>	<u>14,737,129</u>	<u>7,729,452</u>	<u>7,007,677</u>
Operating income (expense)	<u>(3,255,129)</u>	<u>(3,525,829)</u>	<u>3,024,864</u>	<u>6,550,693</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	5,000	5,000	70,665	65,665
Debt Service - principal payments	(4,339,200)	(4,339,200)	-	4,339,200
Interest expense	(2,028,500)	(2,028,500)	(1,812,630)	215,870
Total nonoperating revenue (expense)	<u>(6,362,700)</u>	<u>(6,362,700)</u>	<u>(1,741,965)</u>	<u>4,620,735</u>
Income (loss) before contributions and transfers	<u>(9,617,829)</u>	<u>(9,888,529)</u>	<u>1,282,899</u>	<u>11,171,428</u>
Developer fees	445,000	445,000	579,670	134,670
Transfers in	-	-	473,399	473,399
Transfers out	<u>(665,600)</u>	<u>(665,600)</u>	<u>(995,544)</u>	<u>(329,944)</u>
Net change in Fund Balance	<u>(9,838,429)</u>	<u>(10,109,129)</u>	<u>1,340,424</u>	<u>11,449,553</u>
Fund Balance - beginning of year	<u>49,837,160</u>	<u>49,837,160</u>	<u>49,837,160</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 39,998,731</u>	<u>\$ 39,728,031</u>	<u>\$ 51,177,584</u>	<u>\$ 11,449,553</u>

CITY OF CASA GRANDE, ARIZONA
SANITATION ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 6,715,200	\$ 6,715,200	\$ 6,840,168	\$ 124,968
Miscellaneous	-	-	-	-
Total operating revenues	<u>6,715,200</u>	<u>6,715,200</u>	<u>6,840,168</u>	<u>124,968</u>
OPERATING EXPENSES:				
Personnel services	2,655,700	2,655,700	2,285,453	370,247
Contractual	1,107,222	1,107,222	1,503,254	(396,032)
Materials and supplies	2,459,700	2,459,700	735,585	1,724,115
Depreciation	746,200	746,200	880,956	(134,756)
Closure and postclosure costs	130,000	130,000	92,273	37,727
Other expenses	-	-	72,855	(72,855)
Total operating expenses	<u>7,098,822</u>	<u>7,098,822</u>	<u>5,570,376</u>	<u>1,528,446</u>
Operating income (expense)	<u>(383,622)</u>	<u>(383,622)</u>	<u>1,269,792</u>	<u>1,653,414</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,500	1,500	85,969	84,469
Total nonoperating revenue (expense)	<u>1,500</u>	<u>1,500</u>	<u>85,969</u>	<u>84,469</u>
Income (loss) before transfers	(382,122)	(382,122)	1,355,761	1,737,883
Transfers out	<u>(1,876,820)</u>	<u>(1,876,820)</u>	<u>(506,700)</u>	<u>1,370,120</u>
Net change in Fund Balance	(2,258,942)	(2,258,942)	849,061	3,108,003
Fund Balance - beginning of year	<u>5,564,076</u>	<u>5,564,076</u>	<u>5,564,076</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 3,305,134</u>	<u>\$ 3,305,134</u>	<u>\$ 6,413,137</u>	<u>\$ 3,108,003</u>

CITY OF CASA GRANDE, ARIZONA
GOLF COURSE ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 234,000	\$ 234,000	\$ 270,225	\$ 36,225
Rental	145,200	145,200	197,056	51,856
Green fees	733,600	733,600	892,221	158,621
Miscellaneous	4,300	4,300	-	(4,300)
Total operating revenues	<u>1,117,100</u>	<u>1,117,100</u>	<u>1,359,502</u>	<u>242,402</u>
OPERATING EXPENSES:				
Personnel services	195,600	195,600	237,323	(41,723)
Contractual	809,200	809,200	822,189	(12,989)
Materials and supplies	390,300	130,900	169,234	(38,334)
Depreciation	129,400	129,400	173,080	(43,680)
Other expense	-	-	5,525	(5,525)
Total operating expenses	<u>1,524,500</u>	<u>1,265,100</u>	<u>1,407,351</u>	<u>(142,251)</u>
Operating income (expense)	<u>(407,400)</u>	<u>(148,000)</u>	<u>(47,849)</u>	<u>100,151</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	-	-	1,604	(1,604)
Interest expense	-	-	-	-
City sales tax	26,300	26,300	26,156	(144)
Total nonoperating revenue	<u>26,300</u>	<u>26,300</u>	<u>27,760</u>	<u>(1,748)</u>
Income (loss) before transfers	<u>(381,100)</u>	<u>(121,700)</u>	<u>(20,089)</u>	<u>101,611</u>
Transfers out	<u>(127,200)</u>	<u>(127,200)</u>	<u>(134,742)</u>	<u>(7,542)</u>
Net change in Fund Balance	<u>(508,300)</u>	<u>(248,900)</u>	<u>(154,831)</u>	<u>94,069</u>
Fund Balance - beginning of year	<u>1,588,807</u>	<u>1,588,807</u>	<u>1,588,807</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 1,080,507</u>	<u>\$ 1,339,907</u>	<u>\$ 1,433,976</u>	<u>\$ 94,069</u>

Other Supplementary Information

FIDUCIARY FUNDS



CITY OF CASA GRANDE, ARIZONA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 June 30, 2018

	Donations Fund	RICO Fund	Flexible Spending Plan Fund	Total Agency Funds
ASSETS				
Cash	\$ 20,271	\$ 259,556	\$ 60,994	\$ 340,821
Total assets	20,271	259,556	60,994	340,821
LIABILITIES				
Total liabilities	\$ 20,271	\$ 259,556	\$ 60,994	\$ 340,821

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Donations Fund				
Assets:				
Cash	\$ 23,383	\$ 49,122	\$ (52,234)	\$ 20,271
Interest Receivable				
Total Assets	<u>23,383</u>	<u>49,122</u>	<u>(52,234)</u>	<u>20,271</u>
Liabilities:				
Other Liabilities	23,334	26,187	(113,134)	(63,613)
Accounts Payable	49	83,835	-	83,884
	<u>23,383</u>	<u>110,022</u>	<u>(113,134)</u>	<u>20,271</u>
RICO Fund				
Assets:				
Cash	215,108	322,722	(278,274)	259,556
Investments	25,893	3,922	(29,815)	-
Total Assets	<u>241,001</u>	<u>326,644</u>	<u>(308,089)</u>	<u>259,556</u>
Liabilities:				
Other Liabilities	241,001	-	-	241,001
	<u>241,001</u>	<u>-</u>	<u>-</u>	<u>241,001</u>

