

# COMPREHENSIVE ANNUAL **FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2016**

**City of Casa Grande**  
Arizona



**FY2016**





**City of Casa Grande, Arizona**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**For the Fiscal Year Ended June 30, 2016**



Prepared by the Finance Department  
Celina Morris, Finance Director  
Ryan Rodney, Accounting Manager



City of  
Casa Grande

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City of  
Casa Grande



# Introductory Section

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City of  
Casa Grande

# Introductory Section

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## City of Casa Grande, Arizona

March 20, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Casa Grande, Arizona (the City) for the fiscal year ended June 30, 2016. This report was prepared by the City's Finance Department.

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

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

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

Henry & Horne, L.L.P. audits the City of Casa Grande, Arizona's financial statements. The independent audit report is presented as the first component in the financial section. The examination satisfies Article VI, Section 6, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Casa Grande, Arizona, for the fiscal year ended June 30, 2016 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that a reasonable basis exists for rendering an unqualified opinion that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2016, are fairly presented, in all material respects, in conformity with GAAP.

Additionally, if the City exceeds a prescribed expenditure threshold, it 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 City did not exceed the prescribed threshold and therefore did not have a Single Audit performed for this fiscal year.

The results of the *Independent Auditors' Report on Internal Control Over Financial Reporting and On Other Matters* for the fiscal year ended June 30, 2016, found one instance of material weakness in the internal control structure, or significant violations of applicable laws and regulations with respect to major programs. This report from Henry & Horne L.L.P. is available in the City of Casa Grande, Arizona's separately issued report.

## **FINANCIAL CONTROLS**

### **Internal Controls**

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

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

## **Budgetary Controls**

The City of Casa Grande, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City operates under the Permanent Base Adjustment Alternative Expenditure Limit. The limit provides a cap on expenditures for the City. The base year is 1979-80 and the base amount is increased annually by population change and by the implicit price deflator.

In May 2007, the voters approved a permanent base adjustment to the state imposed expenditure limit. This option allowed Casa Grande to adjust the state imposed expenditure base from the original 1979-80 base of \$3,743,397 to \$18,793,221. After adjustments for inflation and population growth, the City's expenditure limitation for fiscal year 2015-2016 is \$195,070,093.

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.

## **PROFILE OF THE CITY**

The City of Casa Grande was founded in 1879 and is named for the famous Hohokam Indian Ruins. Since its incorporation in 1915, Casa Grande has grown to be the largest community in western Pinal County. Casa Grande is located in central Arizona, approximately halfway between the State's two largest metropolitan areas - 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 community 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 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 3rd, 2009. The City's population has doubled from 25,224 in 2000 to 51,460 in 2016 with the majority of 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 public safety services, maintenance of streets, recreational and cultural events, two libraries, planning and zoning, building inspection, code enforcement, wastewater, sanitation, airport, golf course and general administration. Additionally, the City has invested considerably in its historic downtown area over the past several years creating a vibrant community asset.

## **FINANCIAL STATEMENT STRUCTURE**

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

The Comprehensive Annual Financial Report (CAFR) includes financial statements on both a government-wide and fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, The Financial Reporting Entity. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and four blended component units, the Copper Mountain Ranch Community Facilities District, the Mission Royale Community Facilities District, the Villago Community Facilities District and the Post Ranch Community Facilities District as discussed further in Note 1 (A) on page 53 of the notes to the financial statements.

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

The economy of Casa Grande is a diverse combination of agriculture, manufacturing, commercial and service activities, as well as a haven for retired individuals who spend winters in Arizona. The community serves as the provider of many goods and services to the rural areas surrounding the City, as well as several growing communities located in the area. This combination of diverse economic activities keeps the community from becoming overly dependent on any single segment of the economy. 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.

Local indicators point to continued stability. Casa Grande is witness to a sustained, but lower number of issued building permits. The prior three fiscal years has seen a slow residential housing construction market. Non-residential building permits with a value of \$114.4 million were issued in fiscal year 2016, an increase from FY2015, continued commercial development conveys the actuality that sufficient roof-tops have been constructed to expand the commercial markets, which in turn expands the City's economy and tax base.

Casa Grande's economy is reflective of the State and the nation as whole, the City is experiencing slow sustained economic growth in nearly all areas with the exception of residential construction. Although total sales tax revenue is down 18% from our peak collections in FY2008, when adjusted for the construction portion of the sales tax the City's FY2016 collections are actually 10.0% higher than FY2008 collections and reflect five (5) consecutive years of reoccurring growth.

Transaction Privilege Tax (Sales Tax). The City of Casa Grande, like all Arizona cities, places a heavy reliance on City sales tax. Overall, local sales tax revenues comprise 44.4% of General Fund revenues. The City's sales tax rate is currently at 1.8%, with an additional 0.2% pledged to park and recreation projects,

or for economic development. Management is projecting the city's sales tax collections to continue increasing slightly next year as the economy continues its recovery.

**State Shared Revenues.** The City of Casa Grande receives revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, gas tax, and motor vehicle taxes based on population formulas that are created on official census data. With the exception of the gas tax which must be kept in a separate fund for transportation related activities, all other state shared revenues are placed in the General Fund, where they support daily operations. Like our local sales tax, this revenue source is expected to increase gradually as the economy continues improving. Although a stable source of revenue for the City, state-shared revenues are distributed through the state and are subject to some level of attention from the state legislature each year.

**Property Tax.** The City's primary property tax rate for FY 2016 remained constant at \$0.9999 per \$100 of assessed valuation. Keeping the primary tax rate below \$1.00 is a goal of the City Council which was maintained even in years that the City was experiencing decreasing property values. The amounts collected under the primary levy can be used for any general government purpose, but is limited in size by State statute. The City has received voter authorization to issue \$47 million in General Obligation debt. Of this amount \$11 million was issued in FY2008, \$19 million in FY2009 and an additional \$16M in FY2016. The city levies a secondary property tax to fund this debt service. The secondary rate continues to be \$0.6308 per \$100 of assessed valuation.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

During FY2016 the City continued to invest in programs and services that make Casa Grande a better community.

The following are some of the efforts and accomplishments of the City during the year:

### Police

- Cleared 40% of UCR 1 Crimes
- UCR Part 1 Crimes per 1,000 population decreased by 29%
- 248 animals were adopted
- Euthanasia in dogs declined by 43%
- 834 animals were placed with several rescue agencies.

### Fire

- Responded to 7,717 emergencies of which 5,840 (76% were emergency medical services and 224 (2.9%) were fire related
- 81% of ALS responses were under 5 minutes
- 1.8 residential structure fires per 1,000 structures
- Continued mentoring of the Casa Grande Fire Explorers Program

### Public Works

- 626 tons of residential trash collected
- 65,009 tons of trash received at the landfill
- 1,399 tons commercial and residential recyclables collected annually
- Treatment of an average of 5 million gallons per day of wastewater

- Hosted the 58th Annual Cactus Fly-In at the airport

#### Community Services

- 33,897 Home Delivered Meals and Congregate Meals provided by the Dorothy Powell Senior Center.
- Offered a total of 447 recreation programs
- Received 3,227 annual reservations for recreation amenities and facilities
- Replace outfield fence at Little League Complex,
- Replaced fountain and rebuilt compressor in Dave White Park Lake
- Improvements to the Archery Range at Ed Hooper Rodeo Grounds
- Dave White Golf Course did 42,120 Rounds 18 and 9 hole rounds
- Dave White Golf Course obtained 60 new EZGO golf carts
- Digital circulation increased by 19%.
- Public Internet computers were used 53,747 times, roughly 150 times every single day
- Improved wireless Internet capabilities and tripled the available bandwidth for public Internet access.

#### Development Center

- Issued 1,673 building/engineering/administrative permits
- Performed an average of 22.4 inspections per inspector per day
- Opened 1546 Code Violation Cases

### **OTHER MATTERS**

Debt Administration: On June 30, 2016, the City had a number of debt issues outstanding. Total debt at June 30, 2016, was \$185.7 million. The City's general credit was rated A+ by Fitch Ratings and received an A- rating from Standard & Poors. The City is diligent in its efforts to maintain and improve these ratings. The ratings for the existing issues are as follows:

	Standard & Poors	
	Investor Service	Fitch IBCA
Excise Tax Series 2009	AA	AA
Excise Tax Series 2012	AA	AA
General Obligation Bonds	AA-	AA

All Excise Tax Revenue Obligations are secured by a pledge of and first lien on all excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, fees for licenses and permits and state revenue sharing which the City presently or in the future validly imposes or receives from other entities. As of June 30, 2016 the City had \$23.9 million of Excise Tax Revenue Obligations outstanding.

Under State statutes the City can issue general obligation bonds for up to an amount not exceeding 20% of the secondary assessed valuation. As of June 30, 2016, the City has debt capacity remaining of \$30.9 million and \$20.7 million for general obligation bonds subject under the 20% and 6% constitutional



limitations, respectively, based on the FY 2016 secondary assessed valuation. The City has \$41.1 in outstanding General Obligation bonds.

### **FINANCIAL POLICIES**

Risk Management: The City is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's liability risks are covered by commercial insurance purchased from independent third parties.

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

### **OTHER INFORMATION**

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Casa Grande, Arizona, for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The City has received this prestigious award every year since 1989.

In order to be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are again submitting it to the GFOA to determine the City's eligibility for the fiscal year ending June 30, 2016.

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Casa Grande, Arizona for its annual budget for the fiscal year beginning July 1, 2015. To receive this award, a governmental unit must publish a budget document that meets program criteria. The Award is valid for a period of one year. The City of Casa Grande has received the Distinguished Budget Presentation Award every year since 1996. We expect to continue to participate and meet the program requirements.

The preparation of the City's Comprehensive Annual Financial Report was 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.

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

Sincerely,



Celina Morris

Finance Director



City of  
Casa Grande



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, 2015**

Executive Director/CEO

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **For the Fiscal Year Ended June 30, 2016**

### **CITY COUNCIL**

#### **Mayor**

Robert M. Jackson

#### **Mayor Pro-Tem**

Karl Montoya

#### **Council Members**

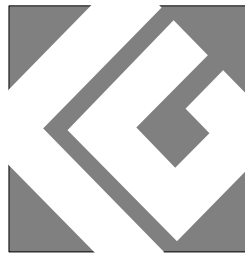
Lisa Fitzgibbons

Matt Herman

Mary Kortsen

Dick Powell

Ralph Varela



#### **City Manager**

James Thompson

#### **Deputy City Manager**

Larry Rains

#### **Finance Department Staff**

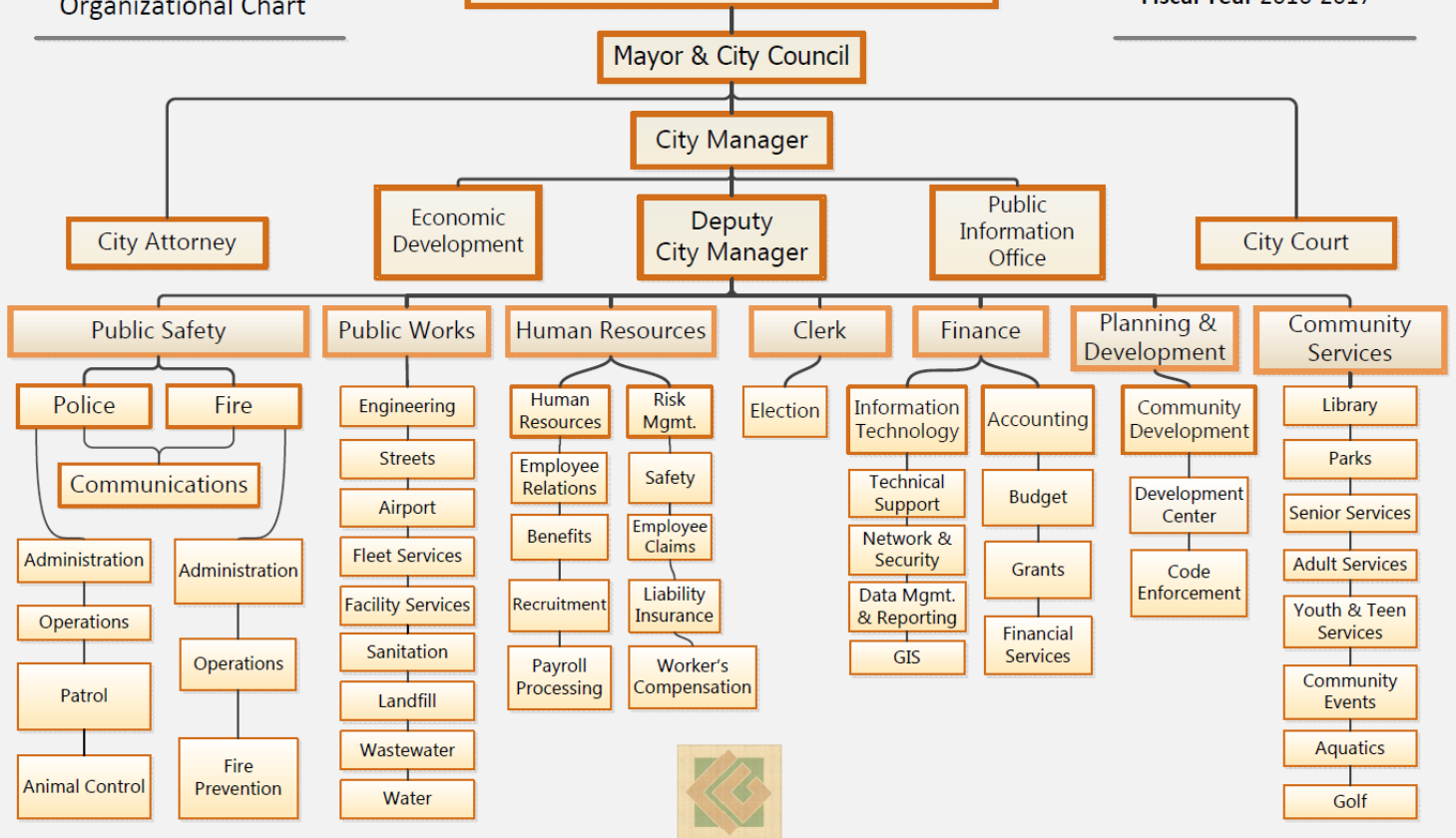
Celina Morris, Finance Director

Ryan Rodney, Accounting Manager

**CITY OF CASA GRANDE**  
Organizational Chart

**Residents of Casa Grande**

Fiscal Year 2016-2017





City of  
Casa Grande

# Financial Section

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City of  
Casa Grande



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council  
City of 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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Highway Users Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, Fair Value Measurement and Application, that could have a material impact on the financial statements. For the City of Casa Grande, GASB Statement No. 72 has added disclosures to the financial statements. Our opinion is not modified with respect to this matter.

### *Correction of an Error*

As discussed in Note 22 to the financial statements, the 2015 financial statements have been restated to correct certain misstatements. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the 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, 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 financial information listed as other supplementary information in the financial section is 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 financial section, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Compliance Over the Use of Highway Users 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 date March 20, 2017 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City of Casa Grande, Arizona's, internal control over financial reporting and compliance.

*Henry & Horne LLP*

Casa Grande, Arizona  
March 20, 2017

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## MANAGEMENT'S DISCUSSION & ANALYSIS

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City of  
Casa Grande

# Financial Section

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## MANAGEMENT'S DISCUSSION & ANALYSIS

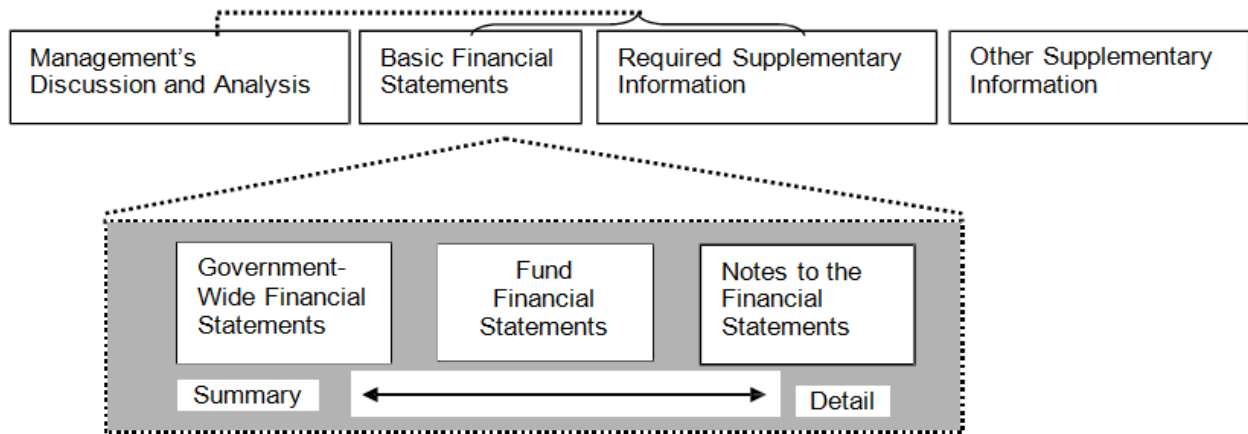
As management of the City of Casa Grande, Arizona (the City), we offer this narrative overview and analysis of the financial activities of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2016. This discussion and analysis is designed to (1) assist the reader focus on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the approved annual budget, and (5) identify individual fund issues or concerns. Please read it in conjunction with the transmittal letter as well as the City's financial statements and the accompanying notes to the financial statements.

### Financial Highlights

- The City's total net position, on the government-wide basis, totaled \$232.0 million at June 30, 2016 of which \$26.3 million is unrestricted. This is a decrease of \$14.0 million from fiscal year 2015, a decrease of \$10.8 million in the government activities and decrease of \$3.2 million in the business-type activities. This decrease is mainly attributable to prior period adjustments related to overstatements in fixed assets and utility receivables. These adjustments had to be made in the current fiscal year. Additional detail can be obtained in Note 22 in Notes to the Financial Statements.
- The governmental activities revenues decreased by approximately \$0.4 million over the previous year.
- The business-type activities operating revenues increased by \$2.5 million over the previous year due mainly to increased rates.
- The General Fund reported a negative change in fund balance of \$0.7 million for the year.
- At June 30, 2016, restricted, assigned and non-spendable balance for the General Fund was \$20.5 million, or 50% of General Fund expenses for fiscal year 2016.
- At June 30, 2016, unassigned fund balance of the General Fund was \$9.9 million.
- The governmental activities revenues of \$61.2 million were \$6.9 million less than expenses before other financial sources and uses.
- Net Pension liabilities of the City are included reflecting \$55.4 million in governmental activities and an additional \$3.9 million in business-type activities.

## 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), parks and recreation, police, fire, planning and development and streets. Taxes and other general revenues support the majority of these activities.

Business-type activities include the private sector type activities such as golf course, 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 must 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 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) kinds of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provided a detailed short- term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government- wide statements, 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 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 and risk management funds are the City's three internal service funds. Their purpose is to provide vehicle maintenance and facilities services to City departments and to provide cost accounting for property and casualty 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 that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

**Required supplementary information other than MD&A** – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes. The City has chosen to present these budgetary statements as part of the basic

financial statements and in the supplementary information. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information in Note 8 to the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2016.

### 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, 2016. 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 Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 98.9	\$ 119.7	\$ 15.5	\$ 15.1	\$ 114.4	\$ 134.8
Capital assets	192.4	177.9	107.3	102.5	299.7	280.4
Total assets	<u>291.3</u>	<u>297.6</u>	<u>122.8</u>	<u>117.6</u>	<u>414.1</u>	<u>415.2</u>
Deferred Outflow of Resources	<u>9.7</u>	<u>13.1</u>	<u>0.5</u>	<u>0.4</u>	<u>10.2</u>	<u>13.5</u>
Other liabilities	3.2	8.4	1.2	5.2	4.4	13.6
Long-term liabilities	106.8	121.9	62.1	56.4	168.9	178.3
Total liabilities	<u>110.0</u>	<u>130.3</u>	<u>63.3</u>	<u>61.6</u>	<u>173.3</u>	<u>191.9</u>
Deferred Inflows of Resources	<u>4.2</u>	<u>4.4</u>	<u>0.8</u>	<u>0.4</u>	<u>5.0</u>	<u>4.8</u>
Net position:						
Net investment in capital assets	142.7	111.8	52.9	49.2	195.6	161.0
Restricted	40.9	38.1	6.3	6.6	47.2	44.7
Unrestricted	<u>3.2</u>	<u>26.1</u>	<u>-</u>	<u>0.2</u>	<u>3.2</u>	<u>26.3</u>
Total net position	<u>\$ 186.8</u>	<u>\$ 176.0</u>	<u>\$ 59.2</u>	<u>\$ 56.0</u>	<u>\$ 246.0</u>	<u>\$ 232.0</u>

At year end June 30, 2016 the net position of the City totaled \$232.0 million, a decrease of \$14.0 million from June 30, 2015. Net position is made up of \$176.0 million in governmental activities, a 5.8% decrease from the prior fiscal year and \$56.0 million in the business-type activities, a 5.4% decrease from the prior fiscal year.

Net Position consists of three components. The largest portion of net position (\$161.0 million or 69.4%) reflects the City's investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to its citizens; consequently, it is not the City's intention to sell these assets and they are therefore not available for future spending.

The restricted portion of the City's net position (\$44.7 million or 19.3%) 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 (\$26.3 million or 11.3%), which may be used to meet the City's ongoing obligation to citizens and creditors.

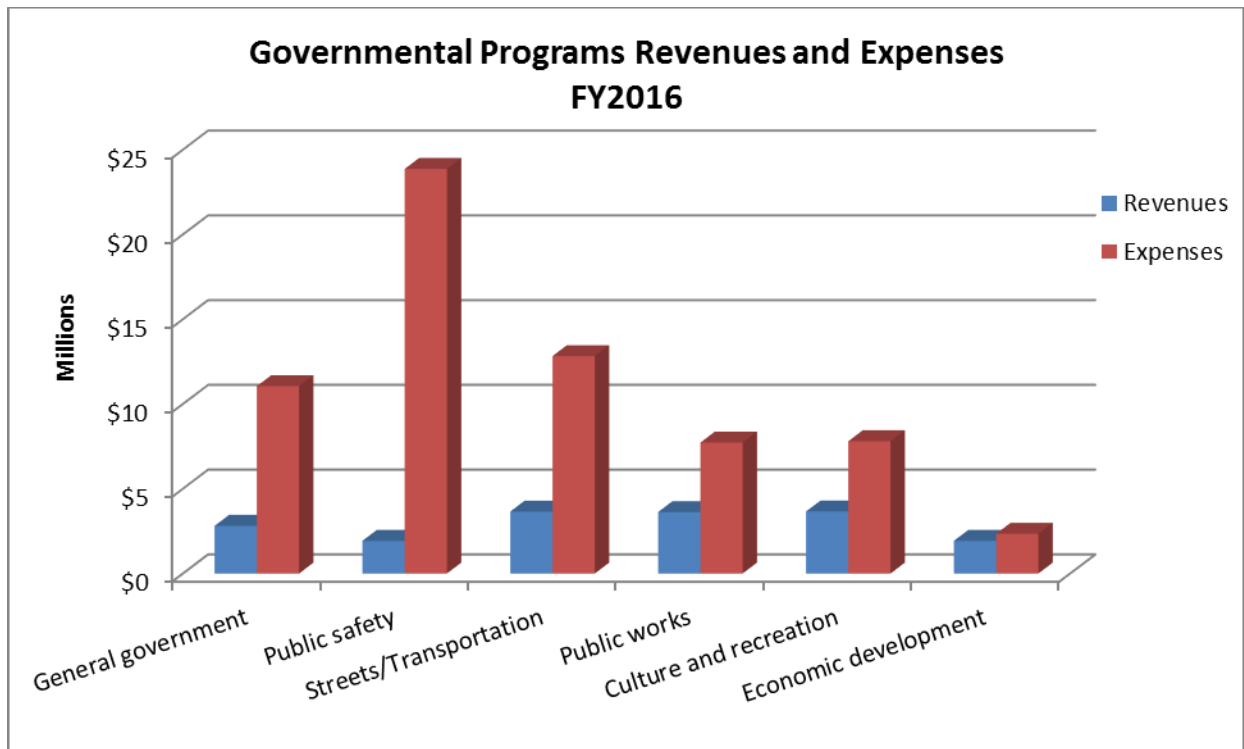
## Changes in Net Position

The City's total revenues for the year ended June 30, 2016 were \$80.9 million. The total cost of all programs and services was \$85.2 million. The following table presents a summary of the changes in net position for the year ended June 30, 2016.

