

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

City of Casa Grande
Arizona



FY2017



City of Casa Grande, Arizona

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2017



Prepared by the Finance Department
Celina Morris, Finance Director
Ryan Rodney, Accounting Manager
Nathan Robinson, Senior Accountant
Stacey Hart, Accountant



City of
Casa Grande

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Introductory Section



City of
Casa Grande



City of Casa Grande, Arizona

December 12, 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, 2017. 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.

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

These financial statements are prepared in accordance with generally accepted accounting principles in the United 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, 2017 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 unmodified ("clean") opinion that the financial statements of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2017, are fairly presented, in all material respects, in conformity with GAAP.

Additionally, the City is required to have an independent audit ("Single Audit") of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona, or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements having a direct and material impact on major

programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards.

The results of the City's Single Audit for the fiscal year ended June 30, 2017, found no instances of material weakness in the internal controls structure, or significant violations of applicable laws and regulations with respect to major programs. The reports from Henry & Horne L.L.P. are available in the City of Casa Grande, Arizona's separately issued Single Audit Report.

FINANCIAL CONTROLS

Internal Controls

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

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

Budgetary Controls

The City of Casa Grande, like all cities in the State 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 2016-2017 is \$201,342,106.

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 of Phoenix and Tucson, and is surrounded by three Indian Reservations. In addition, the City is located at the intersection of two major interstate highways, one services the Los Angeles and San Diego markets, one to the Phoenix & Tucson markets. The City is a dynamic, involved city with a rural heritage and old-fashioned values. The economic base is a mix of retail trade, manufacturing and agriculture.

The City of Casa Grande, chartered in December 1974, has a Council-Manager form of government consisting of the Mayor and six Council members. The Mayor is elected at-large for a two-year term and cannot serve more than four consecutive terms. Council members are elected to four-year terms. The City Council is vested with policy and legislative authority and is responsible for appointing the positions of City Manager, City Attorney and City Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations.

The City of Casa Grande's legal boundaries grew substantially over the past several years to just over 110 squares miles. The Voters approved the 2020 General Plan on November 3rd, 2009. The City's population has doubled from 25,224 in 2000 to 54,534 in 2017 with the majority of this growth occurring prior to 2009. The City's growth is attributed to affordable housing, proximity to labor opportunities in the metropolitan areas, and the rural quality of life offered to the residents.

The City provides a full range of municipal services, including police and fire protection, maintenance of streets, recreational and cultural events, two libraries, planning and zoning, building inspection, code enforcement, wastewater, sanitation, airport, golf course and general administration. 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 47 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. Residential building permits with a value of \$32.2 million were issued in fiscal year 2017, which was a moderate decrease from FY2016. 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 24% from our peak collections in FY2008, when adjusted for the construction portion of the sales tax the City's FY2017 collections are actually 17.0% higher than FY2008 collections and reflect eight (8) 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 45.0% 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 2017 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 \$16 million in FY 2016. 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 FY 2017 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

- Part 1 UCR crimes per 1,000 decreased by 13%
- Cleared 58% of Part 1 UCR crimes
- 221 animals adopted

Fire

- Responded to 7,489 emergencies, of which 5,612 (75%) were emergency medical services
- 78% of ALS responses were under 5 minutes
- 0.23 residential structure fires per 1,000 structures
- Continued mentoring of the Casa Grande Fire Explorers Program

Public Works

- Delivered approximately 255 million gallons of treated wastewater to customers for reuse purposes.
- Treated approximately 1.73 Billion gallons of wastewater to grade A+ water quality standards.
- Collected 19,133 tons of residential trash.
- Completed second phase of city wide ADA transition plan.

Community Services

- Completed Schematic Design and DD set for Community Recreation Center project in addition to an approved programming plan for the facility
- Increased number of programs offered by 16%, including a 34% increase in the number of children's programs.