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Flexible Spending Fund				
Assets:				
Cash	57,801	222,303	(219,110)	60,994
Total Assets	<u>57,801</u>	<u>222,303</u>	<u>(219,110)</u>	<u>60,994</u>
Liabilities:				
Other Liabilities	28,658	-	(10,000)	18,658
Accounts Payable	29,143	37,466	(49,090)	17,519
	<u>57,801</u>	<u>37,466</u>	<u>-</u>	<u>36,177</u>
Totals - All Agency Funds				
Assets:				
Cash	296,292	594,147	(549,618)	340,821
Investments	25,893	3,922	(29,815)	-
Receivables	-	-	-	-
Total Assets	<u>322,185</u>	<u>598,069</u>	<u>(579,433)</u>	<u>340,821</u>
Liabilities:				
Other Liabilities	292,993	26,187	(123,134)	196,046
Accounts Payable	29,192	121,301	(49,090)	101,403
Total Liabilities	<u>\$ 322,185</u>	<u>\$ 147,488</u>	<u>\$ (172,224)</u>	<u>\$ 297,449</u>



Statistical Section

<u>Contents</u>	<u>Pages</u>
Financial Trends	162-171
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	172-175
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	
Debt Capacity	176-181
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.	
Demographic and Economic Statistics	182-186
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	187-189
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	June 30				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in Capital Assets	\$ 166,666,266	\$ 169,037,582	\$ 163,072,110	\$ 161,430,232	\$ 157,440,959
Restricted	63,759,736	66,259,746	68,817,721	37,158,304	40,395,789
Unrestricted	29,204,011	24,786,399	20,795,291	48,679,263	46,777,093
Total governmental activities net assets	<u>\$ 259,630,013</u>	<u>\$ 260,083,727</u>	<u>\$ 252,685,122</u>	<u>\$ 247,267,799</u>	<u>\$ 244,613,841</u>
Business-type activities					
Net investment in Capital Assets	\$ 42,819,605	\$ 46,698,154	\$ 47,003,748	\$ 49,361,435	\$ 47,631,810
Restricted	16,814,023	11,962,381	10,324,306	11,742,168	9,245,649
Unrestricted	1,188,222	5,103,985	7,429,067	3,708,031	5,504,681
Total business-type activities net assets	<u>\$ 60,821,850</u>	<u>\$ 63,764,520</u>	<u>\$ 64,757,121</u>	<u>\$ 64,811,633</u>	<u>\$ 62,382,140</u>
Primary government					
Net investment in Capital Assets	\$ 209,485,871	\$ 215,735,736	\$ 210,847,017	\$ 210,791,667	\$ 205,072,769
Restricted	80,573,759	78,222,127	78,350,244	48,900,472	49,641,438
Unrestricted	30,392,233	29,890,384	28,244,981	52,387,294	52,281,774
Total primary government net assets	<u>\$ 320,451,863</u>	<u>\$ 323,848,247</u>	<u>\$ 317,442,242</u>	<u>\$ 312,079,433</u>	<u>\$ 306,995,981</u>

June 30				
2014	2015	2016	2017	2018
\$ 151,713,255	\$ 137,618,856	\$ 111,804,545	\$ 125,561,739	\$ 108,270,856
23,313,575	40,862,091	38,094,808	35,874,477	40,267,225
61,348,678	3,182,623	26,141,879	5,910,563	13,909,387
<u>\$ 236,375,508</u>	<u>\$ 181,663,570</u>	<u>\$ 176,041,232</u>	<u>\$ 167,346,779</u>	<u>\$ 162,447,468</u>
\$ 51,371,884	\$ 48,601,273	\$ 49,202,991	\$ 49,611,489	\$ 51,297,595
6,187,139	6,317,620	6,575,857	6,970,069	6,403,618
5,253,457	(265,067)	151,635	939,248	1,769,103
<u>\$ 62,812,480</u>	<u>\$ 54,653,826</u>	<u>\$ 55,930,483</u>	<u>\$ 57,520,806</u>	<u>\$ 59,470,316</u>
\$ 201,934,193	\$ 186,217,129	\$ 161,007,536	\$ 175,173,228	\$ 159,568,451
29,500,714	47,179,711	44,670,665	42,844,546	46,670,843
66,681,178	2,917,556	26,293,514	6,849,811	15,678,490
<u>\$ 298,116,085</u>	<u>\$ 236,314,396</u>	<u>\$ 231,971,715</u>	<u>\$ 224,867,585</u>	<u>\$ 221,917,784</u>

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

	June 30				
	2009	2010	2011	2012	2013
Governmental Activities:					
Expenses					
General government	\$ 7,824,380	\$ 6,961,775	\$ 6,875,962	\$ 6,943,378	\$ 6,766,944
Public safety	20,384,692	20,366,672	20,265,216	22,629,105	24,280,544
Streets/Transportation	12,198,334	12,007,921	12,554,956	13,442,435	12,494,463
Public works	2,336,854	2,335,926	2,067,097	2,542,009	3,205,901
Culture and recreation	7,696,876	6,828,387	7,103,723	7,247,394	7,273,320
Economic development	4,367,403	4,700,480	3,731,265	3,186,873	3,117,655
Interest on long-term debt	972,791	2,145,146	2,436,221	2,670,881	2,367,185
Total expenses	<u>55,781,330</u>	<u>55,346,307</u>	<u>55,034,440</u>	<u>58,662,075</u>	<u>59,506,012</u>
Program Revenues					
Charges for services:					
General government	131,394	153,150	215,969	173,396	342,086
Public safety	1,410,573	1,135,284	1,028,639	1,370,883	1,182,158
Streets/Transportation	1,297,796	1,144,798	1,213,808	1,369,817	1,112,963
Public works	23,399	9,736	12,018	26,595	60,757
Culture and recreation	378,961	469,536	771,516	601,627	443,652
Development fees	1,332,296	1,414,107	1,023,436	161,576	2,198,089
Building permits	635,045	494,055	342,553	290,999	988,908
Development and engineering	96,008	55,896	65,715	40,880	74,375
Other economic development	379,636	842,301	376,785	429,012	416,676
Operating grants and contributions	8,859,174	7,469,173	6,266,856	7,420,053	6,823,705
Capital grants and contributions	7,360,861	4,841,012	315,613	3,507,353	10,177,899
Total program revenues	<u>21,905,143</u>	<u>18,029,048</u>	<u>11,632,908</u>	<u>15,392,191</u>	<u>23,821,268</u>
Total Governmental Activities Net Program Expense	<u>\$ (33,876,187)</u>	<u>\$ (37,317,259)</u>	<u>\$ (43,401,532)</u>	<u>\$ (43,269,884)</u>	<u>\$ (35,684,744)</u>
General Revenues and Other Changes in Net Position					
Property taxes	6,264,879	7,422,710	6,570,203	6,439,021	6,877,452
Sales taxes	23,313,628	19,776,002	18,973,408	18,901,163	19,242,309
Franchise taxes	1,910,594	1,947,031	2,196,398	2,201,312	2,248,227
Shared revenues:					
State sales taxes	2,583,416	2,382,825	2,590,692	3,795,352	3,975,626
Urban revenue sharing	4,793,336	4,106,244	2,897,028	4,099,428	4,961,423
Auto-in-lieu	2,126,092	2,034,181	1,992,071	2,137,645	2,129,894
Investment earnings	815,213	107,521	108,552	67,705	3,586
Gain on sales of assets	-	-	-	-	-
Miscellaneous	440,101	625,779	81,130	121,530	49,172
Transfers	(563,426)	(631,320)	593,445	94,464	1,337,500
Total general revenues and other changes in net position	<u>41,683,833</u>	<u>37,770,973</u>	<u>36,002,927</u>	<u>37,857,620</u>	<u>40,825,189</u>
Total Governmental Activities Change in Net Position	<u>\$ 7,807,646</u>	<u>\$ 453,714</u>	<u>\$ (7,398,605)</u>	<u>\$ (5,412,264)</u>	<u>\$ 5,140,445</u>