Changes in Net Position (in Millions)							
	Governmental Activities		Business-type Activities		Total		
	2015	2016	2015	2016	2015	2016	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 7.0	\$ 8.9	\$ 16.6	\$ 19.0	\$ 23.6	\$ 27.9	
Operating grants and contributions	6.8	4.9	-	-	6.8	4.9	
Capital grants and contributions	4.1	1.5	0.6	0.7	4.7	2.2	
General revenues							
Property taxes	6.3	6.4	-	-	6.3	6.4	
Sales taxes	21.8	22.9	-	-	21.8	22.9	
Franchise taxes	2.4	2.4	-	-	2.4	2.4	
Shared revenues	12.8	13.0	-	-	12.8	13.0	
Other	0.4	1.2	-	-	0.4	1.2	
<b>Total revenues</b>	<b>61.6</b>	<b>61.2</b>	<b>17.2</b>	<b>19.7</b>	<b>78.8</b>	<b>80.9</b>	
<b>Expenses</b>							
General government	10.1	11.1	-	-	10.1	11.1	
Public safety	26.5	23.9	-	-	26.5	23.9	
Streets/Transportation	13.5	12.9	-	-	13.5	12.9	
Public works	2.8	7.7	-	-	2.8	7.7	
Culture and recreation	7.7	7.8	-	-	7.7	7.8	
Economic development	2.8	2.3	-	-	2.8	2.3	
Interest on long-term debt	2.5	2.4	-	-	2.5	2.4	
Water	-	-	0.3	0.2	0.3	0.2	
Golf course	-	-	1.2	0.9	1.2	0.9	
Sewer	-	-	9.1	10.7	9.1	10.7	
Sanitation	-	-	5.3	5.3	5.3	5.3	
<b>Total expenses</b>	<b>65.9</b>	<b>68.1</b>	<b>15.9</b>	<b>17.1</b>	<b>81.8</b>	<b>85.2</b>	
Excess before transfer	(4.3)	(6.9)	1.3	2.6	(3.0)	(4.3)	
Transfers In (Out)	0.1	1.3	(0.1)	(1.3)	-	-	
<b>Increase (decrease) in Net Position</b>	<b>\$ (4.2)</b>	<b>\$ (5.6)</b>	<b>\$ 1.2</b>	<b>\$ 1.3</b>	<b>\$ (3.0)</b>	<b>\$ (4.3)</b>	

The following graph shows the functional revenues and expenses of governmental activities to demonstrate the extent to which the governmental functions produce direct revenues to offset the program costs. The expenses do not represent full cost allocation to these functions. Expenses not covered by direct program revenues are covered by general revenues of the City, primarily taxes and state shared revenues.

Governmental activities account for 76% of the total revenues of the City and 80% of the total expenses in fiscal year 2016. This compares to 78% of total revenues and 80% of expenses in fiscal year 2015.



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

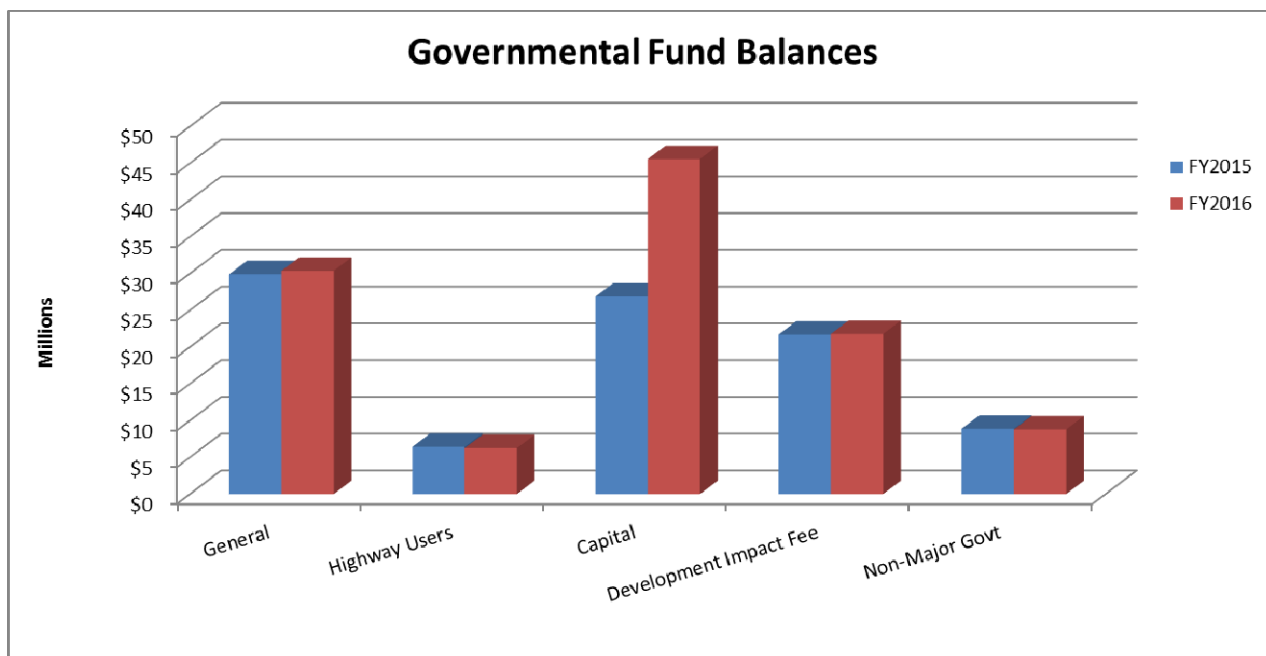
The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

### Governmental Funds

The focus of governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discretely presented in these financial statements, while the non-major funds are combined into a single column.

For fiscal year ended June 30, 2016, the governmental funds reflect a combined fund balance of \$112.7 million, an increase of \$19.0 million over last fiscal year. A portion of the fund balance, \$37.4 million is restricted for specific expenses or is legally segregated for a specific future use. The remaining \$75.3 million is classified as assigned or unassigned. This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year.

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



The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government, including public safety, community services, development services and general administrative services. The General Fund revenues total \$42.0 million, an increase of \$1.0 million, in fiscal year 2016. The primary increases are in charges for services. The expenses, before other financing sources and uses, totaled \$40.9 million, an increase of \$4.5 million. Transfers to other funds were a net of (\$1.8) million resulting in a decrease to fund balance of \$1.2 million.

The Highway User Revenue Fund is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and must be used for transportation purposes only. The City also accounts for a half-cent sales tax that is collected and distributed by Pinal County for the purposes of construction and improvements of major roadways within the City. Revenue in this fund totaled \$5.8 million, an increase of \$0.4 million from the prior fiscal year, while expenses totaled \$4.7 million, an increase of \$0.3 million in the fiscal year ended June 30, 2016.

The Capital Development and Replacement Fund accounts for accumulated proceeds and capital expense of proceeds for the construction of capital projects and the replacement of equipment and the Development Impact Fee Fund accounts for proceeds and costs associated with infrastructure and public services that need to be expanded as a direct result of new development. All non-major governmental funds of the City are combined into the "Non-Major Governmental Funds" column on the governmental fund statements.

### Proprietary Funds

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

Net position of the enterprise funds were \$56.0 million, a decrease of \$3.2 million as of June 30, 2016. Overall there is a \$0.2 million increase to unrestricted assets leaving a balance of \$0.2 million. Operating revenues in fiscal year 2016 were \$19.0 million, showing a \$2.4 million increase from the prior fiscal year, while operating expenses totaled \$17.1 million, an increase of \$1.1 million, resulting in a \$1.9 million operating gain prior to non-operating expenses, contributions, and transfers.

## **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 \$175,261,200 during fiscal year 2016. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur. However, the total adopted budget cannot be increased.

General Fund inflows (revenues and other sources) of \$44.2 million, on a budgetary basis, were nearly 3% more than budgeted inflows of \$43.0 million, while actual outflows (expenditures and other uses) of \$44.8 million were 94% of original budgeted outflows.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2016, the City had \$280.3 million invested in various capital assets, net of accumulated depreciation. Of this amount, \$177.9 million (63%) is invested in governmental activities and \$102.4 million (37%) is invested in business-type activities.

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

Completion of major street improvements for \$1.0 million.

Completion of wastewater treatment facility upgrades for \$1.1 million.

Replacement vehicle purchases \$1.2 million

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2016. Additional information on the City's capital assets may be found in Note 7.

	Capital Assets (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land & Construction in Progress	\$ 19.6	\$ 20.0	\$ 4.4	\$ 4.3	\$ 24.0	\$ 24.3
Building & improvements	158.8	147.5	95.4	93.0	254.2	240.5
Machines & equipment	8.8	10.4	5.5	5.1	14.3	15.5
<b>Total</b>	<b>\$ 187.2</b>	<b>\$ 177.9</b>	<b>\$ 105.3</b>	<b>\$ 102.4</b>	<b>\$ 292.5</b>	<b>\$ 280.3</b>

### Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, capital leases, compensated absences and net pension costs, was \$185.7 million at June 30, 2016, with \$7.5 million due within one year. Of this total, \$125.5 million was in governmental activities and \$60.2 million was in business-type activities. Of the outstanding debt, \$24 million is excise tax revenue obligation bond collateralized by the City's excise tax stream. All other outstanding debt is secured by pledges of specific revenue sources of the City.

The following schedule shows the outstanding debt of the City (both current and long term) as of June 30, 2015. Further details can be found in Notes 10 to 15.

	Outstanding Debt (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Compensated Absences	\$ 2.8	\$ 3.0	\$ 0.3	\$ 0.3	\$ 3.0	\$ 3.3
Capital Leases	8.1	7.5	0.1	0.0	8.2	7.5
Bonds Payable	42.7	59.5	10.4	9.5	53.1	69.0
Notes/loans payable	0.0	0.0	46.3	43.7	46.3	43.7
Postclosure Liability	0.0	0.0	2.7	2.8	2.7	2.8
Net Pension	53.3	55.4	4.6	3.9	57.9	59.3
<b>Total</b>	<b>\$ 106.8</b>	<b>\$ 125.5</b>	<b>\$ 64.3</b>	<b>\$ 60.2</b>	<b>\$ 171.1</b>	<b>\$ 185.7</b>

### ECONOMIC FACTORS

Casa Grande's population has grown steadily since 2000. The growth rate over the course of the past 10 years was 30%. The unemployment rate in Casa Grande (Pinal County) for June 2016 was approximately 6.7%, which is higher than both the state (5.8%) and the national averages (4.9%). The local economy has witnessed a solid year driven by commercial construction, new business and sustained increases in retail sales tax collections. Casa Grande remains the retail and commercial center of our region.

Arizona cities remain dependent on sales taxes and other economically sensitive tax revenues such as franchise fees, state shared income taxes and state shared vehicle license taxes, as such, they are susceptible to slowdowns in the economy. Within Casa Grande, the local economy is experiencing a



sustained increase in sales tax collection as the economy once again changes focus to spending and consumers take advantage of increased personal spending capabilities. In addition to the recent opening of a Sam's Club, the Tractor Supply Company opened both a retail store and a regional distribution facility within the past few years. Casa Grande is also the site for Phoenixmart, a global sourcing center which is expected to open within the next two years bringing thousands of permanent jobs to the area.

After several years of decline, total assessed values for Casa Grande have once again began to climb, property values have nearly doubled from 2006 to 2016 increasing by 87%. For tax year 2016, the primary assessed value increased by 3.5% and is anticipated to continue increasing at a moderate pace next year. Residential values account for slightly more than one-third of the total assessed valuation.

## **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](mailto:Celina.Morris@casagrandeaz.gov). Copies of this report and other financial information can also be found on the city's website [www.casagrandeaz.gov](http://www.casagrandeaz.gov).





City of  
Casa Grande

# Financial Section

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## 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**

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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF NET POSITION  
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 25,953,308	\$ 2,024,764	\$ 27,978,072
Investments	85,662,731	11,228,608	96,891,339
Receivables (net of allowance for uncollectibles)	5,846,990	1,804,406	7,651,396
Due from other governments	916,189	-	916,189
Inventories	370,431	27,346	397,777
Prepays	792	-	792
Restricted cash and cash equivalents	973,518	-	973,518
Capital assets-nondepreciable	19,999,179	4,266,825	24,266,004
Capital assets-depreciable, net	157,914,683	98,204,947	256,119,630
Total assets	297,637,821	117,556,896	415,194,717
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer contributions to pensions	4,833,579	260,499	5,094,078
Deferred outflows of resources related to pensions	6,021,535	105,807	6,127,342
Deferred amount on refunding	2,236,558	-	2,236,558
Total deferred outflows of resources	13,091,672	366,306	13,457,978
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,090,632	801,450	2,892,082
Deposits held	1,682,427	14,495	1,696,922
Accrued wages and benefits	602,642	56,377	659,019
Accrued interest payable	414,057	534,148	948,205
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	1,293,154	138,586	1,431,740
Current portion of capital leases and notes	577,758	2,629,827	3,207,585
Current portion of excise tax revenue obligations	878,087	1,108,604	1,986,691
Current portion of bonds payable	910,000	-	910,000
Due in more than one year:			
Noncurrent portion of compensated absences	1,663,133	169,383	1,832,516
Noncurrent portion of capital leases and notes	6,960,225	41,106,897	48,067,122
Noncurrent portion of excise tax revenue obligations	14,473,413	8,386,481	22,859,894
Noncurrent portion of bonds payable	43,283,352	-	43,283,352
Closure and postclosure liability	-	2,815,822	2,815,822
Net pension liability	55,426,816	3,877,432	59,304,248
Total liabilities	130,255,696	61,639,502	191,895,198
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	4,432,562	353,217	4,785,779
<b>NET POSITION</b>			
Net investment in capital assets	111,804,545	49,202,991	161,007,536
Restricted for:			
Highways and streets	6,234,267	-	6,234,267
Grant purposes	142,642	-	142,642
Community development	1,973,379	-	1,973,379
Debt service	6,526,708	4,299,994	10,826,702
Capital projects	23,217,812	2,275,863	25,493,675
Unrestricted	26,141,882	151,635	26,293,517
Total net position	\$176,041,235	\$ 55,930,483	\$231,971,718

See accompanying notes.

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,103,379	\$ 1,388,172	\$ 158,854	\$ 1,267,958
Public safety	23,893,064	1,487,150	360,728	79,111
Streets/Transportation	12,823,511	-	3,653,399	-
Public works	7,723,880	3,476,748	102,749	45,313
Culture and recreation	7,805,438	1,035,225	265,428	59,287
Economic development	2,350,547	1,522,256	403,952	-
Interest on long-term debt	2,424,163	-	-	-
Total governmental activities	<u>68,123,982</u>	<u>8,909,551</u>	<u>4,945,110</u>	<u>1,451,669</u>
Business-type activities:				
Water	224,960	219,824	-	-
Golf course	924,469	1,115,852	-	-
Wastewater	10,661,238	10,241,967	-	670,238
Sanitation	5,311,875	7,388,211	-	-
Total business-type activities	<u>17,122,542</u>	<u>18,965,854</u>	<u>-</u>	<u>670,238</u>
Total primary government	<u>\$ 85,246,524</u>	<u>\$ 27,875,405</u>	<u>\$ 4,945,110</u>	<u>\$ 2,121,907</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 - restated
- Net position-ending

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (8,288,395)	\$ -	\$ (8,288,395)
(21,966,075)	-	(21,966,075)
(9,170,112)	-	(9,170,112)
(4,099,070)	-	(4,099,070)
(6,445,498)	-	(6,445,498)
(424,339)	-	(424,339)
(2,424,163)	-	(2,424,163)
<u>(52,817,652)</u>	<u>-</u>	<u>(52,817,652)</u>
-	(5,136)	(5,136)
-	191,383	191,383
-	250,967	250,967
-	2,076,336	2,076,336
<u>-</u>	<u>2,513,550</u>	<u>2,513,550</u>
\$ (52,817,652)	\$ 2,513,550	\$ (50,304,102)
6,410,163	-	6,410,163
22,909,814	30,345	22,940,159
2,388,109	-	2,388,109
4,602,342	-	4,602,342
5,847,942	-	5,847,942
2,638,312	-	2,638,312
775,094	26,041	801,135
329,238	4,021	333,259
1,297,300	(1,297,300)	-
<u>47,198,314</u>	<u>(1,236,893)</u>	<u>45,961,421</u>
(5,619,338)	1,276,657	(4,342,681)
<u>181,660,573</u>	<u>54,653,826</u>	<u>236,314,399</u>
<u>\$ 176,041,235</u>	<u>\$ 55,930,483</u>	<u>\$ 231,971,718</u>



City of  
Casa Grande



# **Government Funds Financial Statements**

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CITY OF CASA GRANDE, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	General	Highway Users	Capital Replacement/ Recreation/ Development
<b>ASSETS</b>			
Cash	\$ 3,933,808	\$ 876,565	\$ 16,297,525
Investments	24,436,923	4,788,073	29,086,449
Accounts receivable (less allowance for uncollectibles)	3,444,180	706,649	848,942
Due from other governments	404,659	-	-
Due from other funds	1,293,806	-	-
Inventories	1,271	-	-
Prepays	792	-	-
Restricted assets:			
Cash and cash equivalents	-	-	-
<b>Total assets</b>	<b>\$ 33,515,439</b>	<b>\$ 6,371,287</b>	<b>\$ 46,232,916</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 2,370,098	\$ 117,107	\$ 678,597
Accrued wages and benefits	560,114	19,913	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>2,930,212</b>	<b>137,020</b>	<b>678,597</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenues	217,915	-	-
<b>Total deferred inflows of resources</b>	<b>217,915</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>			
Nonspendable	2,063	-	-
Restricted	-	6,234,267	1,348,591
Assigned	20,453,537	-	44,205,728
Unassigned	9,911,712	-	-
<b>Total fund balances</b>	<b>30,367,312</b>	<b>6,234,267</b>	<b>45,554,319</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 33,515,439</b>	<b>\$ 6,371,287</b>	<b>\$ 46,232,916</b>

Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
\$ 229,145	\$ 2,003,502	\$ 23,340,545
21,556,241	5,920,767	85,788,453
-	838,469	5,838,240
-	511,530	916,189
-	-	1,293,806
-	59,867	61,138
-		792
-	973,518	973,518
<u>\$ 21,785,386</u>	<u>\$ 10,307,653</u>	<u>\$ 118,212,681</u>

\$ 19,682	\$ 230,939	\$ 3,416,423
-	9,429	589,456
-	911,539	911,539
<u>19,682</u>	<u>1,151,907</u>	<u>4,917,418</u>

-	370,328	588,243
-	370,328	588,243

-	59,867	61,930
21,765,704	8,028,379	37,376,941
-	1,332,301	65,991,566
-	(635,129)	9,276,583
<u>21,765,704</u>	<u>8,785,418</u>	<u>112,707,020</u>

<u>\$ 21,785,386</u>	<u>\$ 10,307,653</u>	<u>\$ 118,212,681</u>
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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2016

Fund balance - total governmental funds balance sheet		\$112,707,020
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 355,330,325	
Less accumulated depreciation	(177,578,842)	
Internal service capital assets	417,986	
Less accumulated depreciation	<u>(255,607)</u>	177,913,862
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	(2,873,674)	
Capital leases	(7,537,983)	
Bonds payable	(59,544,852)	
Net pension liability	<u>(54,432,990)</u>	(124,389,499)
Delayed revenue is shown on the governmental funds, but is not on the statement of net position.		
Grants	370,328	
Property Tax	<u>217,915</u>	588,243
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	2,236,558	
Deferred outflows of resources related to pensions	5,936,359	
Deferred outflows of employer contributions	4,833,579	
Deferred inflows of resources related to pensions	<u>(4,342,029)</u>	8,664,467
Interest payable on long-term debt is not reported in the governmental funds.		(414,057)
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>971,199</u>
Net position of governmental activities - statement of net position		<u><u>\$176,041,235</u></u>

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	General	Highway Users	Capital Replacement/ Recreation/ Development
REVENUES			
Taxes:			
Property taxes	\$ 3,612,323	\$ -	\$ -
City sales tax	18,657,514	-	1,999,591
Franchise tax	2,388,109	-	-
Licenses and permits	198,289	-	-
Intergovernmental revenues	13,230,338	5,643,295	-
Charges for services	2,520,296	-	-
Fines	589,589	-	-
Investment earnings	329,744	64,703	318,724
Contributions and donations	16,698	-	-
Rental and sale of city property	197,617	514	68,312
Miscellaneous	240,754	115,096	-
Total revenues	<u>41,981,271</u>	<u>5,823,608</u>	<u>2,386,627</u>
EXPENDITURES			
Current:			
General government	7,504,051	-	-
Public safety	23,520,060	-	-
Streets/Transportation	-	3,070,601	-
Public works	1,286,448	-	-
Culture and recreation	5,838,689	-	-
Planning and economic development	1,806,640	-	-
Capital outlay	951,185	1,647,210	2,312,571
Debt service:			
Bond issuance costs	-	-	194,000
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>40,907,073</u>	<u>4,717,811</u>	<u>2,506,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,074,198</u>	<u>1,105,797</u>	<u>(119,944)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,168,534	-	3,448,700
Transfers out	(3,951,425)	(1,285,600)	(799,700)
Issuance of debt	-	-	16,336,226
Payment to escrow agent	-	-	-
Total other financing sources and uses	<u>(1,782,891)</u>	<u>(1,285,600)</u>	<u>18,985,226</u>
Net change in fund balances	(708,693)	(179,803)	18,865,282
Fund balances - beginning of year - restated	<u>31,076,005</u>	<u>6,414,070</u>	<u>26,689,037</u>
Fund balances - end of year	<u>\$ 30,367,312</u>	<u>\$ 6,234,267</u>	<u>\$ 45,554,319</u>

Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,787,369	\$ 6,399,692
-	262,813	20,919,918
-	-	2,388,109
-	-	198,289
-	1,336,622	20,210,255
1,269,777	790,451	4,580,524
-	-	589,589
49,402	12,202	774,775
-	11,455	28,153
-	497,381	763,824
-	270,848	626,698
<u>1,319,179</u>	<u>5,969,141</u>	<u>57,479,826</u>
-	87,008	7,591,059
-	379,112	23,899,172
-	-	3,070,601
-	-	1,286,448
-	708,690	6,547,379
-	1,054,352	2,860,992
1,154,095	277,384	6,342,445
-	337,270	531,270
-	2,771,539	2,771,539
-	2,281,741	2,281,741
<u>1,154,095</u>	<u>7,897,096</u>	<u>57,182,646</u>
<u>165,084</u>	<u>(1,927,955)</u>	<u>297,180</u>
5,370,196	2,944,394	13,931,824
(5,453,869)	(770,930)	(12,261,524)
-	21,339,014	37,675,240
-	(20,657,479)	(20,657,479)
<u>(83,673)</u>	<u>2,854,999</u>	<u>18,688,061</u>
81,411	927,044	18,985,241
<u>21,684,293</u>	<u>7,858,374</u>	<u>93,721,779</u>
<u>\$ 21,765,704</u>	<u>\$ 8,785,418</u>	<u>\$ 112,707,020</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, 2016

Net change in fund balances - total governmental funds \$18,985,241

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Expenditures for capital assets	5,133,302	
Less current year depreciation	<u>(14,546,516)</u>	(9,413,214)

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

Sale of capital assets		(41,847)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes and grants		257,994
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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	4,833,579	
Pension expense	<u>(5,053,845)</u>	(220,266)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.