- Rounds of golf increased to 47,648, the most rounds played in the last 10 years.
- Acquired additional land to provide space for a future trailhead for the CG Mountain Trail System.
- Library visitors of 293,763 at the two libraries
- Served a total of 32,761 meals

Development Center

- Processed 2,057 building permit reviews; 99% within the prescribed timeframes.
- Performed an average of 20 inspections per inspector per day

OTHER MATTERS

Debt Administration. On June 30, 2017, the City had a number of debt issues outstanding. Total debt at June 30, 2017, was \$168.9 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, 2017 the City had \$26.3 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, 2017, the City has debt capacity remaining of \$60.8 million for general obligation bonds subject under the 20% and 6% constitutional limitations based on the FY 2017 secondary assessed valuation. The City has \$26.8 in outstanding General Obligation bonds, with voter approval to issue an additional \$17 million over the next several years.

FINANCIAL POLICIES

Risk Management. The City is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's liability risks are covered by commercial insurance purchased from independent third parties. The City is fully insured with per occurrence limit at \$2 million general liability coverage with a \$25,000 deductible and a \$13 million umbrella liability policy.

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

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Casa Grande, Arizona, for its comprehensive annual financial report for the fiscal year ended June 30, 2016. 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 submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Casa Grande, Arizona for its annual budget for the fiscal year beginning July 1, 2016. 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 only made possible by the dedication and hard work of every member of the Finance Department, and the firm of Henry and Horne, L.L.P. We give them our sincere thanks for their effort in the creation of this report.

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

Sincerely,



Celina Morris
Finance Director



Government Finance Officers Association

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

Presented to

**City of Casa Grande
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

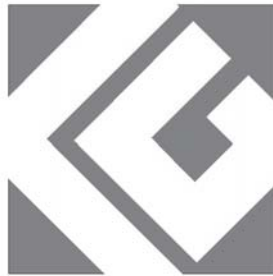
City of Casa Grande, Arizona
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

CITY COUNCIL

Mayor
Craig McFarland

Mayor Pro-Tem
Ralph Varela

Council Members
Lisa Fitzgibbons
Matt Herman
Mary Kortsen
Donna McBride
Dick Powell