June 30				
2014	2015	2016	2017	2018
\$ 7,010,252	\$ 10,107,662	\$ 11,103,379	\$ 8,951,427	\$ 9,203,693
25,534,564	26,520,689	23,893,064	31,694,293	31,273,684
13,511,907	13,548,310	12,823,511	12,159,682	5,042,379
2,666,121	2,771,028	7,723,880	5,944,648	9,664,687
7,859,818	7,676,615	7,805,438	7,994,626	7,696,620
3,269,820	2,765,522	2,350,547	2,573,276	3,909,504
2,333,855	2,504,944	2,424,163	2,571,381	3,118,414
62,186,337	65,894,770	68,123,982	71,889,333	69,908,981
304,629	2,815,852	1,388,172	824,576	460,030
1,345,626	1,076,004	1,487,150	1,608,334	1,388,042
960,368	816,829	-	-	-
33,133	167,447	3,476,748	3,944,961	909,437
502,803	430,294	1,035,225	741,249	691,224
110,170	179,753	110,678	783,045	251,681
846,542	1,081,880	1,314,910	777,911	1,027,288
16,393	78,284	-	-	-
163,809	307,578	96,668	238,566	65,718
7,163,717	6,775,967	4,945,110	5,752,093	6,155,986
1,333,697	4,132,231	1,451,669	805,309	1,802,175
12,780,887	17,862,119	15,306,330	15,476,044	12,751,581
\$ (49,405,450)	\$ (48,032,651)	\$ (52,817,652)	\$ (56,413,289)	\$ (57,157,400)
6,197,813	6,366,087	6,410,163	6,472,519	6,970,676
19,650,998	21,795,890	22,909,814	23,402,408	25,292,113
2,248,466	2,358,731	2,388,109	2,449,704	2,502,845
4,227,755	4,438,843	4,602,342	4,734,258	5,246,154
5,413,854	5,879,820	5,847,942	6,295,760	6,754,555
2,259,469	2,447,783	2,638,312	2,666,254	3,172,178
330,546	174,864	775,075	444,399	746,889
-	-	-	-	-
112,756	282,850	329,338	665,351	380,656
725,460	78,030	1,297,300	1,371,224	1,192,023
41,167,117	43,822,898	47,198,395	48,501,877	52,258,089
\$ (8,238,333)	\$ (4,209,753)	\$ (5,619,257)	\$ (7,911,412)	\$ (4,899,311)

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

	June 30				
	2009	2010	2011	2012	2013
Business-type Activities:					
Expenses					
Water	\$ 153,147	\$ 159,718	\$ 150,493	\$ 190,786	\$ 226,382
Golf course	1,266,986	1,243,440	1,203,084	1,303,013	1,299,400
Wastewater	4,610,789	5,528,871	5,561,882	9,786,826	9,188,433
Sanitation	5,465,908	4,653,383	5,028,014	5,060,239	4,953,994
Total expenses	<u>11,496,830</u>	<u>11,585,412</u>	<u>11,943,473</u>	<u>16,340,864</u>	<u>15,668,209</u>
Revenues					
Charges for services:					
Water	196,410	162,094	167,772	185,176	173,935
Golf course	962,206	1,066,642	1,119,396	1,066,136	994,534
Wastewater	5,119,786	6,049,625	6,304,052	6,871,045	6,541,782
Sanitation	4,555,927	5,151,563	5,858,238	6,264,192	6,151,881
Sales taxes	20,612	26,657	28,802	29,539	25,737
Investment earnings	202,016	8,383	45,969	15,397	40,519
Interest expense	-	-	-	-	-
Miscellaneous	323,560	10,473	5,289	21,139	60,209
Capital grants and contributions	717,407	895,826	-	2,337,217	545,163
Total revenues	<u>12,097,924</u>	<u>13,371,263</u>	<u>13,529,518</u>	<u>16,789,841</u>	<u>14,533,760</u>
Total Business-type Activities Net Program Expense	<u>\$ 601,094</u>	<u>\$ 1,785,851</u>	<u>\$ 1,586,045</u>	<u>\$ 448,977</u>	<u>\$ (1,134,449)</u>
Other Changes in Net Position					
Transfers	563,426	631,320	(593,445)	(94,464)	(1,337,500)
Total Business-type Activities Change in Net Position	<u>\$ 1,164,520</u>	<u>\$ 2,417,171</u>	<u>\$ 992,600</u>	<u>\$ 354,513</u>	<u>\$ (2,471,949)</u>
Total Primary Government Change in Net Position	<u>\$ 8,972,166</u>	<u>\$ 2,870,885</u>	<u>\$ (6,406,005)</u>	<u>\$ (5,057,751)</u>	<u>\$ 2,668,496</u>