Issuance of lease debt	(37,675,240)	
Bond payments	20,870,393	
Deferred amount on refunding	2,236,558	
Lease payments	<u>543,784</u>	(14,024,505)

The internal service fund net revenue is reported with governmental activities		(1,023,658)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(159,461)	
Interest expense on long-term debt	<u>20,378</u>	(139,083)

Change in net position of governmental activities		<u><u>(\$5,619,338)</u></u>
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CITY OF CASA GRANDE, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,564,200	\$ 3,564,200	\$ 3,612,323	\$ 48,123
City sales tax	17,560,000	17,560,000	18,657,514	1,097,514
Franchise tax	2,245,000	2,245,000	2,388,109	143,109
Licenses and permits	205,000	205,000	198,289	(6,711)
Intergovernmental revenues	13,105,100	13,105,100	13,230,338	125,238
Charges for services	2,414,600	2,414,600	2,520,296	105,696
Fines	489,000	489,000	589,589	100,589
Investment earnings	200,000	200,000	329,744	129,744
Contributions and donations	6,000	6,000	16,698	10,698
Rental and sale of city property	210,500	210,500	197,617	(12,883)
Miscellaneous	74,400	74,400	240,754	166,354
Total revenues	<u>40,073,800</u>	<u>40,073,800</u>	<u>41,981,271</u>	<u>1,907,471</u>
EXPENDITURES				
Current:				
General government				
Mayor and Council	604,700	604,700	464,873	139,827
City manager	1,121,800	1,121,800	1,111,661	10,139
Attorney	876,800	876,800	890,656	(13,856)
Clerk	441,200	441,200	408,968	32,232
Finance/Information technology	3,268,600	3,268,600	3,121,962	146,638
Human resources	614,800	614,800	576,583	38,217
Administrative services	1,520,700	1,520,700	929,348	591,352
Public safety				
Police	12,800,700	12,800,700	12,957,155	(156,455)
Fire	8,482,000	8,482,000	8,043,645	438,355
Court	660,700	660,700	642,766	17,934
Animal control	433,800	433,800	421,918	11,882
Communications	1,802,900	1,802,900	1,454,576	348,324
Public works	1,392,900	1,392,900	1,286,448	106,452
Culture and recreation	5,999,900	5,999,900	5,838,689	161,211
Planning and economic development	2,001,300	2,001,300	1,806,640	194,660
Capital outlay	1,747,100	1,747,100	951,185	795,915
Total expenditures	<u>43,769,900</u>	<u>43,769,900</u>	<u>40,907,073</u>	<u>2,862,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,696,100)</u>	<u>(3,696,100)</u>	<u>1,074,198</u>	<u>4,770,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,896,200	2,896,200	2,168,534	(727,666)
Transfers out	(3,855,700)	(3,855,700)	(3,951,425)	(95,725)
Total other financing sources and uses	<u>(959,500)</u>	<u>(959,500)</u>	<u>(1,782,891)</u>	<u>(823,391)</u>
Net change in fund balance	<u>(4,655,600)</u>	<u>(4,655,600)</u>	<u>(708,693)</u>	<u>3,946,907</u>
Fund balance - beginning of year	<u>31,076,005</u>	<u>31,076,005</u>	<u>31,076,005</u>	<u>-</u>
Fund balance - end of year	<u>\$ 26,420,405</u>	<u>\$ 26,420,405</u>	<u>\$ 30,367,312</u>	<u>\$ 3,946,907</u>



City of  
Casa Grande

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
REVENUES				
Taxes:				
State-shared gas tax	\$ 3,357,500	\$ 3,357,500	\$ 3,653,399	\$ 295,899
County sales tax	1,700,000	1,700,000	1,989,896	289,896
Investment earnings	2,000	2,000	64,703	62,703
Rental and sale of city property	-	-	514	514
Miscellaneous	5,000	5,000	115,096	110,096
Total revenues	<u>5,064,500</u>	<u>5,064,500</u>	<u>5,823,608</u>	<u>759,108</u>
EXPENDITURES				
Current:				
Streets/Transportation	2,881,800	2,881,800	3,070,601	(188,801)
Capital outlay	3,250,000	3,250,000	1,647,210	1,602,790
Debt service	136,800	136,800	-	136,800
Total expenditures	<u>6,268,600</u>	<u>6,268,600</u>	<u>4,717,811</u>	<u>1,550,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,204,100)</u>	<u>(1,204,100)</u>	<u>1,105,797</u>	<u>2,309,897</u>
OTHER FINANCING USES				
Transfers out	<u>(1,858,800)</u>	<u>(1,858,800)</u>	<u>(1,285,600)</u>	<u>573,200</u>
Total other financing sources and uses	<u>(1,858,800)</u>	<u>(1,858,800)</u>	<u>(1,285,600)</u>	<u>573,200</u>
Net change in fund balance	(3,062,900)	(3,062,900)	(179,803)	2,883,097
Fund balance - beginning of year	<u>6,414,070</u>	<u>6,414,070</u>	<u>6,414,070</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,351,170</u>	<u>\$ 3,351,170</u>	<u>\$ 6,234,267</u>	<u>\$ 2,883,097</u>



City of  
Casa Grande

# Proprietary Funds Financial Statements

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CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2016

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
<b>ASSETS</b>		
Current assets:		
Cash	\$ 482,771	\$ 24,329
Investments	-	7,748,102
Receivables, net of uncollectibles	7,435	994,755
Inventories	-	-
Total current assets	<u>490,206</u>	<u>8,767,186</u>
Noncurrent assets:		
Capital assets-nondepreciable	-	3,971,801
Capital assets-depreciable	495,437	91,458,030
Total noncurrent assets	<u>495,437</u>	<u>95,429,831</u>
Total assets	<u>985,643</u>	<u>104,197,017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of employer contributions to pensions	1,979	66,275
Deferred outflows of resources related to pensions	<u>1,457</u>	<u>31,014</u>
Total deferred outflows of resources	<u>3,436</u>	<u>97,289</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	7,751	360,274
Deposits held	14,495	-
Accrued wages and benefits	341	14,447
Accrued interest payable	-	534,148
Due to other funds	-	-
Compensated absences	-	26,068
Notes/Loans payable	-	2,629,827
Excise tax revenue obligations	-	1,108,604
Total current liabilities	<u>22,587</u>	<u>4,673,368</u>
Noncurrent liabilities:		
Compensated absences	-	31,860
Notes/Loans payable	-	41,106,897
Excise tax revenue obligations	-	8,386,481
Closure and postclosure liability	-	-
Net pension liability	<u>53,410</u>	<u>1,136,544</u>
Total noncurrent liabilities	<u>53,410</u>	<u>50,661,782</u>
Total liabilities	<u>75,997</u>	<u>55,335,150</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	4,865	103,534
Total deferred inflows of resources	<u>4,865</u>	<u>103,534</u>
<b>NET POSITION</b>		
Net investment in capital assets	495,437	42,295,311
Restricted for:		
Debt service	15,546	4,284,448
Construction	-	2,275,863
Unrestricted	<u>397,234</u>	<u>-</u>
Total net position	<u>\$ 908,217</u>	<u>\$ 48,855,622</u>

Business-type Activities-Enterprise Funds			Governmental Activities
Sanitation	Golf Course	Total	Internal Service Funds
\$ 1,444,859	\$ 72,805	\$ 2,024,764	\$ 2,364,438
3,480,063	443	11,228,608	122,603
798,721	3,495	1,804,406	12,793
-	27,346	27,346	309,293
5,723,643	104,089	15,085,124	2,809,127
12,024	283,000	4,266,825	-
4,764,919	1,486,561	98,204,947	162,379
4,776,943	1,769,561	102,471,772	162,379
10,500,586	1,873,650	117,556,896	2,971,506
186,416	5,829	260,499	58,058
69,328	4,008	105,807	27,118
255,744	9,837	366,306	85,176
424,064	9,361	801,450	360,679
-	-	14,495	-
39,521	2,068	56,377	13,186
-	-	534,148	-
-	-	-	382,267
109,850	2,669	138,586	82,613
-	-	2,629,827	-
-	-	1,108,604	-
573,435	14,098	5,283,487	838,745
134,261	3,262	169,383	-
-	-	41,106,897	-
-	-	8,386,481	-
2,815,822	-	2,815,822	-
2,540,612	146,866	3,877,432	993,826
5,490,695	150,128	56,356,015	993,826
6,064,130	164,225	61,639,502	1,832,571
231,439	13,379	353,217	90,533
231,439	13,379	353,217	90,533
4,642,682	1,769,561	49,202,991	162,379
-	-	4,299,994	-
-	-	2,275,863	-
(181,921)	(63,678)	151,635	971,199
\$ 4,460,761	\$ 1,705,883	\$ 55,930,483	\$ 1,133,578

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2016

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
Operating revenues:		
Service fees	\$ 219,824	\$ 10,241,967
Rental	-	-
Green fees	-	-
Miscellaneous	-	1,947
Total operating revenue	<u>219,824</u>	<u>10,243,914</u>
Operating expenses:		
Personal services	21,767	831,184
Contractual services	47,699	3,171,476
Materials and supplies	92,578	1,272,557
Depreciation	62,426	3,318,476
Closure and postclosure costs	-	-
Total operating expenses	<u>224,470</u>	<u>8,593,693</u>
Operating income (loss)	<u>(4,646)</u>	<u>1,650,221</u>
Nonoperating revenues (expense):		
Investment earnings	-	18,002
Interest expense	(490)	(2,067,545)
City sales tax	-	-
Total nonoperating revenues (expense)	<u>(490)</u>	<u>(2,049,543)</u>
Income (loss) before contributions and transfers	(5,136)	(399,322)
Developer fees	-	670,238
Transfers out	<u>(31,200)</u>	<u>(493,200)</u>
Change in net position	(36,336)	(222,284)
Total net position-beginning of year-restated	<u>944,553</u>	<u>49,077,906</u>
Total net position-end of year	<u>\$ 908,217</u>	<u>\$ 48,855,622</u>



Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Sanitation	Golf Course	Total	
\$ 7,388,211	\$ -	\$ 17,850,002	\$ 3,884,300
-	146,786	146,786	-
-	969,066	969,066	-
-	2,074	4,021	232,456
<u>7,388,211</u>	<u>1,117,926</u>	<u>18,969,875</u>	<u>4,116,756</u>
1,875,021	186,075	2,914,047	1,877,150
1,814,629	432,271	5,466,075	2,145,744
697,292	137,426	2,199,853	734,220
846,275	168,697	4,395,874	10,583
78,658	-	78,658	-
<u>5,311,875</u>	<u>924,469</u>	<u>15,054,507</u>	<u>4,767,697</u>
<u>2,076,336</u>	<u>193,457</u>	<u>3,915,368</u>	<u>(650,941)</u>
8,039	-	26,041	283
-	-	(2,068,035)	-
-	30,345	30,345	-
<u>8,039</u>	<u>30,345</u>	<u>(2,011,649)</u>	<u>283</u>
2,084,375	223,802	1,903,719	(650,658)
-	-	670,238	-
<u>(660,100)</u>	<u>(112,800)</u>	<u>(1,297,300)</u>	<u>(373,000)</u>
1,424,275	111,002	1,276,657	(1,023,658)
<u>3,036,486</u>	<u>1,594,881</u>	<u>54,653,826</u>	<u>2,157,236</u>
<u>\$ 4,460,761</u>	<u>\$ 1,705,883</u>	<u>\$ 55,930,483</u>	<u>\$ 1,133,578</u>

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2016

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 219,222	\$ 10,754,501
Payments to suppliers	(155,929)	(4,307,500)
Payments to employees	(68,406)	(897,994)
Net cash provided by operating activities	<u>(5,113)</u>	<u>5,549,007</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
City sales tax	-	-
Transfers to other funds	(31,200)	(493,200)
Net cash provided by noncapital financing activities	<u>(31,200)</u>	<u>(493,200)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	-	(1,018,841)
Proceeds from sale of capital assets	-	-
Contributions	-	670,238
Principal paid on capital debt	(69,318)	(2,321,791)
Interest paid on capital debt	(1,681)	(2,240,920)
Net cash provided (used) by capital and related financing activities	<u>(70,999)</u>	<u>(4,911,314)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	-	18,002
Net cash provided by investing activities	<u>-</u>	<u>18,002</u>
Net increase (decrease) in cash	(107,312)	162,495
Cash and cash equivalents at beginning of year	<u>590,083</u>	<u>7,609,936</u>
Cash and cash equivalents at end of year	<u>\$ 482,771</u>	<u>\$ 7,772,431</u>
 Cash	 \$ 482,771	 \$ 24,329
Investments	-	7,748,102
	<u>\$ 482,771</u>	<u>\$ 7,772,431</u>

See accompanying notes.

Business-type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Sanitation	Golf Course	Total	
\$ 7,487,008	\$ 1,117,988	\$ 19,578,719	\$ 4,146,414
(2,245,321)	(592,977)	(7,301,727)	(2,504,805)
(2,645,176)	(418,160)	(4,029,736)	(867,652)
<u>2,596,511</u>	<u>106,851</u>	<u>8,247,256</u>	<u>773,957</u>
-	30,345	30,345	-
<u>(660,100)</u>	<u>(112,800)</u>	<u>(1,297,300)</u>	<u>(373,000)</u>
<u>(660,100)</u>	<u>(82,455)</u>	<u>(1,266,955)</u>	<u>(373,000)</u>
(666,816)	-	(1,685,657)	(172,962)
23,225	-	23,225	-
-	-	670,238	-
-	-	(2,541,291)	-
<u>-</u>	<u>-</u>	<u>(2,092,419)</u>	<u>-</u>
<u>(643,591)</u>	<u>-</u>	<u>(5,625,904)</u>	<u>(172,962)</u>
8,039	-	26,041	283
<u>8,039</u>	<u>-</u>	<u>26,041</u>	<u>283</u>
1,300,859	24,396	1,380,438	228,278
<u>3,624,063</u>	<u>48,852</u>	<u>11,872,934</u>	<u>2,258,763</u>
<u>\$ 4,924,922</u>	<u>\$ 73,248</u>	<u>\$ 13,253,372</u>	<u>\$ 2,487,041</u>
\$ 1,444,859	\$ 72,805	\$ 2,024,764	\$ 2,364,438
<u>3,480,063</u>	<u>443</u>	<u>11,228,608</u>	<u>122,603</u>
<u>\$ 4,924,922</u>	<u>\$ 73,248</u>	<u>\$ 13,253,372</u>	<u>\$ 2,487,041</u>

CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2016

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (4,646)	\$ 1,650,221
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Closure and postclosure costs	-	-
Depreciation expense	62,427	3,318,476
Pension expense	(43,184)	6,727
Employer pension contributions	(1,979)	(66,275)
Provision for bad debt	-	1,818,174
(Increase) decrease in accounts receivable	(1,716)	(1,307,587)
(Increase) decrease in inventory	-	-
Increase (decrease) in accounts payable	(15,652)	136,533
Increase (decrease) in deposits held	1,114	-
Increase (decrease) in accrued wages	(1,477)	(26,929)
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	-	19,667
Total adjustments	(467)	3,898,786
Net cash provided by operating activities	\$ (5,113)	\$ 5,549,007

<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
<u>Sanitation</u>	<u>Golf Course</u>	<u>Total</u>	
\$ 2,076,336	\$ 193,457	\$ 3,915,368	\$ (650,941)
78,658	-	78,658	-
846,275	168,697	4,395,875	10,583
(518,238)	(227,489)	(782,184)	1,057,241
(186,416)	(5,829)	(260,499)	(58,058)
985,163	-	2,803,337	-
(886,366)	62	(2,195,607)	29,658
-	276	276	(48,432)
266,600	(23,556)	363,925	261,074
-	-	1,114	-
(85,063)	(3,273)	(116,742)	(72,298)
-	-	-	162,517
19,562	4,506	43,735	82,613
<u>520,175</u>	<u>(86,606)</u>	<u>4,331,888</u>	<u>1,424,898</u>
<u>\$ 2,596,511</u>	<u>\$ 106,851</u>	<u>\$ 8,247,256</u>	<u>\$ 773,957</u>



City of  
Casa Grande

# **Fiduciary Funds**

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CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016

	<u>Agency Funds</u>	<u>Part-Time Firemen's Pension</u>
ASSETS		
Cash	\$ 88,971	\$ 13,900
Investments	238,744	356,468
Receivables	<u>139,568</u>	<u>-</u>
Total assets	467,283	370,368
LIABILITIES		
Other liabilities	<u>467,283</u>	<u>-</u>
Total liabilities	<u>467,283</u>	<u>-</u>
NET POSITION		
Net position restricted for pensions	<u>\$ -</u>	<u>\$ 370,368</u>



CITY OF CASA GRANDE, ARIZONA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
Year Ended June 30, 2016

	Part-Time Firemen's Pension
ADDITIONS	
Contributions:	
Employer	\$ -
Plan members	-
Total contributions	-
Investment earnings:	
Change in the fair value of Investments	(24,210)
Total additions	(24,210)
DEDUCTIONS	
Administrative expenses	1,867
Pension payments	32,401
Total deductions	34,268
Change in net position	(58,478)
Net position-beginning of year	428,846
Net position-end of year	\$ 370,368



City of  
Casa Grande

# Notes to the Statements

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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

No separate financial statements were prepared for the Districts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely on fees and charges for support.

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

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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.

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.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

PROPRIETARY FUNDS

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

Water Fund - accounts for the Copper Mountain water related activities.

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

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 three 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, and Risk Management is used for property and casualty insurance activities. Each cost center is charged their proportional share of the cost for these services.

FIDUCIARY FUNDS

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

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

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

FIDUCIARY FUNDS (Continued)

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

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.



CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2016, 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, 2016

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, 2016.
- 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.

F. Cash and Cash Equivalents

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

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

The City adheres to the Arizona Revised Statutes (A.R.S. §35-323) that governs the investment of City funds. Eligible investments include certificate of deposits in eligible depositories, interest bearing accounts in qualified banks, repurchase agreements, pooled investments by the State Treasurer, bonds of the U.S. Government that are guaranteed as to principal and interest, and bonds of the state, city, town or school district. The State's investment pool is managed by the State Treasurer's office. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information.

Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and External Investment Pools," the City records all its investments at fair value as defined in the statement. The Part-time Firemen's Pension investments are valued from quoted market prices at year-end.

H. 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.

I. Capital Assets

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

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

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

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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

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

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

J. 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.

K. Pensions

For purposes of measuring the new pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension 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 benefit terms. Investments are reported at fair value.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

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.

M. 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.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

O. Fund Equity

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

P. 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.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Implementation of New GASB Pronouncements

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 establish standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. City of Casa Grande adopted GASB No. 72 in fiscal year 2016. The adoption of GASB No. 72 has added disclosures in Note 2 of City of Casa Grande financial statements.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the City's cash in bank totaled \$28,049,443 and the bank balance was \$28,867,152. Federal Depository Insurance covered the City's deposits at June 30, 2016, to the extent of \$546,017. The City had cash on hand of \$6,280. Deposits of \$28,321,135 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.

Investments

The City's policy is to invest unrestricted cash in the Local Government Investment Pool (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The fair value of the City's position is the same as the value of the pool shares. The State Board of Investment has oversight responsibilities of the investment pool pursuant to ARS 35-311. The pool's investments include securities with the full faith and credit of the United State Government with a final maturity less than 24 months and variable-rate securities with final maturity less than 5 years. The dollar weighted average portfolio maturity is less than 180 days. Only securities backed by the full faith and credit of the U.S. Government may be purchased for this pool. The fair value balance of the pool at June 30, 2016 was \$1.1 billion in assets.

The City also holds \$50,506,566 invested with PFM Asset Management, LLC. The accounts are invested in U.S. Treasury securities, U.S. Government bonds, certificates of deposit and corporate debt securities.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 2 CASH AND INVESTMENTS (Continued)

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

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	25,953,308	\$ 2,024,764	92,071	\$ 28,070,143
Investments	85,662,731	11,228,608	595,212	97,486,551
Restricted cash and cash equivalents	973,518	-	10,800	984,318
	<u>\$ 112,589,557</u>	<u>\$ 13,253,372</u>	<u>\$ 698,083</u>	<u>\$ 126,541,012</u>

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:

<u>2016</u> Investment Type	Remaining Maturity (In Months)			
	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 17,821,574	\$ -	\$ 7,733,087	\$ 10,088,487
Supra-National Agency Bond	296,335	-	296,335	-
Federal Agency Collateralized Mortgage Obligations	686,679	-	241,945	444,734
Federal Agency Bonds/Notes	24,103,756	5,626,541	9,254,408	9,222,807
Corporate Notes	5,895,833	974,627	3,928,883	992,323
Certificate of Deposits	1,702,389	1,702,389	-	-
Money Market	1,127,902	143,584	-	-
Mutual Funds	356,468	356,468	-	-
State Investment Pool 7 (LGIP)	46,479,933	46,479,933	-	-
	<u>\$ 98,470,869</u>	<u>\$ 55,283,542</u>	<u>\$ 21,454,658</u>	<u>\$ 20,748,351</u>



CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 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.