City Manager
Larry Rains

Deputy City Manager
Steven Weaver

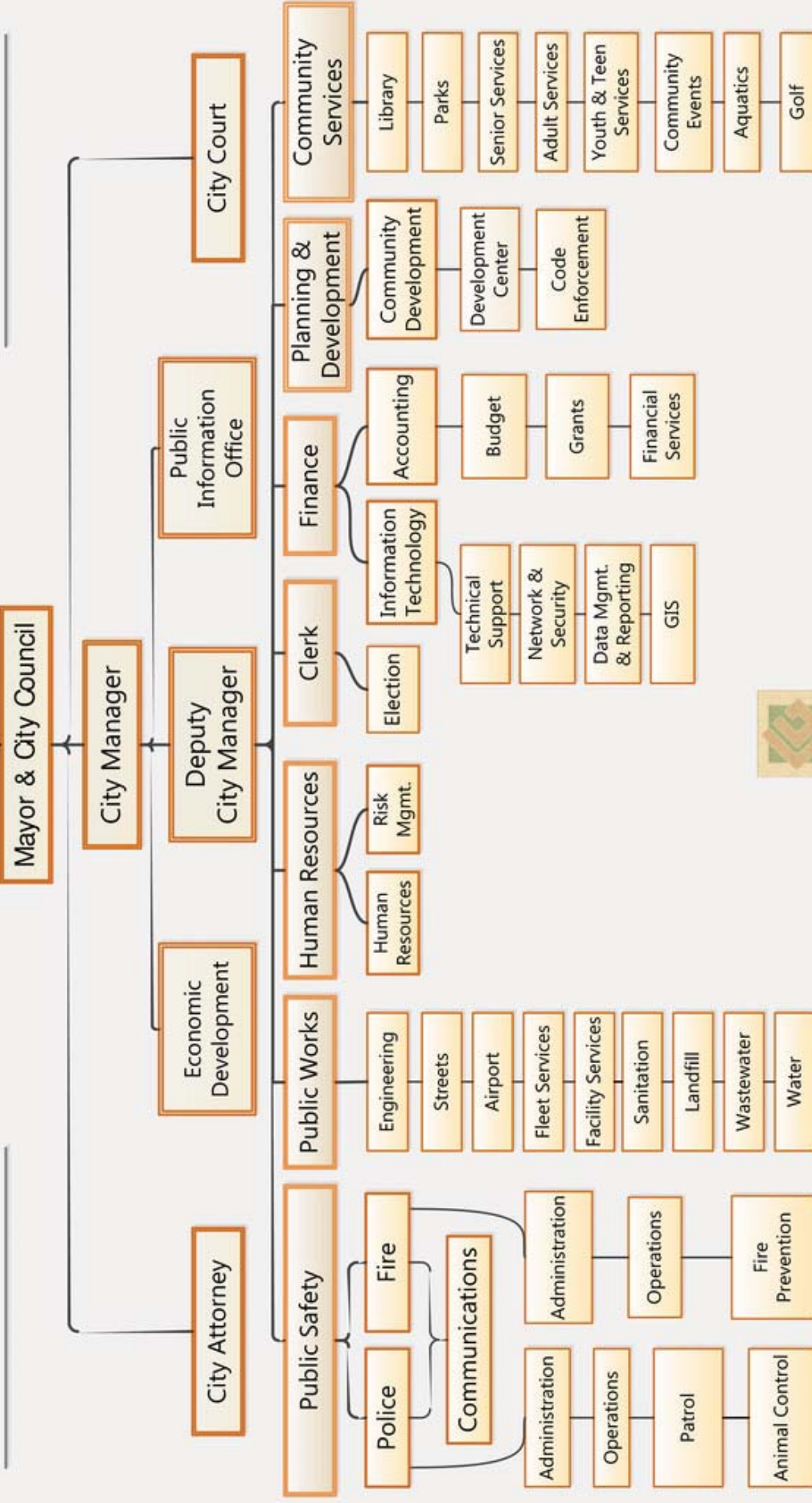
Finance Department Staff

Celina Morris, Finance Director
Ryan Rodney, Accounting Manager
Nathan Robinson, Senior Accountant
Stacey Hart, Accountant

CITY OF CASA GRANDE Organizational Chart

Residents of Casa Grande

Fiscal Year 2016-2017





City of
Casa Grande

Financial Section



City of
Casa Grande

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Casa Grande, Arizona, as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Highway User Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

In connection with our audit, nothing came to our attention that caused us to believe that the City of Casa Grande, Arizona failed to use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Casa Grande solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Casa Grande's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the City of Casa Grande's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Casa Grande's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Casa Grande's internal control over financial reporting and compliance.

Henry & Horne LLP

Casa Grande, Arizona
December 12, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS



City of
Casa Grande

MANAGEMENT DISCUSSION AND ANALYSIS

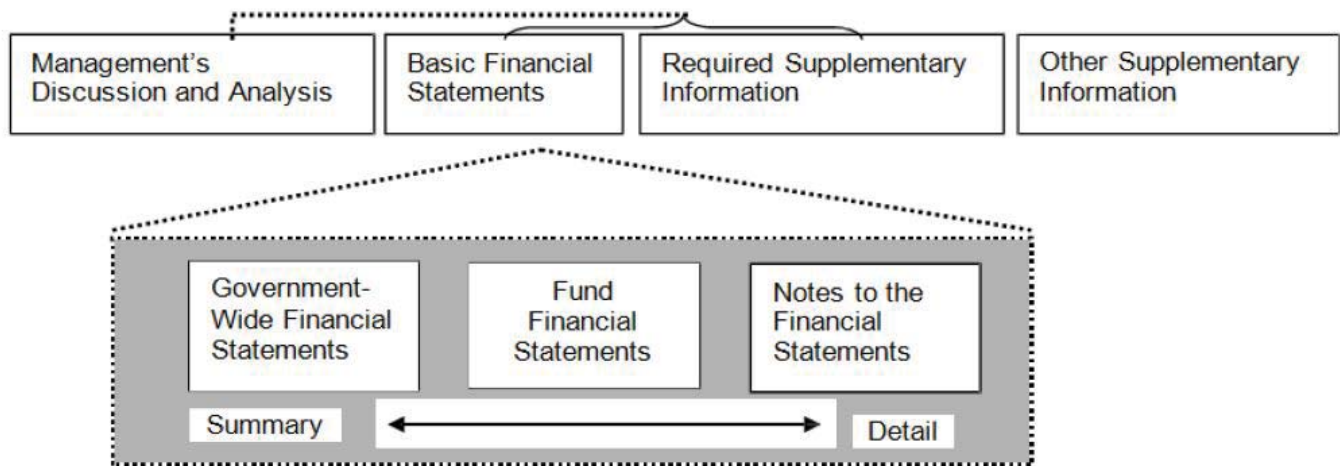
As management of the City of Casa Grande, Arizona (the City), we offer this narrative overview and analysis of the financial activities of the City of Casa Grande, Arizona for the fiscal year ended June 30, 2017. This discussion and analysis is designed to (1) assist the reader focus on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the approved annual budget, and (5) identify individual fund issues or concerns. Please read it in conjunction with the transmittal letter presented on pages i - vi of this report as well as the City's financial statements beginning on page 19 and the accompanying notes to the financial statements.