June 30				
2014	2015	2016	2017	2018
\$ 286,210	\$ 261,674	\$ 224,960	\$ 589,929	\$ 285,818
1,212,036	1,195,987	924,469	1,263,373	1,407,351
9,559,101	9,119,769	10,661,238	10,077,363	9,542,082
5,410,150	5,386,901	5,311,875	5,726,011	5,570,376
16,467,497	15,964,331	17,122,542	17,656,676	16,805,627
181,120	192,343	219,824	236,862	229,111
1,076,014	1,100,780	1,115,852	1,257,615	1,359,502
8,027,267	8,541,358	10,241,967	11,105,175	10,754,316
6,385,562	6,739,816	7,388,211	7,432,237	6,840,168
29,098	29,122	30,345	28,892	26,156
8,917	11,680	26,041	81,578	158,238
-	-	-	-	-
57,654	72,228	4,021	29,977	-
587,959	582,705	670,238	445,883	579,670
16,353,591	17,270,032	19,696,499	20,618,219	19,947,161
\$ (113,906)	\$ 1,305,701	\$ 2,573,957	\$ 2,961,543	\$ 3,141,534
(725,460)	(78,030)	(78,030)	(1,371,224)	(1,192,023)
\$ (839,366)	\$ 1,227,671	\$ 2,495,927	\$ 1,590,319	\$ 1,949,511
\$ (9,077,699)	\$ (2,982,082)	\$ (4,342,700)	\$ (7,104,136)	\$ (2,962,922)

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

	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>
General Fund					
Reserved	\$ 3,153,554	\$ 3,815,142	\$ -	\$ -	\$ -
Unreserved	30,402,947	25,262,863	-	-	-
Nonspendable	-	-	7,411	6,023	6,264
Restricted	-	-	33,225	4,202,039	4,701,221
Committed	-	-	23,342,866	-	-
Assigned	-	-	-	19,251,625	14,550,404
Unassigned	-	-	1,247,242	502,264	5,281,667
Total general fund	<u>\$ 33,556,501</u>	<u>\$ 29,078,005</u>	<u>\$ 24,630,744</u>	<u>\$ 23,961,951</u>	<u>\$ 24,539,556</u>
All Other Governmental Funds					
Reserved	\$ 25,327,803	\$ 39,966,314	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	39,794,807	40,446,857	-	-	-
Capital projects funds	8,084	151,896	-	-	-
Nonspendable	-	-	57,949	60,783	66,983
Restricted	-	-	13,250,249	33,542,117	35,694,573
Committed	-	-	1,083,515	15,628,386	2,523,457
Assigned	-	-	50,374,649	13,156,163	27,643,540
Unassigned	-	-	(378,345)	(385,290)	(576,410)
Total all other governmental funds	<u>\$ 65,130,694</u>	<u>\$ 80,565,067</u>	<u>\$ 64,388,017</u>	<u>\$ 62,002,159</u>	<u>\$ 65,352,143</u>

*FY2011: Implementation of GASB-54 Fund Balance Classification

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
6,281	1,647	2,063	-	1,006,102
5,163,565	5,572,411	-	1,670,016	1,482,581
-	-	-	4,654,417	5,232,779
13,384,358	11,631,345	20,453,537	20,494,239	13,094,976
6,892,105	12,631,345	9,911,709	5,343,256	13,667,378
<u>\$ 25,446,309</u>	<u>\$ 29,836,748</u>	<u>\$ 30,367,309</u>	<u>\$ 32,161,928</u>	<u>\$ 34,483,816</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
93,031	36,281	59,867	40,286	170,140
32,227,498	35,291,890	37,376,941	36,647,161	38,784,644
-	-	-	1,164,600.00	-
29,168,940	29,084,496	45,538,029	42,075,694	39,202,559
(576,846)	(593,322)	(635,129)	(750,466)	(531,017)
<u>\$ 60,912,623</u>	<u>\$ 63,819,345</u>	<u>\$ 82,339,708</u>	<u>\$ 79,177,275</u>	<u>\$ 77,626,326</u>

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

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 31,334,264	\$ 29,088,943	\$ 27,556,571	\$ 27,524,503	\$ 28,352,139
Licenses and permits	808,414	656,902	546,628	494,921	1,263,721
Intergovernmental revenues	17,188,146	16,769,422	14,151,581	17,627,429	20,814,430
Charges for services	2,188,466	2,058,720	1,661,339	2,856,201	4,024,127
Fines	1,092,331	978,765	807,884	756,454	735,217
Special assessments	21,092	8,883	-	-	-
Investment earnings	815,213	107,521	108,549	67,707	3,586
Rental and sale of city property	1,645,235	2,106,527	1,489,826	502,054	537,055
Other revenues	536,204	514,473	349,597	1,599,077	477,857
Total revenues	55,629,365	52,290,156	46,671,975	51,428,346	56,208,132
Expenditures					
General government	8,996,033	8,055,272	8,026,262	7,932,235	7,473,914
Public safety	18,594,022	18,957,126	19,691,260	20,516,232	22,089,961
Streets/Transportation	2,991,139	2,521,337	2,770,032	3,287,682	2,717,802
Public works	1,716,458	2,192,317	1,959,265	1,913,991	2,040,691
Culture and recreation	5,222,719	5,792,331	5,847,772	5,939,441	6,041,037
Planning and economic development	3,425,837	3,550,938	2,652,964	2,467,005	2,424,452
Capital outlay	27,511,902	31,846,819	24,677,470	8,999,838	10,215,671
Debt service					
Bond issuance costs	(103,736)	(472,067)	(66,000)	-	-
Principal	5,313,821	2,484,637	1,899,760	3,669,732	1,718,222
Interest	955,207	2,125,295	2,594,138	2,733,203	2,343,898
Total expenditures	74,623,402	77,054,005	70,052,923	57,459,359	57,065,648
Other Financing Sources (Uses)					
Transfers in	5,630,797	12,829,121	11,790,392	17,492,942	7,243,155
Transfers out	(5,922,924)	(13,965,253)	(11,101,760)	(17,303,578)	(5,786,655)
Capital leases	-	-	-	2,787,000	3,328,600
Bond issuance	750,000	37,800,000	2,200,000	-	-
Payment to escrow agent					
Sale of land	1,500,000	-	-	-	-
Total other financing sources (uses)	1,957,873	36,663,868	2,888,632	2,976,364	4,785,100
Net change in fund balances	\$ (17,036,163)	\$ 11,900,020	\$ (20,492,315)	\$ (3,054,649)	\$ 3,927,584
Debt service as a percentage of noncapital expenditures	13.31%	10.20%	9.90%	13.21%	8.67%