Governmental Funds

Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 17,821,574	S&P	AA+
Supra-National Agency Bond	296,335	S&P	AAA
Federal Agency Collateralized Mortgage Obligations	686,679	S&P	AA+
Federal Agency Bonds/Notes	24,103,756	S&P	AA+
Corporate Notes	974,627	S&P	AA+
Corporate Notes	1,506,223	S&P	AA-
Corporate Notes	2,487,440	S&P	A
Corporate Notes	927,543	S&P	A-
Certificate of Deposits	1,702,389	S&P	A-1
Money Market	1,117,102	Unrated	-
State Investment Pool 7 (LGIP)	34,920,510	Unrated	-
	<u>\$ 86,544,178</u>		

Proprietary Funds

Investment Type	Amount	Rating Agency	Rating
State Investment Pool 7 (LGIP)	<u>\$ 11,228,608</u>	Unrated	-

Fiduciary Funds

Investment Type	Amount	Rating Agency	Rating
State Investment Pool 7 (LGIP)	\$ 330,815	Unrated	-
Money Market	10,800	Unrated	-
Mutual Funds	<u>356,468</u>	Unrated	-
	<u>\$ 698,083</u>		

Total

\$ 98,470,869

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2016:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 17,821,574	\$ -	\$ 90,310	\$ -
Supra-National Agency Bond	296,335	-	13,838,385	-
Federal Agency Collateralized Mortgage Obligations	686,679	-	15,313,769	-
Federal Agency Bonds/Notes	24,103,756	-	1,506,915	-
Corporate Notes	5,895,833	-	6,101,575	-
Certificate of Deposits	1,702,389	-	-	1,702,389
Total Investments by Fair Value Level	50,506,566	\$ -	\$ 36,850,953	\$ 1,702,389
External Investment Pool Measured				
at Fair Value				
State Investment Pool 7 (LGIP)	46,479,933			
Total Investments Measured at Fair Value	96,986,499			
Investments Measured at Amortized Costs				
Money Market	1,127,902			
Mutual Funds	356,468			
Total Investments	\$ 98,470,869			

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, 2016

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Issuer	Reported Amount	
U.S. Treasury Notes	\$ 17,821,574	18.10%
Supra-National Agency Bond	296,335	0.30%
Federal Agency Collateralized Mortgage Obligations	686,679	0.70%
Federal Agency Bonds/Notes	24,103,756	24.48%
Corporate Notes	5,895,833	5.99%
Certificate of Deposits	1,702,389	1.73%
Money Market	1,127,902	1.15%
Mutual Funds	356,468	0.36%
State Investment Pool 7 (LGIP)	46,479,933	47.20%
	<u>\$ 98,470,869</u>	

NOTE 3 CASH WITH FISCAL AGENT/RESTRICTED INVESTMENTS

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

Fund Type	Description of Designated Capital	Balance at 6/30/2016
Capital - CFD	Infrastructure	<u>\$ 309,979</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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

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

Fund Type	Description of Designated Capital	Balance at 6/30/2016
Capital - CFD	Sewer Line	<u>\$ 161,663</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 assets and on the balance sheet because their use is limited by applicable bond covenants.

Fund Type	Description of Designated Capital	Balance at 6/30/2016
Debt Service	GO Bonds	<u>\$ 501,876</u>

NOTE 4 RECEIVABLES

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

	General Fund	Highway User	Capital Replacement/ Recreation/ Development	Non-Major Governmental Funds	Total Governmental Funds
Receivables:					
Taxes	\$ 3,246,233	\$ 690,800	\$ 321,053	\$ 64,518	\$ 4,322,604
Interest	78,681	14,839	79,027	16,926	189,473
Accounts	119,266	1,010	448,862	757,025	1,326,163
	<u>3,444,180</u>	<u>706,649</u>	<u>848,942</u>	<u>838,469</u>	<u>5,838,240</u>
Less:					
Allowance	-	-	-	-	-
Total receivables	<u>\$ 3,444,180</u>	<u>\$ 706,649</u>	<u>\$ 848,942</u>	<u>\$ 838,469</u>	<u>\$ 5,838,240</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 4 RECEIVABLES (Continued)

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

Receivables:	Water Fund	Wastewater Fund	Sanitation Fund	Golf Course Fund	Internal Service Fund	Total
Accounts	\$ 7,435	\$ 5,374,273	\$ 3,277,778	\$ 3,495	\$ 12,793	\$ 8,675,774
Less:						
Allowance	-	(4,379,518)	(2,479,057)	-	-	(6,858,575)
Net receivables	\$ 7,435	\$ 994,755	\$ 798,721	\$ 3,495	\$ 12,793	\$ 1,817,199

Revenues of wastewater and sanitation are reported net of uncollectible amounts.

Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to wastewater	\$ 1,257,397
Uncollectibles related to sanitation	791,903
Total uncollectibles for the current year	\$ 2,049,300

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, 2016 these loans outstanding totaled \$400,020.

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.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 6 PROPERTY TAXES (Continued)

The City's 2015-2016 maximum primary levy limit was \$4,945,958. The primary tax levy was \$2,674,193. The City's secondary tax levy was \$2,271,765.

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, 2016, are \$88,261 and \$217,915, respectively.

NOTE 7 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2016 follows:

Governmental Activities	Beginning Balance *	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 19,555,599	\$ 22,783	\$ -	\$ 19,578,382
Construction in progress	-	420,797	-	420,797
Total capital assets not being depreciated	19,555,599	443,580	-	19,999,179
Capital assets, being depreciated:				
Buildings	75,963,568	548,806	-	76,512,374
Improvements	230,039,123	830,672	-	230,869,795
Heavy machinery & equipment	25,838,792	3,483,211	(955,040)	28,366,963
Total capital assets being depreciated	331,841,483	4,862,689	(955,040)	335,749,132
Less accumulated depreciation for:				
Buildings	(26,032,193)	(2,526,942)	-	(28,559,135)
Improvements	(121,153,804)	(10,194,233)	-	(131,348,037)
Heavy machinery & equipment	(17,004,546)	(1,835,924)	913,193	(17,927,277)
Total accumulated depreciation	(164,190,543)	(14,557,099)	913,193	(177,834,449)
Total capital assets, being depreciated, net	167,650,940	(9,694,410)	(41,847)	157,914,683
Governmental activities capital assets, net	\$ 187,206,539	\$ (9,250,830)	\$ (41,847)	\$ 177,913,862

\* Restated

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 7 CAPITAL ASSETS (Continued)

Business-Type Activities	Beginning Balance *	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,216,809	\$ -	\$ -	\$ 4,216,809
Construction in progress	145,237	50,016	(145,236)	50,017
Total capital assets not being depreciated	4,362,046	50,016	(145,236)	4,266,826
Capital assets, being depreciated:				
Buildings and improvements	127,795,857	1,104,059	-	128,899,916
Machinery and equipment	12,324,615	676,820	(576,266)	12,425,169
Total capital assets being depreciated	140,120,472	1,780,879	(576,266)	141,325,085
Less accumulated depreciation for:				
Buildings and improvements	(32,412,547)	(3,423,353)	-	(35,835,900)
Machinery and equipment	(6,864,756)	(972,520)	553,037	(7,284,239)
Total accumulated depreciation	(39,277,303)	(4,395,873)	553,037	(43,120,139)
Total capital assets, being depreciated, net	100,843,169	(2,614,994)	(23,229)	98,204,946
Business-Type activities capital assets, net	\$ 105,205,215	\$ (2,564,978)	\$ (168,465)	\$ 102,471,772

\* Restated

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

Governmental activities:	
General government	\$ 419,283
Public safety	2,466,539
Streets/Transportation	9,534,743
Public Works	804,970
Culture and recreation	1,300,213
Economic Development	20,769
Internal Service	10,582
Total depreciation expense	<u>\$ 14,557,099</u>
Business-type activities:	
Water	\$ 62,426
Wastewater	3,318,476
Sanitation	846,275
Golf Course	168,696
Total depreciation expense	<u>\$ 4,395,873</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2016, 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 liabilities	55,426,816	\$ 3,877,432	\$ 59,304,248
Deferred outflows of resources	10,855,114	366,306	11,221,420
Deferred inflows of resources	4,432,562	353,217	4,785,779
Pension expense	5,150,012	690,639	5,840,651

The City reported \$4,833,579 of pension contributions in expenditures in the fund statements related to all pension plans to which it contributes.

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](http://www.azasrs.gov).



CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**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 Benefits Provided**

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* and 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, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**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, 2016 active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 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 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement, 0.13 percent for health insurance premium benefit, and 0.06 for long-term disability) 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 ASRS. The City's contributions to the pension plan for the year ended June 30, 2016 were \$1,504,184. The City's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30		
2016	\$ 69,317	\$ 16,636
2015	68,745	13,749
2014	77,803	31,121

During fiscal year 2016, the City paid for ASRS pension and OPEB contributions as follows: 64.5 percent from the General Fund, 7.9 percent from the HURF Fund, 0.2 percent from the Water Fund, 5.1 percent from the Wastewater Fund, 14.2 percent from the Sanitation Fund, 0.5 percent from the Golf Fund, and 7.6 percent from other funds.

**Pension Liability** – At June 30, 2016, the City reported a liability of \$22,737,813 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The City's proportion measured as of June 30, 2015 was 0.145976 percent, which was a decrease of 0.001126 percent from its proportion measured as of June 30, 2014.

The City's reported liability at June 30, 2016, increased by \$971,744 from the City's prior year liability of \$21,766,069 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the City recognized pension expense for ASRS of \$815,779. At June 30, 2016, 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	\$ 620,466	\$ 1,191,484
Net difference between projected and actual earnings on pension plan investments	-	728,696
Changes in proportion and differences between City contributions and proportionate share of contributions	-	151,138
City contributions subsequent to the measurement date	1,504,184	-
Total	<u>\$ 2,124,650</u>	<u>\$ 2,071,318</u>

The \$1,504,184 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	\$ (557,741)
2018	(880,719)
2019	(538,421)
2020	526,029
Thereafter	-

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2014
Actuarial roll forward date	June 20, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2014, 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 pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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%	6.79%
Fixed Income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.93%
Total	100%	

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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 8.79 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 pension 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 pension 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	\$ 29,794,305	\$ 22,737,813	\$ 17,901,803

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's 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 an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-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.

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](http://www.psprs.com).

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, and 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%	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	
<b>Survivor Benefits</b>		
Retired Members	80% 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, 2016

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.

**Employees Covered by Benefit Terms** - At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries		
currently receiving benefits	43	21
Inactive employees entitled to		
by not yet receiving benefits	18	4
Active employees	66	55
Total	127	80

**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, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members - Pension	11.65%	11.65%
City		
Pension	41.91%	27.18%
Health insurance premium benefit	0.20%	0.49%

In addition, the City was required by statute to contribute at the actuarially determined rate of 19.65 percent 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, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	\$ 2,341,546	\$ 1,248,349
Health Insurance Premium Benefit		
Annual OPEB cost contributions made	11,174	22,505

During fiscal year 2015, the City paid for PSPRS and OPEB contributions as follows: 97.9 percent from the General Fund and 2.1 percent from other funds.

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

PSPRS

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.5% - 8.5%
Inflation	3.0% - 4.0%
Permanent benefit increase	No explicit Assumed PBI Assumption
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.



CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on both the PSPRS Police and PSPRS Fire pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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		Long-Term
Asset Class	Target Allocation	Expected Real Rate of Return
U.S. equity	16%	6.23%
Non-U.S. equity	14%	8.25%
Private equity	11%	9.50%
Fixed income	7%	2.92%
Credit opportunities	13%	7.08%
Absolute Return	5%	4.11%
GTAA	10%	4.38%
Real Assets	8%	4.77%
Real Estate	10%	4.48%
Risk Parity	4%	5.13%
Short Term Inv	2%	0.75%
Total	100.00%	

**Pension Discount Rates** - A 7.85 percent discount rate was used to measure the total pension liability for both the PSPRS Police and PSPRS Fire pension 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 pension 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 pension 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, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Changes in the Net Pension Liability**

PSPRS - Police

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	<u>\$ 41,256,413</u>	<u>\$ 16,213,392</u>	<u>\$ 25,043,021</u>
Changes for the year:			
Service Cost	1,005,609		1,005,609
Interest on the total pension liability	3,199,872		3,199,872
Changes of benefit terms	-		-
Differences between expected and actual experience in the measurement of the pension liability	(909,542)		(909,542)
Changes of assumptions or other inputs	-		-
Contributions - employer		1,632,224	(1,632,224)
Contributions - employee		559,645	(559,645)
Net investment income		598,261	(598,261)
Benefit payments, including refunds of employee contributions	(1,993,041)	(1,993,041)	-
Administrative expense		(14,978)	14,978
Other changes		(101,064)	101,064
Net changes	<u>1,302,898</u>	<u>681,047</u>	<u>621,851</u>
Balances at June 30, 2016	<u><u>\$ 42,559,311</u></u>	<u><u>\$ 16,894,439</u></u>	<u><u>\$ 25,664,872</u></u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2015	<u>\$ 24,244,327</u>	<u>\$ 13,204,149</u>	<u>\$ 11,040,178</u>
Changes for the year:			
Service Cost	872,432		872,432
Interest on the total pension liability	1,899,792		1,899,792
Changes of benefit terms	-		-
Differences between expected and actual experience in the measurement of the pension liability	(825,229)		(825,229)
Changes of assumptions or other inputs	-		-
Contributions - employer		968,712	(968,712)
Contributions - employee		618,303	(618,303)
Net investment income		494,059	(494,059)
Benefit payments, including refunds of employee contributions	(958,739)	(958,739)	-
Administrative expense		(12,443)	12,443
Other changes		16,979	(16,979)
Net changes	<u>988,256</u>	<u>1,126,871</u>	<u>(138,615)</u>
Balances at June 30, 2016	<u><u>\$ 25,232,583</u></u>	<u><u>\$ 14,331,020</u></u>	<u><u>\$ 10,901,563</u></u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Sensitivity of the City's Net Pension Liability (Asset) to Changes in the Discount Rate -**

The following table presents the City's net pension liabilities (assets) calculated using the discount rates noted above, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PSPRS - Police	1% Decrease (6.85%)	Current Discount Rate (7.85%)	1% increase (8.85%)
Total pension liability	\$ 47,692,192	\$ 42,559,311	\$ 38,285,515
Plan fiduciary net position	16,894,439	16,894,439	16,894,439
Net pension liability	\$ 30,797,753	\$ 25,664,872	\$ 21,391,076
PSPRS - Fire	1% Decrease (6.85%)	Current Discount Rate (7.85%)	1% increase (8.85%)
Total pension liability	\$ 28,425,382	\$ 25,232,583	\$ 22,568,885
Plan fiduciary net position	14,331,020	14,331,020	14,331,020
Net pension liability	\$ 14,094,362	\$ 10,901,563	\$ 8,237,865

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

**Pension Expense** - For the year ended June 30, 2016, the City recognized the following pension expense:

	Pension Expense
PSPRS Police	3,148,150
PSPRS Fire	1,179,531

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,107,555
Changes of assumptions or other inputs	2,869,540	-
Net difference between projected and actual earnings on pension plan investments	542,192	495,784
City contributions subsequent to the measurement date	2,341,546	-
Total	<u>\$ 5,753,278</u>	<u>\$ 1,603,339</u>
PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 220,314	\$ 723,155
Changes of assumptions or other inputs	1,420,988	-
Net difference between projected and actual earnings on pension plan investments	453,844	387,968
City contributions subsequent to the measurement date	1,248,349	-
Total	<u>\$ 3,343,495</u>	<u>\$ 1,111,123</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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 a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS	PSPRS
	Police	Fire
2017	\$ 468,975	\$ 135,532
2018	468,975	135,532
2019	468,977	135,530
2020	437,253	264,854
2021	(35,787)	151,393
Thereafter	-	161,182

**Agent Plan OPEB Actuarial Assumptions** – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, 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, 2016

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 2016 contribution requirements, are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

The funded status of the all the PSPRS and CORP health insurance premium benefit plans in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

**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		Percentage of	
Year Ended June 30	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Obligation
2016	\$ 11,174	100%	\$ -
2015	66,508	100%	-
2014	51,381	100%	-
PSPRS - Fire		Percentage of	
Year Ended June 30	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Obligation
2016	\$ 22,505	100%	\$ -
2015	40,385	100%	-
2014	34,306	100%	-

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Agent Plan OPEB Funded Status** - The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2015.

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 16,894,439	\$ 14,331,020
Actuarial accrued liability (b)	42,559,311	25,232,583
Unfunded actuarial accrued liability (funded excess) (b) - (a)	25,664,872	10,901,563
Funded ratio (a)/(b)	39.70%	56.80%
Annual covered payroll (c)	\$ 4,921,524	\$ 4,192,804
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	521.48%	260.01%

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 2016 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, 2016

NOTE 10 CAPITAL LEASES

Leases at June 30, 2016, included the following:

Governmental activities:

Lease with option to purchase Public Works Facility. Quarterly installments of \$74,375 including interest of 4.887%, due through May 9, 2020.	\$1,075,135
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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.	2,339,000
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Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.59%, due through April 2031.	3,062,096
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Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.75%, due through February 2033.	<u>1,061,752</u>
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Total Governmental Activities Capital Lease Obligation	<u><u>\$7,537,983</u></u>
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The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities
2017	\$871,745
2018	886,470
2019	891,613
2020	899,475
2021	608,516
2022-2026	3,155,848
2027-2031	2,138,634
2032-2036	<u>170,802</u>
Total minimum lease payments	9,623,103
Less: amount representing interest	<u>(2,085,120)</u>
Present value of future minimum lease payments	7,537,983
Less: current portion	<u>(577,758)</u>
Noncurrent portion	<u><u>\$ 6,960,225</u></u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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	\$ (3,045,396)	\$ 9,233,526
Total Building and Improvement	<u>\$ 12,278,922</u>	<u>\$ (3,045,396)</u>	<u>\$ 9,233,526</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  
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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, 2016.

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
2017	\$ 910,000	\$ 947,438
2018	1,840,000	1,429,324
2019	1,930,000	1,367,083
2020	1,925,000	1,303,536
2021	1,985,000	1,239,724
2022-2026	9,620,000	5,198,716
2027-2031	10,855,000	3,297,421
2032-2036	11,175,000	1,110,078
2037-2041	885,000	13,275
Total	<u>\$ 41,125,000</u>	<u>\$ 15,906,595</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
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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.

The 2003, 2009, and 2012 revenue obligations are secured by a pledge of and first lien on all excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, fees for licenses and permits and state revenue sharing which the City presently or in the future validly imposes or receives from other entities.

The following table summarizes the City's future revenue obligation debt service requirements as of June 30, 2016:

**Tax Revenue Bonds**

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 878,087	\$ 834,740	\$ 1,108,600	\$ 373,870
2018	950,356	789,098	1,414,644	351,732
2019	1,001,868	735,393	1,488,132	281,000
2020	1,062,973	676,599	1,557,027	206,593
2021	1,123,671	615,580	1,621,329	144,312
2022-2026	6,019,542	2,023,102	1,403,771	63,246
2027-2031	4,315,003	432,838	-	-
Total	<u>\$ 15,351,500</u>	<u>\$ 6,107,350</u>	<u>\$ 8,593,503</u>	<u>\$ 1,420,753</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2016 is \$59,224,517. The following schedule shows estimated payments based on the amount due of \$43,736,726.

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 2,629,827	\$ 1,762,153
2018	2,735,783	1,656,197
2019	2,846,008	1,545,972
2020	2,960,673	1,431,307
2021	3,079,959	1,312,021
2021-2025	17,364,231	4,595,669
2026-2030	12,120,243	986,802
	<u>\$ 43,736,724</u>	<u>\$ 13,290,121</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, 2016

NOTE 14 CHANGES IN LONG-TERM OBLIGATIONS

	Beginning Balance	Additions & transfers	Reductions & transfers	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,758,420	\$ 2,956,531	\$ (2,758,664)	\$ 2,956,287	\$ 1,293,154
G.O Bonds (2)	26,660,000	34,650,000	(20,185,000)	41,125,000	910,000
Excise tax revenue obligations	16,154,252	-	(802,752)	15,351,500	878,087
Capital leases	8,081,767	-	(543,784)	7,537,983	577,758
Bonds premiums	190,721	3,025,240	(110,720)	3,105,241	-
Bonds discounts	(264,973)	-	228,084	(36,889)	-
Net pension liability	53,258,803	2,168,013	-	55,426,816	-
Governmental activities long-term liabilities	<u>\$ 106,838,990</u>	<u>\$ 40,631,771</u>	<u>\$ (24,172,836)</u>	<u>\$ 125,465,938</u>	<u>\$ 3,658,999</u>
Business-type activities					
Compensated absences	\$ 264,234	\$ 162,640	\$ (118,905)	\$ 307,969	\$ 138,586
Excise tax revenue obligations	9,300,825	-	(707,322)	8,593,503	1,108,604
Notes payable	69,318	-	(69,318)	-	-
Loan payable	45,351,193	-	(1,614,469)	43,736,724	2,629,827
Bond premiums	1,051,764	-	(150,182)	901,582	-
Postclosure liability	2,737,164	78,658	-	2,815,822	-
Net pension liability	4,592,644	-	(715,212)	3,877,432	-
Business-type activities long-term liabilities	<u>\$ 63,367,142</u>	<u>\$ 241,298</u>	<u>\$ (2,660,196)</u>	<u>\$ 60,233,032</u>	<u>\$ 3,877,017</u>

\* Restated

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

(2) In July 2014 the Golf Course Fund transferred its bonds payable to Governmental Activities.

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the year ended June 30, 2016, the City primarily paid for compensated absences from the General Fund.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 15 LONG-TERM DEBT

The following summarizes the annual debt service requirements to maturity for all bonds, loans, and notes are as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 2,365,845	\$ 2,076,165	\$ 3,738,427	\$ 2,138,183
2018	3,408,371	2,486,877	4,150,427	2,009,637
2019	3,582,095	2,343,862	4,334,140	1,828,212
2020	3,674,593	2,192,990	4,517,700	1,638,656
2021	3,528,928	2,043,563	4,701,288	1,456,586
2022-2026	18,125,144	7,892,064	18,768,002	4,658,915
2027-2031	17,106,051	3,932,845	12,120,243	986,802
2032-2035	11,338,456	1,134,393	-	-
2036-2038	885,000	13,275	-	-
Total	<u>\$ 64,014,483</u>	<u>\$ 24,116,034</u>	<u>\$ 52,330,227</u>	<u>\$ 14,716,991</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, 2016 the City has reported a \$2,815,822 landfill closure and postclosure care liability that represents the total current cost based on 57.5 percent of estimated capacity of the landfill.

The remaining cost of \$2,079,720 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 15 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 2016 valuation of the total closure and postclosure costs were estimated to be \$4,895,542.

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 17 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2016. At year end the City's significant commitments included sewer improvements and road construction. At year end the City's commitments with contractors are as follows:

Project	Remaining Commitment
PM 10 Response Plan - Arica	\$ 114,747
Marvin Gardens Townhomes (Alleys)	42,643
Community Recreation Center Construction	10,092
Traffic Signal - Arizola & Kortsen	24,967
Taxiway E Rehabilitation - Construction	377,135
Peart Square	15,576
Perimeter Landfill Berm & Drainage Ditch	12,311
Traffic Signal - Hacienda & Florence Blvd	11,157
	<u>608,628</u>

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS

Interfund transactions as of June 30, 2016, were as follows:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,293,806	\$ -
Non-Major Funds	-	911,539
Internal Service Fund	-	382,267
Total	<u>\$ 1,293,806</u>	<u>\$ 1,293,806</u>

The interfund balances at June 30, 2016 are short-term loans to cover temporary cash deficits in various funds.



CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS (Continued)

Transfers:

Fund	Transfers	Transfers
	Out	In
General Fund	\$ 3,951,425	\$ 2,168,534
Highway Users Fund	1,285,600.00	-
Development Impact Fee Funds	5,453,869.00	5,370,196
Capital Replacement	799,700.00	3,448,700
Non-Major Governmental Funds	770,930.00	2,944,394
Water Fund	31,200.00	-
Wastewater Fund	493,200.00	-
Sanitation Fund	660,100.00	-
Golf Course	112,800.00	-
Internal Service Funds	373,000.00	-
Total	<u>\$ 13,931,824</u>	<u>\$ 13,931,824</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

Four funds had deficits in fund balance. The Municipal Airport operating fund deficit decreased by \$71,127 to a total of \$485,358. 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 Senior Services fund saw a decrease in fund balance of \$20,354 and the HOME/HUD fund deficit increased from \$556 in the prior year to the current year balance of \$815. It is expected that these deficit balance continue to decrease as intergovernmental revenues increase. The Excise Bond fund saw a decrease in fund balance of \$68,735. The deficit fund balance will be offset by future transfers in that are required to pay future debt service payments.

NOTE 20 SALES TAX INCENTIVE AGREEMENT

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

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 20 SALES TAX INCENTIVE AGREEMENT (Continued)

The agreement is in effect for twenty years up to a maximum payment of \$19,950,000 plus interest of 7%. There is a provision to extend the agreement for an additional three years if the amount remaining unpaid after twenty years is \$3,000,000 or more (including accrued but unpaid interest). Payments are made to WP Casa Grande Retail within forty-five days after the end of each calendar quarter for 50% of the uncommitted tax collected during that quarter. The first payment to WP Casa Grande Retail was made in September, 2008. As of June 30, 2016 \$6,850,658 (including \$4,415,855 in interest) has been paid.

NOTE 21 FUND BALANCE DETAILS BY CLASSIFICATION

	General	Major Governmental Funds	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Inventories	\$ 1,271	\$ -	\$ 59,867	\$ 61,138
Prepaid items	792	-	-	792
Restricted for:				
Highway Users Revenue Fund	-	6,234,267	-	6,234,267
Grants	-	-	142,642	142,642
Airport Improvement	-	-	103,517	103,517
Debt Services	-	-	5,471,572	5,471,572
Court Enhancement	-	-	279,627	279,627
Housing	-	-	580,171	580,171
CFD Debt	-	-	1,055,136	1,055,136
Capital Replacement	-	1,348,591	-	1,348,591
Developer Impact Fees	-	21,765,704	-	21,765,704
Economic Redevelopment	-	-	395,714	395,714
Committed to:				
Assigned to:				
General Fund Reserves	20,453,537	-	-	20,453,537
Parks Development	-	-	996,942	996,942
Capital Replacement	-	44,205,728	-	44,205,728
Promotion & Tourism	-	-	309,374	309,374
Youth Services	-	-	25,985	25,985
Unassigned	9,911,709	-	(635,129)	9,276,580
Total fund balances	<u>\$ 30,367,309</u>	<u>\$ 73,554,290</u>	<u>\$ 8,785,418</u>	<u>\$ 112,707,017</u>

CITY OF CASA GRANDE, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 22 RESTATEMENT OF NET POSITION

The beginning net position of the Governmental Activities, Business-type Activities, Water Fund, Wastewater Fund, Sanitation Fund, and Golf Course Fund Statement of Net Position has been restated to record prior period adjustments to the City's capital assets. Also, the beginning net position of the Wastewater fund has been restated to properly state the WIFA note payable as well as an adjustment to increase the utility reserve to properly reflect the amount determined to be uncollectable. Net position was restated as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Golf Course Fund</b>
	<u>\$ 186,778,818</u>	<u>\$ 59,168,969</u>	<u>\$ 960,717</u>	<u>\$ 52,202,142</u>	<u>\$ 4,371,192</u>	<u>\$ 1,634,918</u>
Capital assets	(5,118,248)	(2,991,601)	(16,164)	(1,600,694)	(1,334,706)	(40,037)
Accounts receivable	-	(253,836)		(253,836)		
Loans payable		(1,269,706)		(1,269,706)		
Total adjustment	<u>(5,118,248)</u>	<u>(4,515,143)</u>	<u>(16,164)</u>	<u>(3,124,236)</u>	<u>(1,334,706)</u>	<u>(40,037)</u>
Total net position - restated	<u><u>\$ 181,660,570</u></u>	<u><u>\$ 54,653,826</u></u>	<u><u>\$ 944,553</u></u>	<u><u>\$ 49,077,906</u></u>	<u><u>\$ 3,036,486</u></u>	<u><u>\$ 1,594,881</u></u>



City of  
Casa Grande

# Required Supplementary Information

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City of  
Casa Grande

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, 2016

Arizona Retirement System	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
City's proportion of the net pension liability	0.145976%	0.147102%	Information
City's proportionate share of the net pension liability	\$ 22,737,813	\$ 21,766,069	not available
City's covered payroll	\$ 11,457,463	\$ 12,967,224	
City's proportionate share of the net pension liability as a percentage of its covered payroll	198.45%	167.85%	
Plan fiduciary net position as a percentage of the total pension liability	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, 2016

PSPRS - Police	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Total pension liability			
Service cost	\$ 1,005,609	\$ 1,015,910	Information not available
Interest on the total pension liability	3,199,872	2,707,371	
Changes on benefit terms	-	863,565	
Differences between expected and actual experience in the measurement of the pension liability	(909,542)	(573,850)	
Changes of assumptions or other inputs	-	4,417,506	
Benefit payments, including refunds of employee contributions	(1,993,041)	(2,309,869)	
Net change in total pension liability	\$ 1,302,898	\$ 6,120,633	
Total pension liability - beginning	41,256,413	35,135,780	
Total pension liability - ending (a)	<u>\$ 42,559,311</u>	<u>\$ 41,256,413</u>	
Plan fiduciary net position			
Contributions - employer	\$ 1,632,224	\$ 1,604,579	
Contributions - employee	559,645	539,514	
Net investment income	598,261	1,965,995	
Benefit payments, including refunds of employee contributions	(1,993,041)	(2,309,869)	
Administrative expense	(14,978)		
Other changes	(101,064)	(782,663)	
Net change in plan fiduciary net position	\$ 681,047	\$ 1,017,556	
Plan fiduciary net position - beginning	16,213,392	15,195,836	
Plan fiduciary net position - ending (b)	<u>\$ 16,894,439</u>	<u>\$ 16,213,392</u>	
City's net pension liability (asset) - ending (a) - (b)	<u>\$ 25,664,872</u>	<u>\$ 25,043,021</u>	



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 (Continued)  
June 30, 2016

PSPRS - Police	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability	39.70%	39.30%	Information not available
Covered payroll	\$ 4,921,524	\$ 5,253,946	
City's net pension liability (asset) as a percentage of covered payroll	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 (Continued)  
June 30, 2016

PSPRS - Fire	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Total pension liability			
Service cost	\$ 872,432	\$ 817,489	Information not available
Interest on the total pension liability	1,899,792	1,586,947	
Changes on benefit terms	-	346,208	
Differences between expected and actual experience in the measurement of the pension liability	(825,229)	288,360	
Changes of assumptions or other inputs	-	1,859,876	
Benefit payments, including refunds of employee contributions	(958,739)	(923,381)	
Net change in total pension liability	\$ 988,256	\$ 3,975,499	
Total pension liability - beginning	24,244,327	20,268,828	
Total pension liability - ending (a)	<u>\$ 25,232,583</u>	<u>\$ 24,244,327</u>	
Plan fiduciary net position			
Contributions - employer	\$ 968,712	\$ 991,261	
Contributions - employee	618,303	555,093	
Net investment income	494,059	1,538,450	
Benefit payments, including refunds of employee contributions	(958,739)	(923,381)	
Administrative expense	(12,443)	-	
Other changes	16,979	(331,791)	
Net change in plan fiduciary net position	\$ 1,126,871	\$ 1,829,632	
Plan fiduciary net position - beginning	13,204,149	11,374,517	
Plan fiduciary net position - ending (b)	<u>\$ 14,331,020</u>	<u>\$ 13,204,149</u>	
City's net pension liability (asset) - ending (a) - (b)	<u>\$ 10,901,563</u>	<u>\$ 11,040,178</u>	

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, 2016

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

CITY OF CASA GRANDE, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY PENSION CONTRIBUTIONS  
June 30, 2016

Arizona Retirement System

	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 1,504,184	\$ 1,246,572	\$ 1,387,493	Information not available
City's contributions in relation to the statutorily required contribution	1,504,184	1,246,572	1,387,493	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered payroll	\$ 13,863,447	\$ 11,457,463	\$ 12,967,224	
City's contributions as a percentage of covered payroll	10.85%	10.88%	10.70%	

PSPRS - Police

	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 2,341,546	\$ 1,825,522	\$ 1,664,257	Information not available
City's contributions in relation to the statutorily required contribution	2,341,546	1,825,522	1,664,257	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered payroll	\$ 5,587,082	\$ 5,733,423	\$ 5,532,769	
City's contributions as a percentage of covered payroll	41.91%	31.84%	30.08%	

PSPRS - Fire

	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Statutorily required contribution	\$ 1,248,349	\$ 924,690	\$ 920,873	Information not available
City's contributions in relation to the statutorily required contribution	1,248,349	924,690	920,873	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered payroll	\$ 4,592,896	\$ 4,163,395	\$ 4,315,244	
City's contributions as a percentage of covered payroll	27.18%	22.21%	21.34%	

CITY OF CASA GRANDE, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO PENSION PLAN SCHEDULES  
June 30, 2016

NOTE 1 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2016, the City implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

NOTE 2 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	Individual entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	8.00%, net of investment and administrative expenses
Projected salary increases	5.00% to 9.00% including inflation
includes inflation at	3.0% - 4.0% --approximate
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females)

NOTE 3 FACTORS THAT AFFECT TRENDS

Changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

CITY OF CASA GRANDE, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2016

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						
6/30/2015	\$ 17,289,337	\$ 42,559,331	\$ 25,269,974	40.6%	\$ 4,921,524	513.5%
6/30/2014	16,441,370	41,256,413	24,815,043	39.9%	5,253,943	472.3%
6/30/2013	16,999,345	35,135,780	18,136,435	48.4%	5,248,916	345.5%
PSPRS Fire						
6/30/2015	\$ 14,666,000	\$ 25,232,583	\$ 10,566,583	58.1%	\$ 4,192,804	252.0%
6/30/2014	13,389,814	24,244,327	10,854,513	55.2%	4,550,140	238.6%
6/30/2013	12,719,418	20,268,828	7,549,410	62.8%	4,231,402	178.4%

CITY OF CASA GRANDE, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2016

NOTE 1 FACTORS THAT AFFECT TRENDS

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.



City of  
Casa Grande



# Other Supplementary Information

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Non-Major Government Funds

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CITY OF CASA GRANDE, ARIZONA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	Special Revenue			
	Municipal Airport	Parks Develop.	Redevelop- ment	Senior Services
ASSETS				
Cash	\$ 200	\$ 78,048	\$ 393,127	\$ -
Investments	-	915,562	-	-
Receivables (less allowance for uncollectibles)	37,911	3,332	2,609	4,041
Due from other governments	-	-	-	72,579
Inventory	59,867	-	-	-
Restricted assets: cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 97,978</u>	<u>\$ 996,942</u>	<u>\$ 395,736</u>	<u>\$ 76,620</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 6,965	\$ -	\$ 22	\$ -
Accrued wages and benefits	2,805	-	-	2,159
Due to other funds	573,566	-	-	86,015
Total liabilities	<u>583,336</u>	<u>-</u>	<u>22</u>	<u>88,174</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	8,800
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,800</u>
FUND BALANCES				
Nonspendable	59,867	-	-	-
Restricted	-	-	395,714	-
Committed	-	-	-	-
Assigned	-	996,942	-	-
Unassigned	(545,225)	-	-	(20,354)
Total fund balances	<u>(485,358)</u>	<u>996,942</u>	<u>395,714</u>	<u>(20,354)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,978</u>	<u>\$ 996,942</u>	<u>\$ 395,736</u>	<u>\$ 76,620</u>

Special Revenue						
Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ -	\$ 77,544	\$ 21,042	\$ 304,236	\$ 148,303	\$ -	\$ 1,991
-	-	-	-	130,223	-	110,630
29,775	-	-	256,675	336	416,946	371
-	92,669	-	-	5,492	67,211	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 29,775</u>	<u>\$ 170,213</u>	<u>\$ 21,042</u>	<u>\$ 560,911</u>	<u>\$ 284,354</u>	<u>\$ 484,157</u>	<u>\$ 112,992</u>
\$ -	\$ 11,851	\$ -	\$ 15,904	\$ 4,460	\$ 33,079	\$ -
-	3,615	-	-	267	259	64
3,790	-	-	-	-	52,268	-
<u>3,790</u>	<u>15,466</u>	<u>-</u>	<u>15,904</u>	<u>4,727</u>	<u>85,606</u>	<u>64</u>
-	12,105	-	256,675	-	2	-
-	12,105	-	256,675	-	2	-
-	-	-	-	-	-	-
-	142,642	-	-	279,627	398,549	112,928
-	-	-	-	-	-	-
25,985	-	21,042	288,332	-	-	-
-	-	-	-	-	-	-
<u>25,985</u>	<u>142,642</u>	<u>21,042</u>	<u>288,332</u>	<u>279,627</u>	<u>398,549</u>	<u>112,928</u>
<u>\$ 29,775</u>	<u>\$ 170,213</u>	<u>\$ 21,042</u>	<u>\$ 560,911</u>	<u>\$ 284,354</u>	<u>\$ 484,157</u>	<u>\$ 112,992</u>

CITY OF CASA GRANDE, ARIZONA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 June 30, 2016

	Special Revenue		Debt Service	
	Tribal Housing	Home	Debt Service	General Obligations
ASSETS				
Cash	\$ 95,985	\$ -	\$ 320	\$ 81,166
Investments	-	-	-	4,764,352
Receivables (less allowance for uncollectibles)	-	-	51,732	33,748
Due from other governments	-	142,455	38,378	-
Inventory	-	-	-	-
Restricted assets: cash and cash equivalents	-	-	-	501,876
Total assets	<u>\$ 95,985</u>	<u>\$ 142,455</u>	<u>\$ 90,430</u>	<u>\$ 5,381,142</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 27,291	\$ 15,845	\$ -	\$ -
Accrued wages and benefits	-	260	-	-
Due to other funds	-	127,165	-	-
Total liabilities	<u>27,291</u>	<u>143,270</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	68,694	-	90,430	5,381,142
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(815)	-	-
Total fund balances	<u>68,694</u>	<u>(815)</u>	<u>90,430</u>	<u>5,381,142</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,985</u>	<u>\$ 142,455</u>	<u>\$ 90,430</u>	<u>\$ 5,381,142</u>

Debt Service	Capital Improvements		Total Nonmajor Governmental Funds
Excise Bonds	Airport Improvements	Community Facilities	
\$ -	\$ 202,624	\$ 598,916	\$ 2,003,502
-	-	-	5,920,767
-	-	993	838,469
-	92,746	-	511,530
-	-	-	59,867
-	-	471,642	973,518
<u>\$ -</u>	<u>\$ 295,370</u>	<u>\$ 1,071,551</u>	<u>\$ 10,307,653</u>
 \$ -	 \$ 99,107	 \$ 16,415	 \$ 230,939
-	-	-	9,429
68,735	-	-	911,539
<u>68,735</u>	<u>99,107</u>	<u>16,415</u>	<u>1,151,907</u>
 -	 92,746	 -	 370,328
-	92,746	-	370,328
-	-	-	59,867
-	103,517	1,055,136	8,028,379
-	-	-	-
-	-	-	1,332,301
(68,735)	-	-	(635,129)
<u>(68,735)</u>	<u>103,517</u>	<u>1,055,136</u>	<u>8,785,418</u>
 \$ -	 \$ 295,370	 \$ 1,071,551	 \$ 10,307,653

CITY OF CASA GRANDE, ARIZONA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2016

	Special Revenue			
	Municipal Airport	Parks Develop.	Redevelop- ment	Senior Services
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Intergovernmental revenues	-	-	-	241,663
Charges for services	522,237	-	-	31,595
Investment earnings	-	2,115	-	-
Contributions and donations	-	-	-	11,455
Rental and sale of city property	227,903	45,125	33,303	-
Miscellaneous	1,200	-	-	1
Total revenues	<u>751,340</u>	<u>47,240</u>	<u>33,303</u>	<u>284,714</u>
EXPENDITURES				
Current:				
General government	-	-	239	9,395
Public safety	-	-	-	-
Culture and recreation	-	6,562	-	332,880
Economic development	611,913	-	-	-
Capital outlay	-	4,000	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>611,913</u>	<u>10,562</u>	<u>239</u>	<u>342,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>139,427</u>	<u>36,678</u>	<u>33,064</u>	<u>(57,561)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	362,650	37,207
Transfers out	(68,300)	-	-	-
Issuance of debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources and uses	<u>(68,300)</u>	<u>-</u>	<u>362,650</u>	<u>37,207</u>
Net change in fund balances	<u>71,127</u>	<u>36,678</u>	<u>395,714</u>	<u>(20,354)</u>
Fund balances - beginning of year	<u>(556,485)</u>	<u>960,264</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ (485,358)</u>	<u>\$ 996,942</u>	<u>\$ 395,714</u>	<u>\$ (20,354)</u>

Special Revenue						
Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
262,813	-	-	-	-	-	-
-	463,050	-	-	-	187,795	-
-	-	-	16,413	185,432	22,453	12,321
305	-	-	-	305	-	274
-	-	-	-	-	-	-
-	-	9,000	182,050	-	-	-
-	-	-	-	-	-	-
263,118	463,050	9,000	198,463	185,737	210,248	12,595
-	-	-	-	-	-	417
-	277,033	-	-	74,875	-	-
100,000	59,734	2,852	206,662	-	-	-
-	8,795	-	-	-	148,213	19,678
-	45,630	-	-	-	31,047	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
100,000	391,192	2,852	206,662	74,875	179,260	20,095
163,118	71,858	6,148	(8,199)	110,862	30,988	(7,500)
-	-	14,894	295,000	-	-	-
(360,800)	(216,130)	-	-	(50,000)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(360,800)	(216,130)	14,894	295,000	(50,000)	-	-
(197,682)	(144,272)	21,042	286,801	60,862	30,988	(7,500)
223,667	286,914	-	1,531	218,765	367,561	120,428
<u>\$ 25,985</u>	<u>\$ 142,642</u>	<u>\$ 21,042</u>	<u>\$ 288,332</u>	<u>\$ 279,627</u>	<u>\$ 398,549</u>	<u>\$ 112,928</u>

CITY OF CASA GRANDE, ARIZONA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 Year Ended June 30, 2016

	Special Revenue		Debt Service	
	Tribal Housing	Home	Debt Service	General Obligations
REVENUES				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ 2,277,356
Sales Tax	-	-	-	-
Intergovernmental revenues	178,344	199,508	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	9,203
Contributions and donations	-	-	-	-
Rental and sale of city property	-	-	-	-
Miscellaneous	-	-	269,611	-
Total revenues	<u>178,344</u>	<u>199,508</u>	<u>269,611</u>	<u>2,286,559</u>
EXPENDITURES				
Current:				
General government	50,000	-	1,250	3,250
Public safety	27,204	-	-	-
Culture and recreation	-	-	-	-
Planning and economic development	55,746	199,767	-	-
Capital outlay	69,771	-	-	-
Debt service:				
Bond issuance costs	-	-	-	337,270
Principal	-	-	543,784	700,000
Interest and fiscal charges	-	-	317,924	863,710
Total expenditures	<u>202,721</u>	<u>199,767</u>	<u>862,958</u>	<u>1,904,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,377)</u>	<u>(259)</u>	<u>(593,347)</u>	<u>382,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	69,771	-	526,255	26,312
Transfers out	-	-	-	-
Issuance of debt	-	-	-	21,339,014
Payment to escrow agent	-	-	-	(20,657,479)
Total other financing sources and uses	<u>69,771</u>	<u>-</u>	<u>526,255</u>	<u>707,847</u>
Net change in fund balances	45,394	(259)	(67,092)	1,090,176
Fund balances - beginning of year	<u>23,300</u>	<u>(556)</u>	<u>157,522</u>	<u>4,290,966</u>
Fund balances - end of year	<u>\$ 68,694</u>	<u>\$ (815)</u>	<u>\$ 90,430</u>	<u>\$ 5,381,142</u>



Debt Service	Capital Improvements		Total
Excise Bonds	Airport Improvements	Community Facilities	Nonmajor Governmental Funds
\$ -	\$ -	510,013	\$ 2,787,369
-	-	-	262,813
-	66,262	-	1,336,622
-	-	-	790,451
-	-	-	12,202
-	-	-	11,455
-	-	-	497,381
36	-	-	270,848
<u>36</u>	<u>66,262</u>	<u>510,013</u>	<u>5,969,141</u>
3,400	-	19,057	87,008
-	-	-	379,112
-	-	-	708,690
-	10,240	-	1,054,352
-	122,536	4,400	277,384
-	-	-	337,270
802,755	-	725,000	2,771,539
877,599	-	222,508	2,281,741
<u>1,683,754</u>	<u>132,776</u>	<u>970,965</u>	<u>7,897,096</u>
<u>(1,683,718)</u>	<u>(66,514)</u>	<u>(460,952)</u>	<u>(1,927,955)</u>
1,599,607	12,698	-	2,944,394
-	-	(75,700)	(770,930)
-	-	-	21,339,014
-	-	-	(20,657,479)
<u>1,599,607</u>	<u>12,698</u>	<u>(75,700)</u>	<u>2,854,999</u>
(84,111)	(53,816)	(536,652)	927,044
<u>15,376</u>	<u>157,333</u>	<u>1,591,788</u>	<u>7,858,374</u>
<u>\$ (68,735)</u>	<u>\$ 103,517</u>	<u>\$ 1,055,136</u>	<u>\$ 8,785,418</u>



City of  
Casa Grande

# Other Supplementary Information

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## **BUDGETARY COMPARISON SCHEDULES**

GENERAL FUND LEGAL AND OTHER MAJOR  
GOVERNMENTAL FUNDS

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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - LEGAL LEVEL BUDGET COMPLIANCE  
Year Ended June 30, 2016