Financial Highlights

- The City's total net position, on the government-wide basis, totaled \$224.9 million at June 30, 2017 of which \$6.8 million is unrestricted. This is a decrease of \$7.1 million from fiscal year 2016, a decrease of \$8.7 million in the government activities and an increase of \$1.6 million in the business-type activities. This decrease is mainly attributable to the depreciation of fixed assets during the year which was partially offset by additions of fixed assets during the fiscal year.
- The governmental activities revenues increased by approximately \$0.6 million over the previous year.
- The business-type activities operating revenues increased by \$1.0 million over the previous year due mainly to increased rates.
- The General Fund reported a positive change in fund balance of \$1.8 million for the year.
- At June 30, 2017, restricted, assigned and non-spendable balance for the General Fund was \$26.8 million, or 65% of General Fund expenses for fiscal year 2017.
- At June 30, 2017, unassigned fund balance of the General Fund was \$5.3 million.
- The governmental activities revenues of \$61.8 million were \$6.9 million less than expenses before other financial sources and uses.
- Net Pension liabilities of the City are included reflecting \$64.5 million in governmental activities and an additional \$4.1 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 (see pages 19-21) 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 nonfinancial- 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. These reconciliations are on page 23 and 25, respectively.

Proprietary funds - Proprietary funds account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. Enterprise funds are used for activities that primarily serve customers for which fees are charged. The City has four enterprise funds: golf course, sanitation, water and wastewater funds.

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 (pages 47-90) 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, 2017.

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, 2017. The City has chosen to account for its golf course, water, wastewater and sanitation operations in enterprise funds which are shown as Business Activities.

Statement of Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 119.7	\$ 119.5	\$ 15.1	\$ 16.7	\$ 134.8	\$ 136.2
Capital assets	177.9	172.5	102.5	99.0	280.4	271.5
Total assets	297.6	292.0	117.6	115.7	415.2	407.7
Deferred Outflow of Resources	13.1	18.7	0.4	0.8	13.5	19.5
Other liabilities	8.4	6.0	5.2	1.8	13.6	7.8
Long-term liabilities	121.9	132.3	56.4	56.6	178.3	188.9
Total liabilities	130.3	138.3	61.6	58.4	191.9	196.7
Deferred Inflow s of Resources	4.4	5.2	0.4	0.5	4.8	5.7
Net position:						
Invested Capital assets						
net of related debt	111.8	125.6	49.2	49.6	161.0	175.2
Restricted	38.1	35.9	6.6	7.0	44.7	42.9
Unrestricted	26.1	5.9	0.2	0.9	26.3	6.8
Total net position	\$ 176.0	\$ 167.4	\$ 56.0	\$ 57.5	\$ 232.0	\$ 224.9

At year end June 30, 2017 the net position of the City totaled \$224.9 million, a decrease of \$7.1 million from June 30, 2016. Of this amount, \$167.4 million was in governmental activities, a 4.9% decrease and \$57.5 million was in the business-type activities, a 2.7% increase from the prior fiscal year. Most of this change is due to the depreciation of the City's assets which was partially offset by the capitalization of assets that were acquired during the fiscal year.

Net Position consists of three components. The largest portion of net position (\$175.2 million or 77.9%) 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 (\$42.9 million or 19.1%) 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 (\$6.8 million or 3.0%), which may be used to meet the City's ongoing obligation to citizens and creditors.