2014	2015	2016	2017	2018
\$ 28,304,305	\$ 30,557,352	\$ 29,707,719	\$ 30,324,120	\$ 32,272,000
1,055,340	1,344,254	198,289	981,525	1,211,872
19,166,537	19,324,969	20,210,255	21,520,997	23,349,174
2,614,233	4,061,405	4,580,524	2,695,209	3,674,172
707,660	682,288	589,589	1,012,427	873,169
-	-	-	-	-
339,728	207,833	774,775	434,393	729,980
536,601	761,495	763,824	608,524	622,603
968,313	821,199	654,851	639,115	372,027
53,692,717	57,760,795	57,479,826	58,216,310	63,104,997
7,801,503	7,810,453	7,591,059	9,242,859	7,946,956
22,673,464	21,380,603	23,899,172	23,008,996	25,620,207
2,645,606	2,821,113	3,070,601	2,759,357	4,432,747
1,350,102	1,352,469	1,286,448	1,159,563	1,111,264
6,413,990	6,157,841	6,547,379	6,677,105	6,627,298
2,526,552	2,276,725	2,860,992	3,017,753	3,354,879
10,651,896	6,889,725	6,342,445	9,933,106	9,127,478
-	-	(531,270)	-	169,890
1,528,344	1,959,805	2,771,539	3,084,158	3,596,214
2,448,448	2,520,693	2,281,741	2,248,255	2,388,463
58,039,905	53,169,427	56,120,106	61,131,152	64,375,396
8,818,190	5,813,795	13,931,824	8,129,320	8,250,363
(8,003,769)	(4,137,337)	(12,261,624)	(6,582,296)	(6,423,156)
-	-	-	-	-
-	1,095,019	37,675,240	-	7,710,000
-	-	(20,657,479)	-	(7,531,828)
-	-	-	-	-
814,421	2,771,477	18,687,961	1,547,024	2,005,379
\$ (3,532,767)	\$ 7,362,845	\$ 20,047,682	\$ (1,367,817)	\$ 734,981
8.39%	9.68%	10.15%	10.42%	10.83%

Schedule 6
City of Casa Grande
Sales Tax Revenue by Industry
Fiscal Years 2013 - 2018

	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 2,151,068	11.04%	\$ 2,590,980	12.90%	\$ 2,963,203	13.48%
Manufacture	427,104	2.19%	423,393	2.11%	413,453	1.88%
Transportation/Communication/ Utilities	2,220,570	11.39%	2,279,738	11.35%	2,349,392	10.68%
Wholesale Trade	276,385	1.42%	390,045	1.94%	409,233	1.86%
Retail Trade	9,549,885	49.00%	9,453,064	47.06%	10,748,122	48.88%
Restaurants/Bars	1,348,805	6.92%	1,411,036	7.02%	1,516,426	6.90%
Insurance/Real Estate	1,941,221	9.96%	1,955,194	9.73%	1,869,141	8.50%
Hotels/Lodging	564,426	2.90%	445,971	2.22%	494,388	2.25%
Services	603,372	3.10%	577,454	2.87%	645,623	2.94%
All Other	405,733	2.08%	561,765	2.80%	578,911	2.63%
Total	<u>\$ 19,488,568</u>	<u>100.00%</u>	<u>\$ 20,088,640</u>	<u>100.00%</u>	<u>\$ 21,987,890</u>	<u>100.00%</u>

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 2016		Fiscal Year 2017		Fiscal Year 2018	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 1,600,948	7.55%	\$ 1,453,489	6.72%	\$ 2,321,209	10.28%
347,578	1.64%	502,031	2.32%	706,092	3.13%
2,376,943	11.22%	2,762,747	12.77%	2,383,915	10.56%
370,828	1.75%	311,761	1.44%	369,291	1.64%
11,024,238	52.02%	10,940,735	50.58%	10,852,085	48.08%
1,646,747	7.77%	1,757,599	8.12%	1,785,801	7.91%
2,038,474	9.62%	2,025,113	9.36%	2,020,226	8.95%
495,874	2.34%	497,256	2.30%	565,681	2.51%
741,768	3.50%	742,586	3.43%	868,557	3.85%
550,108	2.60%	639,240	2.95%	696,035	3.08%
<u>\$ 21,193,506</u>	<u>100.00%</u>	<u>\$ 21,632,557</u>	<u>100.00%</u>	<u>\$ 22,568,892</u>	<u>100.00%</u>



Schedule 7
City of Casa Grande
Direct and Overlapping Sales Tax Rates
As of June 30, 2018

Type of Tax	Rates		
	City	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	1.8%	7.2%	9.0%
Retail (excluding food sales)	2.0%	(b) 7.2%	9.2%
Retail - privilege tax for single item over \$5000	1.5%	7.2%	8.7%
Hotel/Motel	3.8%	7.2%	11.0%
Restaurant/Bar	1.8%	7.2%	9.0%
Utilities/Telecommunications	2.0%	7.2%	9.2%
Construction	4.0%	(a) 7.2%	11.2%
Jet Fuel	1.8%	\$0.03965/gal	NA
Real Property Rental			
Commercial	1.8%	0.5%	2.3%
Residential	1.8%	0.0%	1.8%
All Other Services Not Specified	1.8%	7.2%	9.0%

(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

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
2009	11,345,000	3,130,318	130,000	2,909,161	-	13,304,502
2010	28,664,999	21,249,788	-	2,598,870	-	12,735,032
2011	29,664,998	20,603,035	-	2,331,681	-	12,125,001
2012	28,800,000	18,358,670	-	4,846,117	-	11,266,335
2013	28,093,115	17,554,432	-	7,831,620	-	12,002,655
2014	27,385,814	16,824,237	-	7,470,835	-	11,187,135
2015	26,823,748	16,154,247	-	8,081,767	-	10,352,512
2016	44,193,352	15,351,500	-	7,537,984	-	9,495,085
2017	43,139,478	14,462,000	-	6,960,225	-	8,250,541
2018	38,375,000	13,981,900	-	6,342,211	-	6,068,100

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

(a) See Schedule 16 for personal income and population data.

Personal income is based on Pinal County information.

Business-type Activities				
Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
57,790	4,352,312	35,229,083	3.12%	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
-	56,896,857	120,167,979	11.11%	2,412.82
-	50,024,722	115,506,544	10.72%	2,296.54
-	47,671,092	110,539,113	10.26%	2,170.07
-	46,289,847	107,702,121	9.86%	2,027.03
-	43,736,724	120,314,645	10.77%	2,260.88
-	41,106,899	113,919,143	9.89%	2,088.96
-	38,371,116	103,138,327	8.19%	1,879.82