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Current:				
General Government				
Mayor and Council				
Personnel services	\$ 124,600	\$ 124,600	\$ 99,286	\$ 25,314
Other expenditures	480,100	480,100	365,587	114,513
City Manager				
Personnel services	833,100	833,100	901,310	(68,210)
Other expenditures	288,700	288,700	210,351	78,349
Attorney				
Personnel services	811,400	811,400	831,930	(20,530)
Other expenditures	65,400	65,400	58,726	6,674
Clerk				
Personnel services	311,500	311,500	327,283	(15,783)
Other expenditures	129,700	129,700	81,685	48,015
Finance/Information technology				
Personnel services	1,844,300	1,844,300	1,825,176	19,124
Other expenditures	1,424,300	1,424,300	1,296,786	127,514
Human Resources				
Personnel services	410,400	410,400	412,022	(1,622)
Other expenditures	204,400	204,400	164,561	39,839
Administrative Services				
Other expenditures	1,520,700	1,520,700	929,348	591,352
Public Safety				
Police				
Personnel services	11,182,600	11,182,600	11,373,824	(191,224)
Other expenditures	1,618,100	1,618,100	1,583,331	34,769
Fire				
Personnel services	7,124,400	7,124,400	6,872,935	251,465
Other expenditures	1,357,600	1,357,600	1,170,710	186,890
Court				
Personnel services	533,000	533,000	511,101	21,899
Other expenditures	127,700	127,700	131,665	(3,965)
Animal Control				
Personnel services	315,200	315,200	297,920	17,280
Other expenditures	118,600	118,600	123,998	(5,398)
Communications				
Personnel services	1,475,000	1,475,000	1,172,676	302,324
Other expenditures	327,900	327,900	281,900	46,000
Public Works				
Personnel services	1,242,300	1,242,300	1,152,962	89,338
Other expenditures	150,600	150,600	133,486	17,114
Culture and Recreation				
Personnel services	3,397,800	3,397,800	3,406,717	(8,917)
Other expenditures	2,602,100	2,602,100	2,431,972	170,128
Planning and Economic Development				
Personnel services	1,674,400	1,674,400	1,625,046	49,354
Other expenditures	326,900	326,900	181,594	145,306
Capital outlay	1,747,100	1,747,100	951,185	795,915
Transfers out	3,855,700	3,855,700	3,951,425	(95,725)
Total expenditures	<u>\$ 47,625,600</u>	<u>\$ 47,625,600</u>	<u>\$ 44,858,498</u>	<u>\$ 2,767,102</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 8,500	\$ 8,500	\$ 318,724	310,224
Intergovernmental revenue	5,688,100	5,688,100	-	(5,688,100)
Rental and sale of city property	50,000	50,000	68,312	18,312
Construction sales tax	2,005,000	2,005,000	1,999,591	(5,409)
Total revenues	<u>7,751,600</u>	<u>7,751,600</u>	<u>2,386,627</u>	<u>(5,364,973)</u>
EXPENDITURES				
Capital outlay	44,162,200	44,162,200	2,312,571	41,849,629
Debt Service:				
Bond issuance costs	-	-	194,000	(194,000)
Total expenditures	<u>44,162,200</u>	<u>44,162,200</u>	<u>2,506,571</u>	<u>41,655,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,410,600)</u>	<u>(36,410,600)</u>	<u>(119,944)</u>	<u>(47,020,602)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,448,700	3,448,700	3,448,700	-
Transfers out	(9,375,700)	(9,375,700)	(799,700)	8,576,000
Issuance of debt	16,000,000	16,000,000	16,336,226	336,226
Total other financing sources and uses	<u>10,073,000</u>	<u>10,073,000</u>	<u>18,985,226</u>	<u>8,912,226</u>
Net change in fund balance	(26,337,600)	(26,337,600)	18,865,282	45,202,882
Fund balance - beginning of year	<u>26,689,037</u>	<u>26,689,037</u>	<u>26,689,037</u>	<u>-</u>
Fund balance - end of year	<u>\$ 351,437</u>	<u>\$ 351,437</u>	<u>\$ 45,554,319</u>	<u>45,202,882</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 975,400	\$ 975,400	\$ 1,269,777	\$ 294,377
Investment earnings	5,100	5,100	49,402	44,302
Total revenues	980,500	980,500	1,319,179	338,679
EXPENDITURES				
Current:				
General government	70,000	70,000	-	70,000
Capital outlay	8,753,300	8,753,300	1,154,095	7,599,205
Total expenditures	8,823,300	8,823,300	1,154,095	7,669,205
Excess (deficiency) of revenues over (under) expenditures	(7,842,800)	(7,842,800)	165,084	8,007,884
OTHER FINANCING SOURCES ( USES)				
Transfers in	33,200	33,200	5,370,196	5,336,996
Transfers out	(87,000)	(87,000)	(5,453,869)	(5,366,869)
Total other financing sources and uses	(53,800)	(53,800)	(83,673)	(29,873)
Net change in fund balance	(7,896,600)	(7,896,600)	81,411	7,978,011
Fund balance - beginning of year	21,684,293	21,684,293	21,684,293	-
Fund balance - end of year	\$ 13,787,693	\$ 13,787,693	\$ 21,765,704	\$ 7,978,011



City of  
Casa Grande



# Other Supplementary Information

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## BUDGETARY COMPARISON SCHEDULES

### NON-MAJOR GOVERNMENTAL FUNDS

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City of  
Casa Grande

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charge for service	\$ 607,500	\$ 607,500	\$ 522,237	\$ (85,263)
Rental and sale of city property	235,600	235,600	227,903	(7,697)
Miscellaneous	1,000	1,000	1,200	200
Total revenues	<u>844,100</u>	<u>844,100</u>	<u>751,340</u>	<u>(92,760)</u>
EXPENDITURES				
Current:				
Planning and Economic Development	767,500	767,500	611,913	155,587
Capital outlay	1,000,000	1,000,000	-	1,000,000
Total expenditures	<u>1,767,500</u>	<u>1,767,500</u>	<u>611,913</u>	<u>1,155,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(923,400)</u>	<u>(923,400)</u>	<u>139,427</u>	<u>1,062,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(68,300)	(68,300)	(68,300)	-
Proceeds from obligations	1,000,000	1,000,000	-	(1,000,000)
Total other financing sources and uses	<u>931,700</u>	<u>931,700</u>	<u>(68,300)</u>	<u>(1,000,000)</u>
Net change in fund balance	8,300	8,300	71,127	62,827
Fund balance - beginning of year	<u>(556,485)</u>	<u>(556,485)</u>	<u>(556,485)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (548,185)</u>	<u>\$ (548,185)</u>	<u>\$ (485,358)</u>	<u>\$ 62,827</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and sale of City property	\$ 16,600	\$ 16,600	\$ 45,125	\$ 28,525
Investment earnings	300	300	2,115	1,815
Total revenues	<u>16,900</u>	<u>16,900</u>	<u>47,240</u>	<u>30,340</u>
EXPENDITURES				
Current:				
Culture and recreation	9,500	9,500	6,562	2,938
Capital outlay	<u>953,100</u>	<u>953,100</u>	<u>4,000</u>	<u>949,100</u>
Total expenditures	<u>962,600</u>	<u>962,600</u>	<u>10,562</u>	<u>952,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(945,700)</u>	<u>(945,700)</u>	<u>36,678</u>	<u>982,378</u>
Fund balance - beginning of year	<u>960,264</u>	<u>960,264</u>	<u>960,264</u>	<u>-</u>
Fund balance - end of year	<u>\$ 14,564</u>	<u>\$ 14,564</u>	<u>\$ 996,942</u>	<u>\$ 982,378</u>

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Rental and sale of city property	\$ 30,000	\$ 30,000	\$ 33,303	\$ 3,303
Total revenues	30,000	30,000	33,303	3,303
EXPENDITURES				
Current:				
General Government:	-	-	239	(239)
Capital outlay	1,088,200	1,088,200	-	1,088,200
Total expenditures	1,088,200	1,088,200	239	1,087,961
Excess (deficiency) of revenues over (under) expenditures	(1,058,200)	(1,058,200)	33,064	1,091,264
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	362,650	362,650
Total other financing sources and uses	-	-	362,650	362,650
Net change in fund balances	(1,058,200)	(1,058,200)	395,714	1,453,914
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ (1,058,200)	\$ (1,058,200)	\$ 395,714	\$ 1,453,914

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 152,300	\$ 152,300	\$ 241,663	\$ 89,363
Charges for services	45,000	45,000	31,595	(13,405)
Contributions and donations	3,100	3,100	11,456	8,356
Total revenues	<u>200,400</u>	<u>200,400</u>	<u>284,714</u>	<u>84,314</u>
EXPENDITURES				
Current:				
General government:	-	-	9,395	(9,395)
Culture and recreation:	368,500	368,500	332,880	35,620
Total expenditures	<u>368,500</u>	<u>368,500</u>	<u>342,275</u>	<u>26,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(168,100)</u>	<u>(168,100)</u>	<u>(57,561)</u>	<u>110,539</u>
OTHER FINANCING USES				
Transfers in	168,100	168,100	37,207	(130,893)
Total other financing sources and uses	<u>168,100</u>	<u>168,100</u>	<u>37,207</u>	<u>(130,893)</u>
Net change in fund balance	-	-	(20,354)	(20,354)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ (168,100)</u>	<u>\$ (20,354)</u>	<u>\$ (147,746)</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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
City sales taxes	\$ 250,000	\$ 250,000	\$ 262,813	\$ 12,813
Investment earnings	200	200	305	105
Total revenues	250,200	250,200	263,118	12,918
EXPENDITURES				
Current:				
Culture and recreation:	100,000	100,000	100,000	-
Total expenditures	100,000	100,000	100,000	-
Excess (deficiency) of revenues over (under) expenditures	150,200	150,200	163,118	12,918
OTHER FINANCING USES				
Transfers out	(360,800)	(360,800)	(360,800)	-
Total other financing sources and uses	(360,800)	(360,800)	(360,800)	-
Net change in fund balance	(210,600)	(210,600)	(197,682)	12,918
Fund balance - beginning of year	223,667	223,667	223,667	-
Fund balance - end of year	\$ 13,067	\$ 13,067	\$ 25,985	\$ 12,918

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 295,600	\$ 295,600	\$ 463,050	\$ 167,450
Total revenues	<u>295,600</u>	<u>295,600</u>	<u>463,050</u>	<u>167,450</u>
EXPENDITURES				
Current:				
Public safety:	122,100	122,100	277,033	(154,933)
Planning and Economic Development:	10,000	10,000	8,795	1,205
Culture and recreation:	59,400	59,400	59,734	(334)
Capital outlay	104,100	104,100	45,630	58,470
Total expenditures	<u>295,600</u>	<u>295,600</u>	<u>391,192</u>	<u>(95,592)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>71,858</u>	<u>71,858</u>
OTHER FINANCING SOURCES				
Transfers out	-	-	(216,130)	(216,130)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(216,130)</u>	<u>(216,130)</u>
Net change in fund balance	-	-	(144,272)	(144,272)
Fund balance - beginning of year	<u>286,914</u>	<u>286,914</u>	<u>286,914</u>	<u>-</u>
Fund balance - end of year	<u>\$ 286,914</u>	<u>\$ 286,914</u>	<u>\$ 142,642</u>	<u>\$ (144,272)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and sale of city property	\$ 5,000	\$ 5,000	\$ 9,000	\$ 4,000
Total revenues	5,000	5,000	9,000	4,000
EXPENDITURES				
Current:				
Culture and recreation:	5,000	5,000	2,852	2,148
Total expenditures	5,000	5,000	2,852	2,148
Excess (deficiency) of revenues over (under) expenditures	-	-	6,148	6,148
OTHER FINANCING SOURCES				
Transfers in	-	-	14,894	14,894
Total other financing sources and uses	-	-	14,894	14,894
Net change in fund balance	-	-	21,042	21,042
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ 21,042	\$ 21,042

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charges for services	\$ 44,000	\$ 44,000	\$ 16,413	(27,587)
Rental and sale of city property	100,000	100,000	182,050	82,050
Total revenues	144,000	144,000	198,463	54,463
EXPENDITURES				
Current:				
Culture and recreation:	194,700	194,700	206,662	(11,962)
Total expenditures	194,700	194,700	206,662	(11,962)
Excess (deficiency) of revenues over (under) expenditures	(50,700)	(50,700)	(8,199)	42,501
OTHER FINANCING USES				
Transfers in	295,000	295,000	295,000	-
Total other financing uses	295,000	295,000	295,000	-
Net change in fund balance	244,300	244,300	286,801	42,501
Fund balance - beginning of year	1,531	1,531	1,531	-
Fund balance - end of year	\$ 245,831	\$ 245,831	\$ 288,332	\$ 42,501

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Charges for services	\$ 103,300	\$ 103,300	\$ 118,604	\$ 15,304
Fines	66,000	66,000	66,828	828
Investment earnings	-	-	305	305
Total revenues	<u>169,300</u>	<u>169,300</u>	<u>185,737</u>	<u>16,437</u>
EXPENDITURES				
Current:				
Public safety:	132,600	132,600	74,875	57,725
Capital outlay	<u>169,100</u>	<u>169,100</u>	-	<u>169,100</u>
Total expenditures	<u>301,700</u>	<u>301,700</u>	<u>74,875</u>	<u>226,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,400)</u>	<u>(132,400)</u>	<u>110,862</u>	<u>243,262</u>
OTHER FINANCING USES				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	-
Total other financing uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	-
Net change in fund balance	(182,400)	(182,400)	60,862	243,262
Fund balance - beginning of year	<u>218,765</u>	<u>218,765</u>	<u>218,765</u>	-
Fund balance - end of year	<u>\$ 36,365</u>	<u>\$ 36,365</u>	<u>\$ 279,627</u>	<u>\$ 243,262</u>

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 421,500	\$ 421,500	\$ 187,795	\$ (233,705)
Charges for services	57,000	57,000	22,453	(34,547)
Total revenues	<u>478,500</u>	<u>478,500</u>	<u>210,248</u>	<u>(268,252)</u>
EXPENDITURES				
Current:				
Planning and Economic Development:	386,500	386,500	148,213	238,287
Capital outlay	<u>92,000</u>	<u>92,000</u>	<u>31,047</u>	<u>60,953</u>
Total expenditures	<u>478,500</u>	<u>478,500</u>	<u>179,260</u>	<u>299,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>30,988</u>	<u>30,988</u>
Fund balance - beginning of year	<u>367,561</u>	<u>367,561</u>	<u>367,561</u>	<u>-</u>
Fund balance - end of year	<u>\$ 367,561</u>	<u>\$ 367,561</u>	<u>\$ 398,549</u>	<u>\$ 30,988</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 15,000	\$ 15,000	\$ 12,321	\$ (2,679)
Investment earnings	-	-	274	274
Total revenues	15,000	15,000	12,595	(2,405)
EXPENDITURES				
Current:				
General government:	-	-	417	(417)
Planning and Economic Development:	133,000	133,000	19,678	113,322
Total expenditures	133,000	133,000	20,095	112,905
Excess (deficiency) of revenues over (under) expenditures	(118,000)	(118,000)	(7,500)	110,500
Fund balance - beginning of year	120,428	120,428	120,428	-
Fund balance - end of year	\$ 2,428	\$ 2,428	\$ 112,928	\$ 110,500

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 200,700	\$ 200,700	\$ 178,344	\$ (22,356)
Total revenues	<u>200,700</u>	<u>200,700</u>	<u>178,344</u>	<u>(22,356)</u>
EXPENDITURES				
Current:				
General government:	50,000	50,000	50,000	-
Planning and Economic Development:	60,300	60,300	55,746	4,554
Public safety:	90,400	90,400	27,204	63,196
Capital outlay	68,500	68,500	69,771	(1,271)
Total expenditures	<u>269,200</u>	<u>269,200</u>	<u>202,721</u>	<u>66,479</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68,500)</u>	<u>(68,500)</u>	<u>(24,377)</u>	<u>(44,123)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	69,771	69,771
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>69,771</u>	<u>69,771</u>
Net change in fund balance	(68,500)	(68,500)	45,394	113,894
Fund balance - beginning of year	<u>23,300</u>	<u>23,300</u>	<u>23,300</u>	<u>-</u>
Fund balance - end of year	<u>\$ (45,200)</u>	<u>\$ (45,200)</u>	<u>\$ 68,694</u>	<u>\$ 113,894</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 275,000	\$ 275,000	\$ 199,508	\$ (75,492)
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>199,508</u>	<u>(75,492)</u>
EXPENDITURES				
Current:				
Planning and Economic Development:	275,000	275,000	199,767	75,233
Total expenditures	<u>275,000</u>	<u>275,000</u>	<u>199,767</u>	<u>75,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(259)</u>	<u>(259)</u>
Fund balance - beginning of year	<u>(556)</u>	<u>(556)</u>	<u>(556)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (556)</u>	<u>\$ (556)</u>	<u>\$ (815)</u>	<u>\$ (259)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous revenues	\$ 82,000	\$ 82,000	\$ 269,611	\$ 187,611
Total revenues	82,000	82,000	269,611	187,611
EXPENDITURES				
Current:				
General government:	-	-	1,250	(1,250)
Debt Service:				
Principal retirement	544,000	544,000	543,784	216
Interest	318,200	318,200	317,924	276
Total expenditures	862,200	862,200	862,958	(758)
Excess (deficiency) of revenues over (under) expenditures	(780,200)	(780,200)	(593,347)	186,853
OTHER FINANCING SOURCES (USES)				
Transfers in	482,600	482,600	526,255	43,655
Total other financing sources and uses	482,600	482,600	526,255	43,655
Net change in fund balance	(297,600)	(297,600)	(67,092)	230,508
Fund balance - beginning of year	157,522	157,522	157,522	-
Fund balance - end of year	\$ (140,078)	\$ (140,078)	\$ 90,430	\$ 230,508



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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,110,300	\$ 2,110,300	\$ 2,277,356	\$ 167,056
Investment earnings	-	-	9,203	9,203
Total revenues	<u>2,110,300</u>	<u>2,110,300</u>	<u>2,286,559</u>	<u>176,259</u>
EXPENDITURES				
Current:				
General government:	4,000	4,000	3,250	750
Capital outlay	4,496,600	4,496,600	-	4,496,600
Debt Service				
Bond issuance costs	-	-	337,270	(337,270)
Principal retirement	700,100	700,100	700,000	100
Interest	1,021,900	1,021,900	863,710	158,190
Total expenditures	<u>6,222,600</u>	<u>6,222,600</u>	<u>1,904,230</u>	<u>4,318,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,112,300)</u>	<u>(4,112,300)</u>	<u>382,329</u>	<u>4,494,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	26,312	26,312
Issuance of debt	-	-	21,339,014	21,339,014
Payment to escrow agent	-	-	(20,657,479)	(20,657,479)
Total other financing uses	<u>-</u>	<u>-</u>	<u>707,847</u>	<u>707,847</u>
Net change in fund balance	<u>(4,112,300)</u>	<u>(4,112,300)</u>	<u>1,090,176</u>	<u>5,202,476</u>
Fund balance - beginning of year	<u>4,290,966</u>	<u>4,290,966</u>	<u>4,290,966</u>	<u>-</u>
Fund balance - end of year	<u>\$ 178,666</u>	<u>\$ 178,666</u>	<u>\$ 5,381,142</u>	<u>\$ 5,202,476</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 36	\$ 36
Total revenues	-	-	36	36
EXPENDITURES				
Current:				
General government:	4,000	4,000	3,400	600
Debt Service				
Principal retirement	740,000	740,000	802,755	(62,755)
Interest	841,900	841,900	877,599	(35,699)
Total expenditures	1,585,900	1,585,900	1,683,754	(97,854)
Excess (deficiency) of revenues over (under) expenditures	(1,585,900)	(1,585,900)	(1,683,718)	(97,818)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,585,900	1,585,900	1,599,607	13,707
Total other financing sources and uses	1,585,900	1,585,900	1,599,607	13,707
Net change in fund balance	-	-	(84,111)	(84,111)
Fund balance - beginning of year	15,376	15,376	15,376	-
Fund balance - end of year	\$ 15,376	\$ 15,376	\$ (68,735)	\$ (84,111)

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, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Intergovernmental revenues	\$ 628,100	\$ 628,100	\$ 66,262	\$ (561,838)
Total revenues	628,100	628,100	66,262	(561,838)
EXPENDITURES				
Current:				
Planning and Economic Development:	-	-	10,240	(10,240)
Capital outlay	689,200	689,200	122,536	566,664
Total expenditures	689,200	689,200	132,776	556,424
Excess (deficiency) of revenues over (under) expenditures	(61,100)	(61,100)	(66,514)	(5,414)
OTHER FINANCING SOURCES				
Transfers in	58,500	58,500	12,698	(45,802)
Total other financing sources	58,500	58,500	12,698	(45,802)
Net change in fund balance	(2,600)	(2,600)	(53,816)	(51,216)
Fund balance - beginning of year	157,333	157,333	157,333	-
Fund balance - end of year	\$ 154,733	\$ 154,733	\$ 103,517	\$ (51,216)

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property tax	\$ 493,800	\$ 493,800	\$ 510,013	\$ 16,213
Contributions and donations	29,800	29,800	-	(29,800)
Total revenues	<u>523,600</u>	<u>523,600</u>	<u>510,013</u>	<u>(13,587)</u>
EXPENDITURES				
Current:				
General government:	41,000	41,000	19,057	21,943
Capital outlay	1,634,400	1,634,400	4,400	1,630,000
Debt Service				
Principal retirement	120,000	120,000	725,000	(605,000)
Interest	<u>232,000</u>	<u>232,000</u>	<u>222,508</u>	<u>9,492</u>
Total expenditures	<u>2,027,400</u>	<u>2,027,400</u>	<u>970,965</u>	<u>1,056,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,503,800)</u>	<u>(1,503,800)</u>	<u>(460,952)</u>	<u>1,042,848</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(75,700)</u>	<u>(75,700)</u>	<u>(75,700)</u>	-
Total other financing sources and uses	<u>(75,700)</u>	<u>(75,700)</u>	<u>(75,700)</u>	-
Net change in fund balance	(1,579,500)	(1,579,500)	(536,652)	1,042,848
Fund balance - beginning of year	<u>1,591,788</u>	<u>1,591,788</u>	<u>1,591,788</u>	-
Fund balance - end of year	<u>\$ 12,288</u>	<u>\$ 12,288</u>	<u>\$ 1,055,136</u>	<u>\$ 1,042,848</u>

# Other Supplementary Information

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## SCHEDULE OF OPERATIONS

### ENTERPRISE FUNDS

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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
WATER ENTERPRISE FUND  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 251,400	\$ 251,400	\$ 219,824	\$ (31,576)
Miscellaneous	400	400	-	(400)
Total operating revenues	<u>251,800</u>	<u>251,800</u>	<u>219,824</u>	<u>(31,976)</u>
OPERATING EXPENSES:				
Personnel services	21,100	21,100	21,767	(667)
Contractual	251,500	251,500	47,699	203,801
Materials and supplies	481,400	481,400	92,578	388,822
Depreciation	-	-	62,426	(62,426)
Total operating expenses	<u>754,000</u>	<u>754,000</u>	<u>224,470</u>	<u>529,530</u>
Operating income (expense)	<u>(502,200)</u>	<u>(502,200)</u>	<u>(4,646)</u>	<u>(497,554)</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(2,200)	(2,200)	(490)	1,710
Debt Service	<u>(69,400)</u>	<u>(69,400)</u>	<u>-</u>	<u>69,400</u>
Total nonoperating revenues (expenses)	<u>(71,600)</u>	<u>(71,600)</u>	<u>(490)</u>	<u>71,110</u>
Income (loss) before transfers	(573,800)	(573,800)	(5,136)	568,664
Transfers out	<u>(31,200)</u>	<u>(31,200)</u>	<u>(31,200)</u>	<u>-</u>
Net change in Fund Balance	(605,000)	(605,000)	(36,336)	568,664
Fund Balance - beginning of year	<u>944,553</u>	<u>944,553</u>	<u>944,553</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 339,553</u>	<u>\$ 339,553</u>	<u>\$ 908,217</u>	<u>\$ 568,664</u>