Changes in Net Position

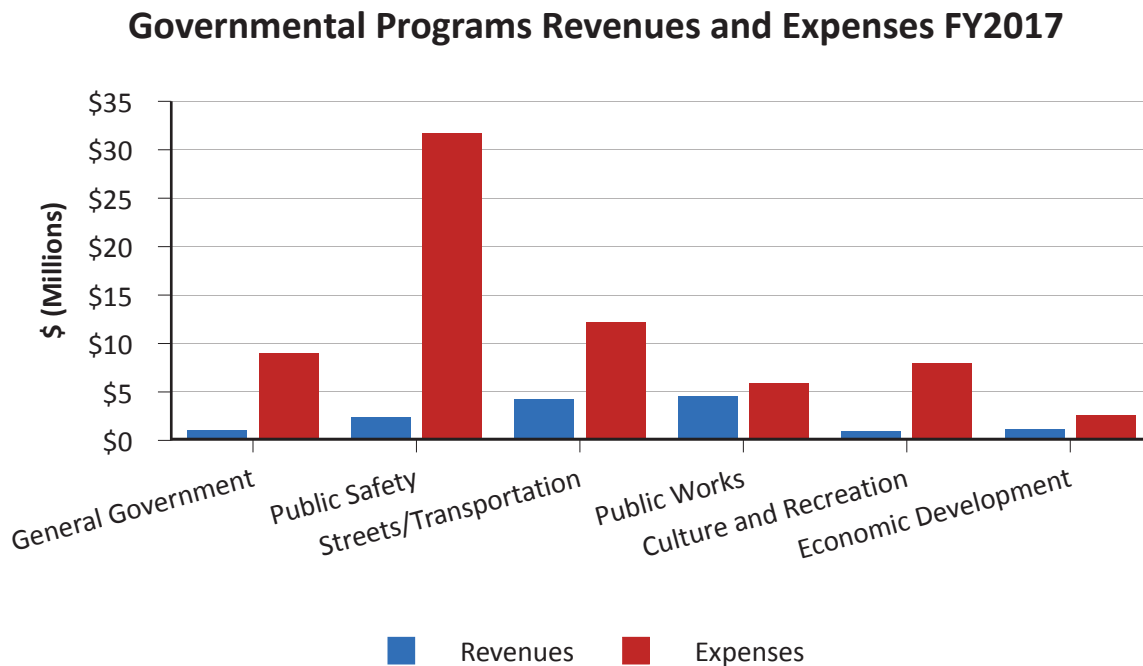
The City's total revenues for the year ended June 30, 2017 were \$82.4 million. The total cost of all programs and services was \$89.7 million. The following table presents a summary of the changes in net position for the year ended June 30, 2017.

Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues						
Program revenues						
Charges for services	\$ 8.9	\$ 8.1	\$ 19.0	\$ 20.0	\$ 27.9	\$ 28.1
Operating grants and contributions	4.9	5.8	—	—	4.9	5.8
Capital grants and contributions	1.5	0.8	0.7	0.4	2.2	1.2
General revenues						
Property taxes	6.4	6.5	—	—	6.4	6.5
Sales taxes	22.9	23.4	—	—	22.9	23.4
Franchise taxes	2.4	2.4	—	—	2.4	2.4
Shared revenues	13.0	13.7	—	—	13.0	13.7
Other	1.2	1.1	—	0.2	1.2	1.3
Total revenues	61.2	61.8	19.7	20.6	80.9	82.4
Expenses						
General government	11.1	9.0	—	—	11.1	9.0
Public safety	23.9	31.7	—	—	23.9	31.7
Streets/Transportation	12.9	12.2	—	—	12.9	12.2
Public works	7.7	5.9	—	—	7.7	5.9
Culture and recreation	7.8	8.0	—	—	7.8	8.0
Economic development	2.3	2.6	—	—	2.3	2.6
Interest on long-term debt	2.4	2.6	—	—	2.4	2.6
Water	—	—	0.2	0.6	0.2	0.6
Golf course	—	—	0.9	1.3	0.9	1.3
Sewer	—	—	10.7	10.1	10.7	10.1
Sanitation	—	—	5.3	5.7	5.3	5.7
Total expenses	68.1	72.0	17.1	17.7	85.2	89.7
Excess before transfer	(6.9)	(10.2)	2.6	2.9	(4.3)	(7.3)
Transfers In (Out)	1.3	1.4	(1.3)	(1.4)	—	—
Increase (decrease) in Net Position	\$ (5.6)	\$ (8.8)	\$ 1.3	\$ 1.5	\$ (4.3)	\$ (7.3)
Net position - beginning	\$ 181.6	\$ 176.2	\$ 54.7	\$ 56.0	\$ 236.3	\$ 232.2
Net position - ending	\$ 176.0	\$ 167.4	\$ 56.0	\$ 57.5	\$ 232.0	\$ 224.9