Schedule 9
City of Casa Grande
Ratio of General Bonded Debt Outstanding
Last Ten 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)	Restricted for Principal Payment
2009	2,515,000	(1)	167,571,141	1.50%	836	
2009	8,830,000	(2)	2,928,179,559	0.30%	161	
2010	2,430,000	(1)	249,681,000	0.97%	807	
2010	26,234,999	(2)	3,680,064,800	0.71%	478	
2011	4,555,000	(1)	235,284,000	1.94%	1,469	320,000
2011	25,109,998	(2)	3,209,485,830	0.78%	458	545,000
2012	4,235,000	(1)	313,880,004	1.35%	1,366	100,000
2012	24,565,000	(2)	3,145,296,113	0.78%	448	625,000
2013	4,135,000	(1)	269,324,094	1.54%	782	105,000
2013	23,940,000	(2)	2,788,057,728	0.86%	465	600,000
2014	4,030,000	(1)	279,975,183	1.44%	762	110,000
2014	23,340,000	(2)	2,833,543,388	0.82%	454	595,000
2015	3,920,000	(1)	292,667,259	1.34%	742	120,000
2015	22,740,000	(2)	2,910,644,515	0.78%	442	700,000
2016	3,195,000	(1)	307,634,017	1.04%	604	125,000
2016	37,930,000	(2)	3,018,493,334	1.26%	737	1,505,000
2017	3,070,000	(1)	324,524,692	0.95%	572	125,000
2017	37,145,000	(2)	3,142,528,380	1.18%	677	1,505,000
2018	2,940,000	(1)	349,336,106	0.84%	548.10	135,000
2018	35,435,000	(2)	3,232,315,699	1.10%	646	1,795,000

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/16 3,685
Estimated population of Villago CFD 6/30/16 1,679

Source: City of Casa Grande Development Center

(c) Includes all City Bonded debt, net of assets restricted for payment of principal,

Population of Casa Grande 54,866

(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, July, 2009, and June 2016.

Schedule 10
City of Casa Grande
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Elementary School District #4	\$ 24,750,000	83.26%	\$ 20,606,850
Union High School District #82	19,155,000	65.97%	12,636,554
Central Arizona Community College	109,075,000	15.31%	16,699,383
Mission Royale CFD	330,000	100.00%	330,000
Villago CFD	2,610,000	100.00%	2,610,000
Subtotal, overlapping debt			\$ 52,882,786
City direct debt	35,435,000	100.00%	35,435,000
Total direct and overlapping debt			<u><u>\$ 88,317,786</u></u>

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

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
Last Ten Fiscal Years

Net Secondary Assessed Valuation as of June 30, 2015 (a)	<u>\$ 360,726,484</u>
Debt limit (6% of assessed value)	21,643,589
Debt applicable to limit:	
General obligation bonds	<u>4,652,030</u>
Legal 6% debt margin	<u><u>\$ 16,991,559</u></u>
Debt limit (20% of assessed value)	72,145,297
Debt applicable to limit:	
General obligation bonds	30,782,970
Legal 20% debt margin	<u><u>\$ 41,362,327</u></u>

Arizona's Constitution states that a municipality cannot issue general obligation bonds in excess of 6% of the assessed valuation for general municipal purposes. Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supply water and sewer services, artificial lighting, acquisition and development of land for open space preserves, parks, playgrounds, recreation facilities, public safety, law enforcement, fire and emergency service facilities, and streets and transportation facilities.

(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.

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

Fiscal Year	Transaction	State	State	Franchise	Licenses &	Debt Service		
	Privilege (Sales) Tax (a)(b)	Shared Sales Tax	Shared Income Tax		Permits/Fines & Forfeitures	Principal	Interest	Coverage
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	2,034,471	1,354,512	985,000	1,022,252	13.19
2012	18,179,713	3,795,352	4,099,428	2,330,056	1,109,259	1,515,000	1,644,925	9.34
2013	18,533,580	3,975,626	4,961,423	2,248,227	1,951,976	1,570,000	1,457,260	10.46
2014	19,143,334	4,227,755	5,413,854	2,248,466	1,727,402	1,385,000	1,403,535	11.75
2015	20,913,078	4,438,843	5,879,820	2,358,732	2,109,157	1,450,000	1,344,085	12.78
2016	19,831,193	4,602,342	5,847,942	2,338,107	2,773,868	1,510,000	1,279,740	12.69
2017	20,314,212	4,734,258	6,295,760	2,449,704	3,047,171	1,985,000	1,208,610	11.54
2018	22,028,873	5,246,154	6,754,555	2,502,845	2,085,041	2,445,000	1,199,500	10.60

(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 ten fiscal years have been:

<u>Fiscal Year</u>	<u>Amount</u>
2009	958,587
2010	936,142
2011	946,029
2012	983,656
2013	954,988
2014	945,306
2015	1,074,812
2016	1,119,070
2017	1,094,074
2018	1,085,209

Schedule 13
City of Casa Grande
Real & Personal Property Tax Levies and Collections

Collected to June 30, 2018

Fiscal Year	Tax Levy	Collections	Taxes Receivable	Percent of Tax Levy	Adjustments
2009	5,293,055	5,289,262	3,794	99.93%	(109,608)
2010	5,969,189	5,959,190	9,999	99.83%	(19,969)
2011	5,760,830	5,753,375	7,455	99.87%	(20,269)
2012	5,455,201	5,446,761	8,439	99.85%	(24,944)
2013	5,589,212	5,581,712	7,500	99.87%	(49,432)
2014	5,349,732	5,341,573	8,159	99.85%	(24,693)
2015	5,351,592	5,347,903	3,689	99.93%	(26,966)
2016	5,487,409	5,481,241	6,168	99.89%	(23,491)
2017	5,563,565	5,555,481	8,084	99.85%	(11,814)
2018	5,636,188	5,526,226	109,961	98.05%	(8,678)

(a) Reflects collections made through June 30, 2018, 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.

Source: Pinal County Treasurer's Office

Schedule 14
City of Casa Grande
Tax Rate Data
Last Ten Fiscal Years

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
2009	0.7468	0.6308	1.3776
2010	0.7135	0.6308	1.3443
2011	0.8110	0.6308	1.4418
2012	0.8988	0.6308	1.5296
2013	0.9489	0.6308	1.5797
2014	0.9999	0.6308	1.6307
2015	0.9999	0.6308	1.6307
2016	0.9999	0.6308	1.6307
2017	0.9999	0.6308	1.6307
2018	0.9999	0.6565	1.6564

Source: *City of Casa Grande*

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

Taxpayers (a)(b)	Type of Business/Property	Estimated 2017-18 Net Secondary Assessed Valuation	As Percent of City's 2017-18 Net Secondary Assessed Valuation
Arizona Public Service Co.	Electric Utility	11,816,440	3.37%
Wal-Mart Stores East LP	Retailer	7,543,828	2.15%
Ehrmann Arizona Dairy LLC	Dairy Product Manufacturing	5,798,211	1.65%
Promenade CG Holdings LLC	Retailer	5,654,932	1.61%
Hexel Corporation	Manufacturing	4,876,653	1.39%
Daisy Brand LLC	Dairy Product Manufacturing	4,459,399	1.27%
Abbott Manufacturing Inc	Manufacturing	5,187,945	1.48%
Southwest Gas Corporation	Gas Utility	3,855,862	1.09%
Tractor Supply Company #111	Retail Distribution Center	3,930,396	1.12%
Arizona Water Company	Water Utility	3,166,904	0.90%
Promenade CG Retail LLC	Retailer	3,184,980	0.91%
CADC Partners LLC	Real Estate Management	2,516,819	0.72%
Daisy Brand LP	Dairy Product Manufacturing	2,336,620	0.66%
Wal Mart Stores Inc	Retailer	2,208,837	0.63%
HSL Desert Sands Properties LLC	Real Estate Management	1,842,100	0.52%
TOTAL		68,379,926	19.47%

(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 Treasurer of the County and the City have no recourse against the property of SRP and the City.