CITY OF CASA GRANDE, ARIZONA  
WASTEWATER/DEVELOPMENT ENTERPRISE FUND  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 10,868,800	\$ 10,868,800	\$ 10,241,967	\$ (626,833)
Miscellaneous	5,000	5,000	1,947	(3,053)
Total operating revenues	<u>10,873,800</u>	<u>10,873,800</u>	<u>10,243,914</u>	<u>(629,886)</u>
OPERATING EXPENSES:				
Personnel services	1,018,300	1,018,300	831,184	187,116
Contractual	2,128,700	2,128,700	3,171,476	(1,042,776)
Materials and supplies	15,165,500	15,165,500	1,272,557	13,892,943
Depreciation	-	-	3,318,476	(3,318,476)
Total operating expenses	<u>18,312,500</u>	<u>18,312,500</u>	<u>8,593,693</u>	<u>9,718,807</u>
Operating income (expense)	<u>(7,438,700)</u>	<u>(7,438,700)</u>	<u>1,650,221</u>	<u>(9,088,921)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	3,000	3,000	18,002	15,002
Debt proceeds	1,000,000	1,000,000	-	(1,000,000)
Debt Service - principal payments	(3,241,200)	(3,241,200)	-	3,241,200
Interest expense	(2,221,400)	(2,221,400)	(2,067,545)	153,855
Total nonoperating revenue (expense)	<u>(4,459,600)</u>	<u>(4,459,600)</u>	<u>(2,049,543)</u>	<u>2,410,057</u>
Income (loss) before contributions and transfers	(11,898,300)	(11,898,300)	(399,322)	11,498,978
Developer fees	435,000	435,000	670,238	235,238
Contributions	1,600,000	1,600,000	-	(1,600,000)
Transfers in	8,702,000	8,702,000	-	(8,702,000)
Transfers out	<u>(748,700)</u>	<u>(748,700)</u>	<u>(493,200)</u>	<u>255,500</u>
Net change in Fund Balance	(1,910,000)	(1,910,000)	(222,284)	1,687,716
Fund Balance - beginning of year	<u>49,077,906</u>	<u>49,077,906</u>	<u>49,077,906</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 47,167,906</u>	<u>\$ 47,167,906</u>	<u>\$ 48,855,622</u>	<u>\$ 1,687,716</u>



CITY OF CASA GRANDE, ARIZONA  
SANITATION ENTERPRISE FUND  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 7,519,400	\$ 7,519,400	\$ 7,388,211	\$ (131,189)
Miscellaneous	3,000	3,000	-	(3,000)
Total operating revenues	<u>7,522,400</u>	<u>7,522,400</u>	<u>7,388,211</u>	<u>(134,189)</u>
OPERATING EXPENSES:				
Personnel services	2,584,200	2,584,200	1,875,021	709,179
Contractual	1,090,500	1,090,500	1,814,629	(724,129)
Materials and supplies	2,105,300	2,105,300	697,292	1,408,008
Depreciation	-	-	846,275	(846,275)
Closure and postclosure costs	130,000	130,000	78,658	51,342
Total operating expenses	<u>5,910,000</u>	<u>5,910,000</u>	<u>5,311,875</u>	<u>598,125</u>
Operating income (expense)	<u>1,612,400</u>	<u>1,612,400</u>	<u>2,076,336</u>	<u>(463,936)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1,000	1,000	8,039	7,039
Total nonoperating revenue (expense)	<u>1,000</u>	<u>1,000</u>	<u>8,039</u>	<u>7,039</u>
Income (loss) before transfers	1,613,400	1,613,400	2,084,375	470,975
Transfers out	<u>(1,617,000)</u>	<u>(1,617,000)</u>	<u>(660,100)</u>	<u>956,900</u>
Net change in Fund Balance	(3,600)	(3,600)	1,424,275	1,427,875
Fund Balance - beginning of year	<u>3,036,486</u>	<u>3,036,486</u>	<u>3,036,486</u>	<u>-</u>
Fund Balance - end of year	<u>\$ 3,032,886</u>	<u>\$ 3,032,886</u>	<u>\$ 4,460,761</u>	<u>\$ 1,427,875</u>

CITY OF CASA GRANDE, ARIZONA  
GOLF COURSE ENTERPRISE FUND  
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
OPERATING REVENUES:				
Rental	\$ 145,200	\$ 145,200	\$ 146,786	\$ 1,586
Green fees	942,600	942,600	969,066	26,466
Miscellaneous	4,300	4,300	2,074	(2,226)
Total operating revenues	1,092,100	1,092,100	1,117,926	25,826
OPERATING EXPENSES:				
Personnel services	207,200	207,200	186,075	21,125
Contractual	652,300	652,300	432,271	220,029
Materials and supplies	247,500	247,500	137,426	110,074
Depreciation	-	-	168,697	(168,697)
Total operating expenses	1,107,000	1,107,000	924,469	182,531
Operating income (expense)	(14,900)	(14,900)	193,457	(208,357)
NONOPERATING REVENUES (EXPENSES):				
City sales tax	26,300	26,300	30,345	4,045
Total nonoperating revenue	26,300	26,300	30,345	4,045
Income (loss) before transfers	11,400	11,400	223,802	212,402
Transfers out	(112,800)	(112,800)	(112,800)	-
Net change in Fund Balance	(101,400)	(101,400)	111,002	212,402
Fund Balance - beginning of year	1,594,881	1,594,881	1,594,881	-
Fund Balance - end of year	\$ 1,493,481	\$ 1,493,481	\$ 1,705,883	\$ 212,402

# Other Supplementary Information

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## FIDUCIARY FUNDS

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City of  
Casa Grande

CITY OF CASA GRANDE, ARIZONA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 ALL AGENCY FUNDS  
 June 30, 2016

	Donations Fund	RICO Fund	Flexible Spending Plan Fund	Sun Corridor MPO Fund	Total Agency Funds
<b>ASSETS</b>					
Cash	\$ 22,465	\$ 30,329	\$ 36,177	\$ -	\$ 88,971
Investments	-	238,744	-	-	238,744
Receivables	-	-	-	139,568	139,568
Total assets	<u>22,465</u>	<u>269,073</u>	<u>36,177</u>	<u>139,568</u>	<u>467,283</u>
<b>LIABILITIES</b>					
	<u>22,465</u>	<u>269,073</u>	<u>36,177</u>	<u>139,568</u>	<u>\$ 467,283</u>
Total liabilities	<u>\$ 22,465</u>	<u>\$ 269,073</u>	<u>\$ 36,177</u>	<u>\$ 139,568</u>	<u>\$ 467,283</u>

CITY OF CASA GRANDE, ARIZONA  
 COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Donations Fund				
Assets:				
Cash	\$ 14,420	\$ 82,472	\$ (20,909)	\$ 22,465
Investments	-	31,162	-	-
Total Assets	<u>14,420</u>	<u>113,634</u>	<u>(20,909)</u>	<u>22,465</u>
Liabilities:				
Other Liabilities	-	72	-	(61,419)
Accounts Payable	<u>14,420</u>	<u>77,395</u>	<u>(20,909)</u>	<u>83,884</u>
	<u>14,420</u>	<u>77,467</u>	<u>(20,909)</u>	<u>22,465</u>
RICO Fund				
Assets:				
Cash	-	-	30,329	30,329
Investments	<u>252,177</u>	<u>40,182</u>	<u>(53,615)</u>	<u>238,744</u>
Total Assets	<u>252,177</u>	<u>40,182</u>	<u>(23,286)</u>	<u>269,073</u>
Liabilities:				
Other Liabilities	<u>252,177</u>	<u>40,182</u>	<u>(23,286)</u>	<u>269,073</u>
	<u>252,177</u>	<u>40,182</u>	<u>(23,286)</u>	<u>269,073</u>

Flexible Spending Fund

Assets:

Cash	48,658	30,000	(42,481)	36,177
Total Assets	<u>48,658</u>	<u>30,000</u>	<u>(42,481)</u>	<u>36,177</u>

Liabilities:

Other Liabilities	48,658	-	(30,000)	18,658
Accounts Payable	-	17,519	-	17,519
	<u>48,658</u>	<u>17,519</u>	<u>-</u>	<u>36,177</u>

Sun Corridor MPO

Assets:

Cash	12,346	580,430	(592,776)	-
Receivables	154,256	-	(14,688)	139,568
Total Assets	<u>166,602</u>	<u>580,430</u>	<u>(607,464)</u>	<u>139,568</u>

Liabilities:

Other Liabilities	104,124	-	-	106,832
Accounts Payable	62,478	508,886	(538,628)	32,736
	<u>166,602</u>	<u>508,886</u>	<u>-</u>	<u>139,568</u>

Totals - All Agency Funds

Assets:

Cash	75,424	692,902	(625,837)	88,971
Investments	252,177	71,344	(53,615)	238,744
Receivables	154,256	-	(14,688)	139,568
Total Assets	<u>481,857</u>	<u>764,246</u>	<u>(694,140)</u>	<u>467,283</u>

Liabilities:

Other Liabilities	404,959	40,254	(53,286)	333,144
Accounts Payable	76,898	603,800	(559,537)	134,139
Total Liabilities	<u>\$ 481,857</u>	<u>\$ 644,054</u>	<u>\$ (612,823)</u>	<u>\$ 467,283</u>



City of  
Casa Grande



# Statistical Section

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<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	172-177
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	178-184
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	185-186
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)

	<b>June 30</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Governmental activities				
Net investment in Capital Assets	\$ 121,397,151	\$ 144,539,605	\$ 166,666,266	\$ 169,037,582
Restricted	61,600,770	77,352,432	63,759,736	66,259,746
Unrestricted	24,880,238	29,930,330	29,204,011	24,786,399
Total governmental activities net assets	<u>\$ 207,878,159</u>	<u>\$ 251,822,367</u>	<u>\$ 259,630,013</u>	<u>\$ 260,083,727</u>
Business-type activities				
Net investment in Capital Assets	\$ 29,545,366	\$ 33,189,049	\$ 42,819,605	\$ 46,698,154
Restricted	15,292,233	19,276,562	16,814,023	11,962,381
Unrestricted	9,374,364	7,191,725	1,188,222	5,103,985
Total business-type activities net assets	<u>\$ 54,211,963</u>	<u>\$ 59,657,336</u>	<u>\$ 60,821,850</u>	<u>\$ 63,764,520</u>
Primary government				
Net investment in Capital Assets	\$ 150,942,517	\$ 177,728,654	\$ 209,485,871	\$ 215,735,736
Restricted	76,893,003	96,628,994	80,573,759	78,222,127
Unrestricted	34,254,602	37,122,055	30,392,233	29,890,384
Total primary government net assets	<u>\$ 262,090,122</u>	<u>\$ 311,479,703</u>	<u>\$ 320,451,863</u>	<u>\$ 323,848,247</u>

June 30					
2011	2012	2013	2014	2015	2016
\$ 163,072,110	\$ 161,430,232	\$ 157,440,959	\$ 151,713,255	\$ 137,615,856	\$ 111,804,545
68,817,721	37,158,304	40,395,789	23,313,575	40,862,091	38,094,808
20,795,291	48,679,263	46,777,093	61,348,678	3,182,623	26,141,879
<u>\$ 252,685,122</u>	<u>\$ 247,267,799</u>	<u>\$ 244,613,841</u>	<u>\$ 236,375,508</u>	<u>\$ 181,660,570</u>	<u>\$ 176,041,232</u>
\$ 47,003,748	\$ 49,361,435	\$ 47,631,810	\$ 51,371,884	\$ 48,601,273	\$ 49,202,991
10,324,306	11,742,168	9,245,649	6,187,139	6,317,620	6,575,857
7,429,067	3,708,031	5,504,681	5,253,457	(265,067)	151,635
<u>\$ 64,757,121</u>	<u>\$ 64,811,633</u>	<u>\$ 62,382,140</u>	<u>\$ 62,812,480</u>	<u>\$ 54,653,826</u>	<u>\$ 55,930,483</u>
\$ 210,847,017	\$ 210,791,667	\$ 205,072,769	\$ 201,934,193	\$ 186,217,129	\$ 161,007,536
78,350,244	48,900,472	49,641,438	29,500,714	47,179,711	44,670,665
28,244,981	52,387,294	52,281,774	66,681,178	2,917,556	26,293,514
<u>\$ 317,442,242</u>	<u>\$ 312,079,433</u>	<u>\$ 306,995,981</u>	<u>\$ 298,116,085</u>	<u>\$ 236,314,396</u>	<u>\$ 231,971,715</u>

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

	<b>June 30</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Governmental Activities:</b>				
Expenses				
General government	\$ 5,196,569	\$ 6,958,153	\$ 7,824,380	\$ 6,961,775
Public safety	14,765,435	17,799,896	20,384,692	20,366,672
Streets/Transportation	9,650,354	10,614,899	12,198,334	12,007,921
Public works	2,144,675	1,652,940	2,336,854	2,335,926
Culture and recreation	5,247,404	5,853,610	7,696,876	6,828,387
Economic development	5,564,781	5,932,564	4,367,403	4,700,480
Interest on long-term debt	610,630	641,914	972,791	2,145,146
Total expenses	<u>43,179,848</u>	<u>49,453,976</u>	<u>55,781,330</u>	<u>55,346,307</u>
Program Revenues				
Charges for services:				
General government	133,192	144,550	131,394	153,150
Public safety	1,091,960	1,214,170	1,410,573	1,135,284
Streets/Transportation	996,571	1,345,035	1,297,796	1,144,798
Public works	33,994	100,784	23,399	9,736
Culture and recreation	328,163	378,268	378,961	469,536
Development fees	13,115,223	8,272,278	1,332,296	1,414,107
Building permits	2,580,633	1,692,576	635,045	494,055
Development and engineering	2,456,074	694,885	96,008	55,896
Other economic development	863,185	627,986	379,636	842,301
Operating grants and contributions	9,066,924	9,303,041	8,859,174	7,469,173
Capital grants and contributions	14,852,514	22,402,954	7,360,861	4,841,012
Total program revenues	<u>45,518,433</u>	<u>46,176,527</u>	<u>21,905,143</u>	<u>18,029,048</u>
Total Governmental Activities Net Program Expense	<u>\$ 2,338,585</u>	<u>\$ (3,277,449)</u>	<u>\$ (33,876,187)</u>	<u>\$ (37,317,259)</u>
General Revenues and Other Changes in Net Position				
Property taxes	2,475,296	3,105,864	6,264,879	7,422,710
Sales taxes	22,708,648	28,082,890	23,313,628	19,776,002
Franchise taxes	1,511,751	1,687,014	1,910,594	1,947,031
Shared revenues:				
State sales taxes	3,086,185	2,984,122	2,583,416	2,382,825
Urban revenue sharing	3,760,034	4,592,697	4,793,336	4,106,244
Auto-in-lieu	2,032,801	2,199,266	2,126,092	2,034,181
Half-cent sales tax				
Other				
Investment earnings	3,222,176	3,202,760	815,213	107,521
Gain on sales of assets	1,846,201	452,693	-	-
Miscellaneous	274,310	388,409	440,101	625,779
Transfers	449,800	525,942	(563,426)	(631,320)
Total general revenues and other changes in net position	<u>41,367,202</u>	<u>47,221,657</u>	<u>41,683,833</u>	<u>37,770,973</u>
Total Governmental Activities Change in Net Position	<u>\$ 43,705,787</u>	<u>\$ 43,944,208</u>	<u>\$ 7,807,646</u>	<u>\$ 453,714</u>

June 30					
2011	2012	2013	2014	2015	2016
\$ 6,875,962	\$ 6,943,378	\$ 6,766,944	\$ 7,010,252	\$ 10,107,662	\$ 11,103,379
20,265,216	22,629,105	24,280,544	25,534,564	26,520,689	23,893,064
12,554,956	13,442,435	12,494,463	13,511,907	13,548,310	12,823,511
2,067,097	2,542,009	3,205,901	2,666,121	2,771,028	7,723,880
7,103,723	7,247,394	7,273,320	7,859,818	7,676,615	7,805,438
3,731,265	3,186,873	3,117,655	3,269,820	2,765,522	2,350,547
2,436,221	2,670,881	2,367,185	2,333,855	2,504,944	2,424,163
55,034,440	58,662,075	59,506,012	62,186,337	65,894,770	68,123,982
215,969	173,396	342,086	304,629	2,815,852	1,388,172
1,028,639	1,370,883	1,182,158	1,345,626	1,076,004	1,487,150
1,213,808	1,369,817	1,112,963	960,368	816,829	-
12,018	26,595	60,757	33,133	167,447	3,476,748
771,516	601,627	443,652	502,803	430,294	1,035,225
1,023,436	161,576	2,198,089	110,170	179,753	110,678
342,553	290,999	988,908	846,542	1,081,880	1,314,910
65,715	40,880	74,375	16,393	78,284	-
376,785	429,012	416,676	163,809	307,578	96,668
6,266,856	7,420,053	6,823,705	7,163,717	6,775,967	4,945,110
315,613	3,507,353	10,177,899	1,333,697	4,132,231	1,451,669
11,632,908	15,392,191	23,821,268	12,780,887	17,862,119	15,306,330
\$ (43,401,532)	\$ (43,269,884)	\$ (35,684,744)	\$ (49,405,450)	\$ (48,032,651)	\$ (52,817,652)
6,570,203	6,439,021	6,877,452	6,197,813	6,366,087	6,410,163
18,973,408	18,901,163	19,242,309	19,650,998	21,795,890	22,909,814
2,196,398	2,201,312	2,248,227	2,248,466	2,358,731	2,388,109
2,590,692	3,795,352	3,975,626	4,227,755	4,438,843	4,602,342
2,897,028	4,099,428	4,961,423	5,413,854	5,879,820	5,847,942
1,992,071	2,137,645	2,129,894	2,259,469	2,447,783	2,638,312
108,552	67,705	3,586	330,546	174,864	775,075
-	-	-	-	-	-
81,130	121,530	49,172	112,756	282,850	329,238
593,445	94,464	1,337,500	725,460	78,030	1,297,300
36,002,927	37,857,620	40,825,189	41,167,117	43,822,898	47,198,295
\$ (7,398,605)	\$ (5,412,264)	\$ 5,140,445	\$ (8,238,333)	\$ (4,209,753)	\$ (5,619,357)

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

	<b>June 30</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Business-type Activities:</b>				
Expenses				
Water	\$ 115,599	\$ 117,638	\$ 153,147	\$ 159,718
Golf course	1,107,942	967,750	1,266,986	1,243,440
Wastewater	5,413,331	4,522,025	4,610,789	5,528,871
Sanitation	3,902,782	4,041,517	5,465,908	4,653,383
Total expenses	<u>10,539,654</u>	<u>9,648,930</u>	<u>11,496,830</u>	<u>11,585,412</u>
<b>Revenues</b>				
Charges for services:				
Water	193,909	190,125	196,410	162,094
Golf course	784,983	797,501	962,206	1,066,642
Wastewater	6,001,607	5,972,329	5,119,786	6,049,625
Sanitation	4,963,964	4,990,169	4,555,927	5,151,563
Sales taxes	2,124,036	14,203	20,612	26,657
Investment earnings	1,167,957	919,273	202,016	8,383
Miscellaneous	73,411	155,834	323,560	10,473
Capital grants and contributions	2,129,515	2,580,813	717,407	895,826
Total revenues	<u>17,439,382</u>	<u>15,620,247</u>	<u>12,097,924</u>	<u>13,371,263</u>
Total Business-type Activities Net Program Expense	<u>\$ 6,899,728</u>	<u>\$ 5,971,317</u>	<u>\$ 601,094</u>	<u>\$ 1,785,851</u>
Other Changes in Net Position				
Transfers	(449,800)	(525,942)	563,426	631,320
Total Business-type Activities Change in Net Position	<u>\$ 6,449,928</u>	<u>\$ 5,445,375</u>	<u>\$ 1,164,520</u>	<u>\$ 2,417,171</u>
Total Primary Government Change in Net Position	<u>\$ 50,155,715</u>	<u>\$ 49,389,583</u>	<u>\$ 8,972,166</u>	<u>\$ 2,870,885</u>

June 30					
2011	2012	2013	2014	2015	2016
\$ 150,493	\$ 190,786	\$ 226,382	\$ 286,210	\$ 261,674	\$ 224,960
1,203,084	1,303,013	1,299,400	1,212,036	1,195,987	924,469
5,561,882	9,786,826	9,188,433	9,559,101	9,119,769	10,661,238
5,028,014	5,060,239	4,953,994	5,410,150	5,386,901	5,311,875
11,943,473	16,340,864	15,668,209	16,467,497	15,964,331	17,122,542
167,772	185,176	173,935	181,120	192,343	219,824
1,119,396	1,066,136	994,534	1,076,014	1,100,780	1,115,852
6,304,052	6,871,045	6,541,782	8,027,267	8,541,358	10,241,967
5,858,238	6,264,192	6,151,881	6,385,562	6,739,816	7,388,211
28,802	29,539	25,737	29,098	29,122	30,345
45,969	15,397	40,519	8,917	11,680	26,041
5,289	21,139	60,209	57,654	72,228	4,021
-	2,337,217	545,163	587,959	582,705	670,238
13,529,518	16,789,841	14,533,760	16,353,591	17,270,032	19,696,499
\$ 1,586,045	\$ 448,977	\$ (1,134,449)	\$ (113,906)	\$ 1,305,701	\$ 2,573,957
(593,445)	(94,464)	(1,337,500)	(725,460)	(78,030)	(1,297,300)
\$ 992,600	\$ 354,513	\$ (2,471,949)	\$ (839,366)	\$ 1,227,671	\$ 1,276,657
\$ (6,406,005)	\$ (5,057,751)	\$ 2,668,496	\$ (9,077,699)	\$ (2,982,082)	\$ (4,342,700)

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

	<b>June 30</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund				
Reserved	\$ 1,959,234	\$ 2,548,121	\$ 3,153,554	\$ 3,815,142
Unreserved	25,521,015	30,572,472	30,402,947	25,262,863
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 27,480,249</u>	<u>\$ 33,120,593</u>	<u>\$ 33,556,501</u>	<u>\$ 29,078,005</u>
All Other Governmental Funds				
Reserved	\$ 4,413,184	\$ 32,896,933	\$ 25,327,803	\$ 39,966,314
Unreserved, reported in:				
Special revenue funds	43,633,806	49,835,900	39,794,807	40,446,857
Debt service funds				
Capital projects funds	10,701,962	77,406	8,084	151,896
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 58,748,952</u>	<u>\$ 82,810,239</u>	<u>\$ 65,130,694</u>	<u>\$ 80,565,067</u>