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 75% of the total revenues of the City and 80% of the total expenses in fiscal year 2017. This compares to 76% of total revenues and 80% of expenses in fiscal year 2016.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

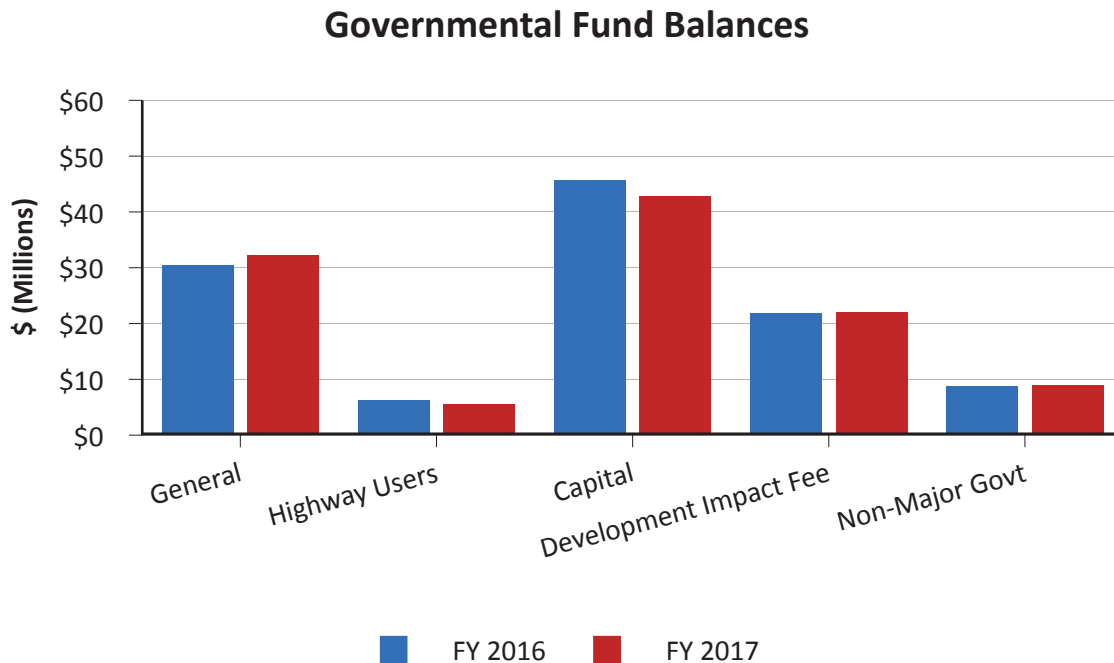
The City maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental Funds

The focus of governmental fund financial statements (pages 22-29) is to provide information on near-term inflows, outflows and balances of spendable resources. All major governmental funds are discreetly presented in these financial statements, while the non- major funds are combined into a single column. Combining statements for the non-major funds may be found on pages 104-111.

For fiscal year ended June 30, 2017, the governmental funds reflect a combined fund balance of \$111.3 million, a decrease of \$1.4 million. A portion of the fund balance, \$38.3 million is restricted for specific expenses or is legally segregated for a specific future use. The remaining \$73.0 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 \$42.7 million, an increase of \$0.7 million, in fiscal year 2017. The primary increases are in charges for services, local sales taxes and state shared revenues. The expenses, before other financing sources and uses, totaled \$41.0 million, an increase of \$0.1 million. Transfers to other funds were a net of \$91 thousand resulting in an increase to fund balance of \$1.8 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 \$6.1 million, an increase of \$0.3 million from the prior fiscal year, while expenses totaled \$4.7 million, a decrease of \$34 thousand in the fiscal year ended June 30, 2017.