Source: Pinal County Treasurer's Office/Top Fifty Taxpayers

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
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%
2013	50,296	21,419	1,077,290,024	10,852	9.10%
2014	50,938	21,409	1,090,531,642	11,720	8.40%
2015	51,478	20,983	1,080,162,874	12,752	6.80%
2016	51,460	20,983	1,079,785,180	12,412	6.70%
2017	54,534	21,130	1,152,303,420	12,694	5.20%
2018	54,866	22,944	1,258,845,504	12,666	5.30%

Sources: Arizona Department of Commerce

U.S. Bureau of Labor Statistics

Casa Grande Elementary, Casa Grande Union High School Districts, and Charter Schools.

U.S. Census Bureau

Schedule 17
City of Casa Grande
Principal Employers,
Last Ten Fiscal Years

Employer	2018		2009	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	847	18.47%	1,050	22.30%
Casa Grande Regional Medical Center	-	0.00%	850	18.05%
Banner Casa Grande Medical Center	624	13.61%	-	0.00%
Wal-Mart Distribution Center	752	16.40%	569	12.09%
Wal-Mart Supermarket	420	9.16%	450	9.56%
Frito-Lay Inc.	375	8.18%	450	9.56%
City of Casa Grande	450	9.81%	439	9.32%
Abbott Laboratories/Ross Products	420	9.16%	400	8.50%
Hexcel Corporation	350	7.63%	350	7.43%
Casa Grande Valley Newspapers	107	2.33%	150	3.19%
National Vitamin Company, Inc.	160	3.49%	-	0.00%
Franklin Foods	81	1.77%	-	0.00%
	4,586	100.00%	4,708	100.00%

Sources:
City of Casa Grande
Arizona Department of Administration/Office of Employment & Population Statistics

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	
2009	39.5	137.2	62.1	61.8	34.0	104.5	439.1
2010	37.3	128.8	63.3	68.3	31.0	100.5	429.2
2011	37.3	125.8	62.3	67.3	31.0	97.8	421.5
2012	38.8	126.4	62.3	66.6	24.5	99.4	418.0
2013	38.3	135.3	62.3	51.0	21.5	102.0	410.4
2014	46.7	142.1	62.3	76.4	21.0	100.6	449.1
2015	46.7	141.9	62.3	75.5	21.0	100.8	448.2
2016	46.6	142.1	62.3	75.3	21.0	100.6	447.9
2017	49.2	142.9	62.3	74.9	19.0	102.8	451.1
2018	49.4	144.7	62.3	74.9	21.0	104.8	457.1

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Registered voters	20,805	20,805	20,805	20,805	20,417	20,417	20,417	22,959	22,959	27,110
Votes cast last primary election	2,400	2,400	4,182	4,182	3,886	3,886	3,886	6,651	6,651	7,336
Fire										
Medical support calls	4,689	4,289	4,849	4,941	5,155	5,400	5,710	5,840	5,612	6,594
Total alarms	5,050	5,703	6,397	6,515	6,685	6,951	7,356	7,717	7,498	9,400
Inspections/investigations	1,505	883	1,051	1,458	910	687	504	681	333 *	564
Public education contacts	25,064	15,812	12,622	18,743	26,225	15,556	13,247	13,992	10,102 *	16,035
Police										
Calls for service	40,893	38,629	38,660	34,213	31,308	22,079	23,314	37,135	31,693	30,920
Officer initiated	26,364	25,932	42,343	30,648	46,880	29,117	20,569	28,683	25,761	43,042
Patrolled miles	939,398	983,100	1,005,416	974,867	991,778	696,743	640,119	745,208	964,325	1,010,722
Traffic accidents	991	974	942	938	874	843	912	904	812	1,181
Traffic citations	7,025	6,107	5,171	6,008	7,836	7,912	4,897	5,953	7,353	6,979
Arrests (adult and juvenile)	3,981	4,738	3,737	4,052	4,098	4,760	4,477	4,335	3,164	3,563
Culture and recreation - library (a) (b) (c)										
Items in collections	79,920	113,480	114,257	117,108	454,700	645,613	330,220	350,182	269,535	92,821
Total circulation transactions	270,473	329,790	368,693	361,334	376,405	359,585	346,683	346,667	341,354	283,101
Total circulation items	78,727	98,937	70,820	69,376	129,695	124,944	99,057	104,590	104,057	266,916
Economic development										
Building permits - commercial	114	90	95	63	94	63	94	75	58	78
Building permits - residential	329	369	291	259	264	698	438	761	523	631
Self-help homes completed	25	12	12	11	0	0	0	0	0	0
Self-help homes started	25	12	12	14	0	0	0	0	0	0
Housing rehabilitations	12	12	12	11	21	17	13	11	4	12
Code enforcement cases	1,331	1,317	2,104	1,203	1,206	1,349	1,241	1,448	2,162	2,305
Planning cases	95	90	121	110	133	152	135	100	124	117

Sources: Various City departments

* Data through 12-31-16

Note: (a) Effective 2007 Library circulation transactions includes information transactions

(b) Effective 2013 Library data includes both print and digital media (including digital books available through the Greater Phoenix Digital Library)

(c) Circulation transactions and items were recalculated in 2014.

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire stations	3	3	4	4	4	4	4	4	4	4
Parks and recreation										
Park areas	26	27	27	27	27	27	27	27	27	27
Parkland acreage	1,396	1,566	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611
Community centers	5	5	5	5	5	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	26	26	26	26	26	26	26	26	26	26
Other maintenance areas	93	95	97	97	99	99	99	98	98	98
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**	3,500	3,363	5,340	5,340	3,948	3,988	3,996	3,996	3,996	3,770
Miles of streets (centerline)**	410	410	410	414	409	403	396	401	406	410
Miles of sewer**	455	455	455	455	284	290	290	290	291	288
Number of lift stations	10	10	10	10	10	10	10	7	7	7
Number of signalized intersections*	38	39	41	41	41	42	43	45	45	45

* Includes ADOT signalized intersections

**Enhanced GIS information utilized beginning in FY2013

Sources: Various City departments



Compliance Section



INDEPENDENT AUDITORS' 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 City Council
City of Casa Grande
Casa Grande, Arizona

We have audited, in accordance with the 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, the financial statements of City of Casa Grande, AZ (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Casa Grande's basic financial statements and have issued our report thereon dated February 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Casa Grande's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of City of Casa Grande's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2018-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Casa Grande's financial statements are free from 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*.