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



June 30					
2011*	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,411	6,023	6,264	6,281	1,647	2,063
33,225	4,202,039	4,701,221	5,163,565	5,572,411	-
23,342,866	-	-	-	-	-
-	19,251,625	14,550,404	13,384,358	11,631,345	20,453,537
1,247,242	502,264	5,281,667	6,892,105	12,631,345	9,911,709
<u>\$ 24,630,744</u>	<u>\$ 23,961,951</u>	<u>\$ 24,539,556</u>	<u>\$ 25,446,309</u>	<u>\$ 29,836,748</u>	<u>\$ 30,367,309</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
57,949	60,783	66,983	93,031	36,281	59,867
13,250,249	33,542,117	35,694,573	32,227,498	35,291,890	37,376,941
1,083,515	15,628,386	2,523,457	-	-	-
50,374,649	13,156,163	27,643,540	29,168,940	29,084,496	45,538,029
(378,345)	(385,290)	(576,410)	(576,846)	(593,322)	(635,129)
<u>\$ 64,388,017</u>	<u>\$ 62,002,159</u>	<u>\$ 65,352,143</u>	<u>\$ 60,912,623</u>	<u>\$ 63,819,345</u>	<u>\$ 82,339,708</u>

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

	June 30			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 26,706,698	\$ 32,840,670	\$ 31,334,264	\$ 29,088,943
Licenses and permits	2,756,899	1,881,951	808,414	656,902
Intergovernmental revenues	18,007,273	20,798,409	17,188,146	16,769,422
Charges for services	16,678,803	10,171,890	2,188,466	2,058,720
Fines	826,533	815,081	1,092,331	978,765
Special assessments	28,907	29,691	21,092	8,883
Investment earnings	3,222,176	3,202,760	815,213	107,521
Rental and sale of city property	1,459,760	1,546,935	1,645,235	2,106,527
Other revenues	720,635	608,700	536,204	514,473
Total revenues	<u>70,407,684</u>	<u>71,896,087</u>	<u>55,629,365</u>	<u>52,290,156</u>
<b>Expenditures</b>				
General government	5,921,449	8,076,361	8,996,033	8,055,272
Public safety	14,155,865	16,983,507	18,594,022	18,957,126
Streets/Transportation	2,846,301	2,323,097	2,991,139	2,521,337
Public works	2,063,253	1,684,699	1,716,458	2,192,317
Culture and recreation	4,828,294	5,463,871	5,222,719	5,792,331
Planning and economic development	4,821,056	4,965,772	3,425,837	3,550,938
Capital outlay	8,251,421	11,030,175	27,511,902	31,846,819
Debt service				
Principal	882,247	1,226,548	5,313,821	2,484,637
Interest & fiscal charges	707,501	607,351	955,207	2,125,295
Total expenditures	<u>44,477,387</u>	<u>52,361,381</u>	<u>74,727,138</u>	<u>77,526,072</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,844,898	8,101,980	5,630,797	12,829,121
Transfers out	(6,311,098)	(7,483,839)	(5,922,924)	(13,965,253)
Capital leases	-	-	-	-
Bond issuance	455,000	9,000,000	750,000	37,800,000
Bond issuance costs	-	(30,201)	(103,736)	(472,067)
Payment to escrow agent				
Sale of land	1,809,371	578,989	1,500,000	-
Total other financing sources (uses)	<u>988,800</u>	<u>10,166,929</u>	<u>1,854,137</u>	<u>36,191,801</u>
Net change in fund balances	<u>\$ 26,919,097</u>	<u>\$ 29,701,635</u>	<u>\$ (17,243,635)</u>	<u>\$ 10,955,886</u>
Debt service as a percentage of noncapital expenditures	4.39%	4.44%	13.28%	10.09%

June 30					
2011	2012	2013	2014	2015	2016
\$ 27,556,571	\$ 27,524,503	\$ 28,352,139	\$ 28,304,305	\$ 30,557,352	\$ 29,707,719
546,628	494,921	1,263,721	1,055,340	1,344,254	198,289
14,151,581	17,627,429	20,814,430	19,166,537	19,324,969	20,210,255
1,661,339	2,856,201	4,024,127	2,614,233	4,061,405	4,580,524
807,884	756,454	735,217	707,660	682,288	589,589
-	-	-	-	-	-
108,549	67,707	3,586	339,728	207,833	774,775
1,489,826	502,054	537,055	536,601	761,495	763,824
349,597	1,599,077	477,857	968,313	821,199	654,851
46,671,975	51,428,346	56,208,132	53,692,717	57,760,795	57,479,826
8,026,262	7,932,235	7,473,914	7,801,503	7,810,453	7,591,059
19,691,260	20,516,232	22,089,961	22,673,464	21,380,603	23,899,172
2,770,032	3,287,682	2,717,802	2,645,606	2,821,113	3,070,601
1,959,265	1,913,991	2,040,691	1,350,102	1,352,469	1,286,448
5,847,772	5,939,441	6,041,037	6,413,990	6,157,841	6,547,379
2,652,964	2,467,005	2,424,452	2,526,552	2,276,725	2,860,992
24,677,470	8,999,838	10,215,671	10,651,896	6,889,725	6,342,445
1,899,760	3,669,732	1,718,222	1,528,344	1,959,805	2,771,539
2,594,138	2,733,203	2,343,898	2,448,448	2,520,693	2,281,741
70,118,923	57,459,359	57,065,648	58,039,905	53,169,427	56,651,376
11,790,392	17,492,942	7,243,155	8,818,190	5,813,795	13,931,824
(11,101,760)	(17,303,578)	(5,786,655)	(8,003,769)	(4,137,337)	(12,261,524)
-	2,787,000	3,328,600	-	-	-
2,200,000	-	-	-	1,095,019	37,675,240
(66,000)	-	-	-	-	(531,270)
-	-	-	-	-	(20,657,479)
2,822,632	2,976,364	4,785,100	814,421	2,771,477	18,156,791
\$ (20,624,315)	\$ (3,054,649)	\$ 3,927,584	\$ (3,532,767)	\$ 7,362,845	\$ 18,985,241
9.89%	13.21%	8.67%	8.39%	9.68%	9.81%

**Schedule 6**  
**City of Casa Grande**  
**Sales Tax Revenue by Industry**  
**Last Seven Fiscal Years**

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

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 2013		Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 2,151,068	11.04%	\$ 2,590,980	12.90%	\$ 2,963,203	13.48%	\$ 1,600,948	7.55%
427,104	2.19%	423,393	2.11%	413,453	1.88%	347,578	1.64%
2,220,570	11.39%	2,279,738	11.35%	2,349,392	10.68%	2,376,943	11.22%
276,385	1.42%	390,045	1.94%	409,233	1.86%	370,828	1.75%
9,549,885	49.00%	9,453,064	47.06%	10,748,122	48.88%	11,024,238	52.02%
1,348,805	6.92%	1,411,036	7.02%	1,516,426	6.90%	1,646,747	7.77%
1,941,221	9.96%	1,955,194	9.73%	1,869,141	8.50%	2,038,474	9.62%
564,426	2.90%	445,971	2.22%	494,388	2.25%	495,874	2.34%
603,372	3.10%	577,454	2.87%	645,623	2.94%	741,768	3.50%
405,733	2.08%	561,765	2.80%	578,911	2.63%	550,108	2.60%
<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>	<u>\$ 21,193,506</u>	<u>100.00%</u>



City of  
Casa Grande

**Schedule 7**  
**City of Casa Grande**  
**Direct and Overlapping Sales Tax Rates**  
**As of June 30, 2016**

Type of Tax	Rates		
	City	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	1.8%	6.7%	8.5%
Retail (excluding food sales)	2.0%	(b) 6.7%	8.7%
Retail - privilege tax for single item over \$5000	1.5%	6.7%	8.2%
Hotel/Motel	3.8%	6.7%	10.5%
Restaurant/Bar	1.8%	6.7%	8.5%
Utilities/Telecommunications	2.0%	6.7%	8.7%
Construction	4.0%	(a) 6.7%	10.7%
Jet Fuel	1.8%	\$ .366/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%	6.7%	8.5%

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

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

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

**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
2007	1,790,000	6,721,488	370,000	3,754,188	-	14,388,332
2008	12,775,000	6,199,218	255,000	3,180,356	-	13,855,602
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	26,660,000	16,154,247	-	8,081,767	-	9,300,825
2016	41,125,000	15,351,500	-	7,537,984	-	8,593,503

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.



<b>Business-type Activities</b>				
<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Per Capita (a)</u>
295,899	158,520	27,478,427	3.12%	708.48
179,122	148,643	36,592,941	3.61%	886.78
57,790	4,352,312	35,229,083	3.12%	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	106,486,686	9.86%	2,027.03
-	43,736,724	116,344,711	10.77%	2,260.88

**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
2007	1,790,000	39,939,824	4.48%	1,584	
2008	1,775,000 (1)	93,675,428	1.89%	664	
2008	11,000,000 (2)	2,295,221,460	0.48%	267	
2009	2,515,000 (1)	167,571,141	1.50%	836	
2009	8,830,000 (2)	2,928,179,559	0.30%	172	
2010	2,430,000 (1)	249,681,000	0.97%	807	
2010	26,234,999 (2)	3,680,064,800	0.71%	510	
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%	488	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%	477	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

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/16 3,661  
Estimated population of Villago CFD 6/30/16 1,625  
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 51,460

(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, 2016**

Governmental Unit	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Elementary School District #4	\$ 5,490,000	82.26%	\$ 4,516,074
Union High School District #82	23,130,000	65.64%	15,182,532
Central Arizona Community College	82,770,000	16.54%	13,690,158
Mission Royale CFD	435,000	100.00%	435,000
Villago CFD	2,760,000	100.00%	<u>2,760,000</u>
Subtotal, overlapping debt			\$ 36,583,764
<b>City direct debt</b>	61,011,111	100.00%	<u>64,014,483</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 100,598,247</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**  
**June 30, 2016**

Net Secondary Assessed Valuation as of June 30, 2016 (a)	<u>\$ 344,131,642</u>
Debt limit (6% of assessed value)	20,647,899
Debt applicable to limit:	
General obligation bonds	<u>7,952,000</u>
Legal 6% debt margin	<u><u>\$ 12,695,899</u></u>
Debt limit (20% of assessed value)	68,826,328
Debt applicable to limit:	
General obligation bonds	29,978,000
Legal 20% debt margin	<u><u>\$ 38,848,328</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 supplying 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 which were partially refunded in 2016. The City issued General Obligation bonds for \$16,000,000 in June 2016.

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

Fiscal Year	Special Assessment Bonds					Excise Tax Revenue Obligations		
	Transaction Privilege (Sales)	State Shared	State Shared	Franchise	Licenses & Permits/Fines	Debt Service		Coverage
	Tax (a)(b)	Sales Tax	Income Tax	Tax	& Forfeitures	Principal	Interest	
2007	\$23,954,813	\$3,086,185	\$3,760,034	\$1,511,751	\$3,583,432	\$1,050,000	\$957,807	17.88
2008	27,140,828	2,984,122	4,592,697	1,687,014	2,697,032	1,105,000	901,980	19.48
2009	22,375,653	2,583,416	4,793,336	1,910,594	1,900,745	1,165,000	594,321	19.08
2010	18,566,490	2,382,825	4,106,244	1,947,031	1,635,667	950,001	1,054,202	14.29
2011	17,599,226	2,590,692	2,897,028	2,034,471	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

(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 eight fiscal years have been:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$877,870
2008	956,265
2009	958,587
2010	936,142
2011	946,029
2012	983,656
2013	954,988
2014	945,306
2015	1,074,812
2016	1,119,070

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

Fiscal Year	Tax Levy	Collected to June 30 End of Tax Fiscal Year (a)			
		Collections	Taxes Receivable	Percent of Tax Levy	Adjustments
2007	2,324,339	2,323,061	1,278	99.95%	(38,322)
2008	5,293,078	5,289,225	3,853	99.93%	(109,585)
2009	5,969,191	5,958,441	10,750	99.82%	(19,966)
2010	5,760,833	5,752,893	7,940	99.86%	(20,266)
2011	5,455,728	5,436,308	19,420	99.64%	(24,416)
2012	5,589,712	5,570,175	19,537	99.65%	(48,932)
2013	5,350,411	5,329,186	21,225	99.60%	(24,014)
2014	5,356,463	5,340,292	16,171	99.70%	(22,093)
2015	5,487,527	5,383,938	103,589	98.11%	(23,373)
2016	5,572,195	533,768	5,038,427	9.58%	(3,027)

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

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
2007	0.9102	0.0000	0.9102
2008	0.8774	0.0000	0.8774
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

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 2015-16 Net Secondary Assessed Valuation	As Percent of City's 2015-16 Net Secondary Assessed Valuation
Arizona Public Service Co.	Electric Utility	\$11,664,110	3.39%
WP Casa Grande Retail LLC	Retailer	8,971,772	2.61%
Wal-Mart Stores East LP	Retailer	7,617,143	2.21%
CG Hanna LLC	Real Estate Management	5,572,209	1.62%
Hexel Corp.	Manufacturing	4,920,806	1.43%
Daisy Brand LLC	Dairy Product Manufacturing	4,699,538	1.37%
Ehrmann Arizona Dairy LLC	Dairy Product Manufacturing	4,729,194	1.37%
Abbott Manufacturing Inc	Manufacturing	4,969,066	1.44%
Tractor Supply Company #1808	Retail Distribution Center	3,983,084	1.16%
Southwest Gas Corporation	Gas Utility	3,380,187	0.98%
Arizona Water Company	Water Utility	3,093,373	0.90%
Daisy Brand LP	Dairy Product Manufacturing	2,348,631	0.68%
Wal-Mart Stores	Retailer	2,253,633	0.65%
Courtney Mann LLC	Vitamin Distributor	1,847,895	0.54%
HSL Desert Sands Properties	Real Estate Management	1,847,118	0.54%
<b>TOTAL</b>		<b>\$71,897,759</b>	<b>20.89%</b>

(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
2007	38,785	22,672	879,333,520	10,290	4.30%
2008	42,422	23,905	1,014,097,910	11,066	6.10%
2009	45,116	25,000	1,127,900,000	11,652	11.10%
2010	45,993	26,373	1,212,973,389	10,700	11.50%
2011	48,571	27,690	1,344,930,990	10,700	11.50%
2012	49,804	21,716	1,081,543,664	11,512	11.20%
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%

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,**  
**Current Year and Nine Years Ago**

Employer	2016		2007	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	883	4.14%	761	5.12%
Banner Casa Grande Medical Center	721	3.38%	920	6.19%
Hexcel Corporation	520	2.44%	365	2.46%
Wal-Mart Distribution Center	700	3.28%	569	3.83%
Wal-Mart Supermarket	410	1.92%	520	3.50%
Frito-Lay Inc.	370	1.74%	450	3.03%
Abbott Laboratories/Ross Products	410	1.92%	425	2.86%
City of Casa Grande	448	2.10%	340	2.29%
National Vitamin Company	209	0.98%		0.00%
Franklin Foods	200	0.94%		0.00%
Sam's Club	170	0.80%		0.00%
All Others	16,276	76.35%	10,501	70.71%
	21,317	100.00%	14,851	100.00%

Sources:

City of Casa Grande  
Arizona Department of Administration/Office of Employment & Population Statistics  
AZ Department of Commerce

**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	
2007	30.0	123.1	54.8	48.0	26.5	96.3	378.6
2008	39.3	139.0	60.5	61.3	34.5	104.5	439.0
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	429.0
2011	37.3	125.8	62.3	67.3	31.0	97.8	421.3
2012	38.8	126.4	62.3	66.6	24.5	99.4	417.9
2013	38.3	135.3	62.3	51.0	21.5	102.0	410.3
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	448.1
2016	46.6	142.1	62.3	75.3	21.0	100.6	447.9

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**

	June 30									
Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Registered voters	13,946	19,331	20,805	20,805	20,805	20,805	20,417	20,417	20,417	22,959
Votes cast last primary election	2,364	2,364	2,400	2,400	4,182	4,182	3,886	3,886	3,886	6,651
Fire										
Medical support calls	3,778	4,286	4,689	4,289	4,849	4,941	5,155	5,400	5,710	5,840
Total alarms	5,194	5,642	5,050	5,703	6,397	6,515	6,685	6,951	7,356	7,717
Inspections/investigations	986	1,512	1,505	883	1,051	1,458	910	687	504	681
Public education contacts	10,164	19,801	25,064	15,812	12,622	18,743	26,225	15,556	13,247	13,992
Police										
Calls for service	42,412	41,126	40,893	38,629	38,660	34,213	31,308	22,079	23,314	37,135
Officer initiated	72,028	71,626	76,263	72,807	85,032	78,125	88,023	74,271	64,963	28,683
Patrolled miles	802,935	864,421	939,398	983,100	1,005,416	974,867	991,778	696,743	640,119	745,208
Traffic accidents	1,121	1,104	991	974	942	938	874	843	912	904
Traffic citations	6,136	6,943	7,025	6,107	5,171	6,008	7,836	7,912	4,897	5,953
Arrests (adult and juvenile)	3,840	4,015	3,981	4,738	3,737	4,052	4,098	4,760	4,477	4,335
Culture and recreation - library (a) (b) (c)										
Items in collections	74,311	75,863	79,920	113,480	114,257	117,108	454,700	645,813	330,220	350,182
Total circulation transactions	225,043	229,446	270,473	329,790	368,693	361,334	376,405	359,585	346,683	346,667
Total circulation items	73,079	75,840	78,727	98,937	70,820	69,376	129,695	124,944	73,648	104,590
Economic development										
Building permits - commercial	143	195	114	90	95	63	94	63	94	75
Building permits - residential	1,454	777	329	369	291	259	264	215	438	761
Self-help homes completed	25	25	25	12	12	11	0	0	0	0
Self-help homes started	25	26	25	12	12	14	0	0	0	0
Housing rehabilitations	12	12	12	12	12	11	21	17	13	11
Code enforcement cases	984	1,150	1,331	1,317	2,104	1,203	1,206	1,349	1,241	1,448
Planning cases	193	85	95	90	121	110	133	152	135	100

Sources: Various City departments

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**

	June 30									
Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire stations	3	3	3	3	4	4	4	4	4	4
Parks and recreation										
Park areas	25	26	26	27	27	27	27	27	27	27
Parkland acreage	1,371	1,387	1,396	1,566	1,611	1,611	1,611	1,611	1,611	1,611
Community centers	4	5	5	5	5	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	24	25	26	26	26	26	26	26	26	26
Other maintenance areas	88	93	93	95	97	97	99	99	99	99
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**	3,130	3,302	3,500	3,363	5,340	5,340	3,948	3,988	3,996	3,996
Miles of streets (centerline)**	375	389	410	410	410	414	409	403	396	401
Miles of sewer**	375	450	455	455	455	455	284	290	290	290
Number of lift stations	9	9	10	10	10	10	10	10	10	7
Number of signalized intersections*	31	35	38	39	41	41	41	42	43	45

\* Includes ADOT signalized intersections

\*\*Enhanced GIS information utilized beginning in FY2013

Sources: Various City departments



City of  
Casa Grande

# Compliance Section

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City of  
Casa Grande



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

Honorable Mayor and Council  
City of Casa Grande  
Casa Grande, AZ

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 the governmental activities, the business-type activities and each major fund of City of Casa Grande, Arizona as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Casa Grande, Arizona's basic financial statements, and have issued our report thereon dated March 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Casa Grande, Arizona'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 of Casa Grande, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Casa Grande, Arizona's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We did identify a deficiency in internal control, described as 2016-001 in the accompanying schedule of findings and responses that we consider to be a material weakness.

## **Compliance and Other Matters**

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

## **City of Casa Grande's Response to the Finding**

City of Casa Grande's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Casa Grande'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  
March 20, 2017

CITY OF CASA GRANDE, ARIZONA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED June 30, 2016

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

FINDING: 2016-001

CRITERIA

City management is responsible for establishing and maintaining internal controls and designating individuals who possess suitable skill, knowledge, and experience to execute these controls and carry out their duties to ensure that all transactions and account balances are properly recorded in the financial statements in accordance with generally accepted accounting principles.

CONDITION/CONTEXT

Material adjustments were necessary to properly state multiple account balances within the City's financial records. Several adjustments were necessary to properly reflect account balances in prior periods and are recorded as restatements of prior period balances as described in Note 22 of the notes to the financial statements.

EFFECT

Transactions and reconciliations that were not processed timely, in accordance with established policies and procedures, resulted in inefficient and ineffective internal controls and errors in the accounting records. Account balances requiring material adjustments were cash, capital assets, utility revenue/expense and long-term debt.

CAUSE

While the City has established policies and procedures to ensure the timely and accurate recording of financial transactions, and the completeness and accuracy of financial reports, indications were that those policies and procedures were not followed.

RECOMMENDATION

We recommend that management evaluate and ensure that those responsible for executing controls and procedures, recording transactions, and 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.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management concurs with this recommendation. See corrective action plan.



City of  
Casa Grande



# City of Casa Grande, Arizona

## CORRECTIVE ACTION PLAN

The Honorable Mayor and Council  
City of Casa Grande, Arizona

The City respectfully submits the following corrective action plan for the finding noted in the audit report by:

Henry & Horne, LLP  
1115 E. Cottonwood Lane  
Casa Grande, Arizona 85122

Audit period: July 1, 2015 through June 30, 2016

The findings from the June 30, 2016 schedule of findings and responses are discussed below. The finding is numbered consistently with the number assigned in the schedule.

## FINDING-FINANCIAL STATEMENT AUDIT

### MATERIAL WEAKNESS

#### FINDING: 2016-001

#### CRITERIA

City management is responsible for establishing and maintaining internal controls and designating individuals who possess suitable skill, knowledge, and experience to execute these controls and carry out their duties to ensure that all transactions and account balances are properly recorded in the financial statements in accordance with generally accepted accounting principles.

#### CONDITION/CONTEXT

Material adjustments were necessary to properly state multiple account balances within the City's financial records. Several adjustments were necessary to properly reflect account balances in prior periods and are recorded as restatements of prior period balances as described in Note 22 of the notes to the financial statements.

#### EFFECT

Transactions and reconciliations that were not processed timely, in accordance with established policies and procedures, resulted in inefficient and ineffective internal controls and errors in the accounting records. Account balances requiring material audit adjustments were cash, capital assets, utility revenue/expense and long-term debt.

#### CAUSE

While the City has established policies and procedures to ensure the timely and accurate recording of financial transactions, and the completeness and accuracy of financial reports, indications were that those policies and procedures were not followed.

#### RECOMMENDATION

We recommend that management evaluate and ensure that those responsible for executing controls and procedures, recording transactions, and 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.

#### CORRECTIVE ACTION PLAN

The Finance Department has devoted a significant amount of time and resources to identify the root cause of the stated issues. A three pronged approach was utilized to review and analyze the adequacy of the department's 1) policies, procedures and processes, 2) technology and enterprise resource planning systems and 3) personnel.

Based upon the analyses, management acknowledges the concerns and deficiencies that exist in regards to staff. Management has allocated a significant amount of time to provide the necessary guidance and training to remedy the issue. Management will continue to monitor progress to ensure that key staff possess the requisite skill, knowledge, and experience to be able to consistently apply policies and procedures and ensure the timely, accurate and complete recording and reporting of financial information. Management expects this issue to be resolved within the next 90 days.

If the Council has questions regarding this plan, please call Celina Morris at 520-421-8619.

Sincerely yours,



Celina Morris  
Finance Director