City of Casa Grande, Arizona's Response to Findings

City of Casa Grande's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry & Horne LLP

Casa Grande, Arizona
February 26, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Casa Grande, Arizona

Report on Compliance for Each Major Federal Program

We have audited City of Casa Grande, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Casa Grande, Arizona's major federal programs for the year ended June 30, 2018. The City of Casa Grande, Arizona's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Casa Grande, Arizona's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of Casa Grande, Arizona'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Casa Grande, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Casa Grande, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Casa Grande, Arizona, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Casa Grande, Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Casa Grande, Arizona's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henry & Horne LLP

Casa Grande, Arizona
February 26, 2019

CITY OF CASA GRANDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct programs:			
Community Development Block Grant - Entitlement	14.228	B-16-MC-32-0007	\$ 147,900
Community Development Block Grant - Entitlement	14.228	B-17-MC-32-0007	123,180
Subtotal			271,080
Home Investments Partnerships Program	14.239	305-17	334,284 *
Total U.S. Department of Housing and Urban Development			605,364
U.S. Department of Justice			
Direct programs:			
Bulletproof Vest Partnership Program	16.607	2006BUBX	6,676
Crime Victim Assistance	16.575	2015-VA-GX-0032 2015-355	3,303
Crime Victim Assistance	16.575	2015-VA-GX-0032 2015-356	2,694
Crime Victim Assistance	16.575	2016-VA-GX-0046	28,319
Subtotal			34,316
Total U.S. Department of Justice			40,992
U.S. Department of Transportation			
Pass-through programs from:			
State of Arizona Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2018-PTS-010	14,282
National Priority Safety Programs - Buckle Up Campaign	20.616	2018-CIOT-004	7,500
National Priority Safety Programs - DUI Enforcement	20.616	2018-405D-010	25,000
Subtotal			32,500
Total U.S. Department of Transportation			46,782
National Endowment for the Humanities			
Pass-through programs from:			
State Library Administrative Agencies			
Grants to States - Arizona Room Collection	45.310	2017-0010-04	4,070
Grants to States - Mobile Puppet Theatre	45.310	2017-0170-01	4,989
Grants to States - Continuing Education	45.310		764
Grants to States - Internship	45.310		1,781
Grants to States - StoryWalk	45.310	2016-36017-02	6
Subtotal			11,610
Total National Endowment for the Humanities			11,610
U.S. Department of Health and Human Services			
Direct programs:			
Social Services Block Grant	93.667	0014-0237	13,840

CITY OF CASA GRANDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
Pass-through programs from:			
Pinal-Gila Council for Senior Citizens:			
Aging Cluster			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	0014-0237	12,131 *
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	0014-0237	92,929 *
Nutrition Services Incentive Program	93.053	0014-0237	18,859 *
Total Aging Cluster			123,919
Total U.S. Department of Health and Human Services			137,759
U.S. Department of Health and Human Services			
Pass-through programs from:			
Arizona Department of Homeland Security			
State Homeland Security Program (SHSP)	97.067	160300-02	813
State Homeland Security Program (SHSP)	97.067	170300-01	88,334
Operation Stonegarden (OPSG)	97.067	150313-02	27,950
Operation Stonegarden (OPSG)	97.067	170427-01	131,413
Subtotal			248,510
Total U.S. Department of Health and Human Services			248,510
Total Expenditures of Federal Awards			\$ 1,091,017

*denotes major program

CITY OF CASA GRANDE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Casa Grande under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Casa Grande, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Casa Grande.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) The City of Casa Grande has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

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 programs listed below:

Aging Cluster

Unmodified

Home Investment Partnerships Program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053	Aging Cluster
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes X no

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

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

FINDING 2018 – 001 FINANCIAL STATEMENT CLOSING PROCESS

CRITERIA

The City must perform and review all year-end closing entries to insure the amounts included in the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

CONDITION/CONTEXT

Account balances were not accurately stated at year end which indicated proper closing procedures were not followed.

EFFECT

During the audit, several audit adjustments and reclass entries that were significant dollar amounts were required to properly state assets, liabilities, revenues, and expenses of the City.

CAUSE

Proper closing procedures were not followed and a review of closing entries was not performed to ensure that financial statements were accurately reported as required by GAAP for the City.

RECOMMENDATION

We recommend that the City develop a year-end checklist of all the adjustments required and that management review the general ledger for all account balances to ensure they are properly stated as of the fiscal year end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted.





City of Casa Grande

The City of Casa Grande respectfully submits the following corrective action plan for the year ended June 30, 2018.

Henry & Horne, LLP
1115 E. Cottonwood Lane, Suite 100
Casa Grande, AZ 85122
Audit period: June 30, 2018

The finding from the June 30, 2018 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2018-001 FINANCIAL STATEMENT CLOSING PROCESS

Recommendation: We recommend that the City develop a year-end checklist of all the adjustments required and that management review the general ledger for all account balances to ensure they are properly stated as of the fiscal year end.

Action Taken: Management understands the importance of ensuring that year-end closing entries are recorded in a timely and accurate manner to comply with generally accepted accounting principles. Further, management agrees that proper closing procedures were not followed and that resulted in an unacceptable number of audit and reclass entries.

Finance does have an established month and year-end closing process. The process includes both a month and year-end checklist which addresses the required accruals, adjustments, reconciliations and general ledger detail reviews that should be completed. Management has determined the root cause of the process failure and we have implemented a corrective action plan to ensure that established processes are completed. Steps completed to date include:

- Reevaluated and realigned the duties and responsibilities of the staff to ensure the efficiency and effectiveness of the closing process and internal controls.
- Evaluated current staffing and performed focused recruiting to fill vacancies, to ensure that those responsible for executing procedures, recording transactions, reconciling, and balancing accounts in the general ledger possess the requisite skill, knowledge, and experience to ensure that the recording and reporting of financial transactions is timely, accurate, and complete.
- Implemented training and month-end closing meetings to ensure that established processes are being conducted in a timely manner.

As stated earlier, management agrees that proper closing procedures were not followed and that resulted in an unacceptable number of audit and reclass entries. With staff changes, regular training and two-way communication during the month-end and year-end closing process, management is confident that we will correct this issue in an appropriate and timely manner.

If there are questions regarding this plan, please call Celina Morris, Finance Director, at 520-421-8600.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Celina Morris', is positioned above the printed name.

Celina Morris, Finance Director
City of Casa Grande