The Capital Development and Replacement Fund accounts for accumulated proceeds and capital expense of proceeds for the construction of capital projects and 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 \$57.5 million, an increase of \$1.6 million as of June 30, 2017. Overall there is a \$0.7 million increase to unrestricted assets leaving a balance of \$0.9 million. Operating revenues in fiscal year 2017 were \$20.1 million, showing a \$1.1 million increase from the prior fiscal year, while operating expenses totaled

\$15.7 million, an increase of \$0.6 million, resulting in a \$4.4 million operating gain prior to nonoperating 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 on page 115. This statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see Note 1 (E) on page 51 for more information on budget policies). Use of contingency is required for capital projects with budget overages, and other unanticipated expenses. Budget amendments are processed to provide expenditure authority from unanticipated revenue sources. These include new or increased grants and intergovernmental agreements. It is generally the policy of the City to not include revenues and operational expenditure authority for these types of items in the operational budgets unless the funding is reasonably assured at the time of completion of the annual budget. Instead, the City budgets contingency accounts to allow for later transfer to operational budgets when the funding is received.

The City's total adopted budget was \$170,744,900 during fiscal year 2017. 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 \$42.7 million, on a budgetary basis, was about 3% more than budgeted inflows of \$41.3 million, while actual outflows (expenditures and other uses) of \$41.0 million were 89% of original budgeted outflows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the City had \$271.5 million invested in various capital assets, net of accumulated depreciation. Of this amount, \$172.6 million (64%) is invested in governmental activities and \$98.9 million (36%) is invested in business-type activities.

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

- Completion of LED streetlight project for \$1.5 million.
- Street Infrastructure improvements and repairs of \$1.4 million
- Replacement vehicle purchases of \$1.2 million

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2017. Additional information on the City's capital assets may be found in Note 7 on pages 62-63.

Capital Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land & Construction in Progress	\$20.0	\$22.4	\$4.3	\$4.4	\$24.3	\$26.8
Building & improvements	147.5	139.3	93.0	89.7	240.5	229
Machines & equipment	10.4	10.9	5.1	4.8	15.5	15.7
Total	\$177.9	\$172.6	\$102.4	\$98.9	\$280.3	\$271.5

Long-Term Debt

The City's outstanding long-term debt, including bonds, notes, capital leases, compensated absences and new for FY2017 net pension costs, was \$188.9 million at June 30, 2017, with \$9.1 million due within one year. Of this total, \$132.3 million was in governmental activities and \$56.6 million was in business-type activities. Of the outstanding debt, \$22.7 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, 2017. Further details can be found in Notes 10 to 15 on pages 81-88.

Outstanding Debt
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Compensated Absences	\$ 3.0	\$ 3.2	\$ 0.3	\$ 0.3	\$ 3.3	\$ 3.5
Capital Leases	7.5	7.0	—	—	7.5	\$ 7.0
Bonds Payable/Excise Tax Obligations	59.5	57.6	9.5	8.2	69.0	\$ 65.8
Notes/Loans payable	—	—	43.7	41.1	43.7	\$ 41.1
Postclosure Liability	—	—	2.8	2.9	2.8	\$ 2.9
Net Pension	55.4	64.5	3.9	4.1	59.3	\$ 68.6
Total	\$ 125.4	\$ 132.3	\$ 60.2	\$ 56.6	\$ 185.6	\$ 188.9

ECONOMIC FACTORS

Casa Grande's population has grown steadily since 2000. The growth rate over the course of the past 10 years was 29%. The unemployment rate in Casa Grande (Pinal County) for June 2017 was approximately 5.2%, which is higher than both the state (5.1%) and the national averages (4.4%) . 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 last year. 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 increased by nearly 14% from 2013 to 2017. For tax year 2017, the primary assessed value increased by 4.2% 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, 510 E. Florence Blvd. Casa Grande, AZ 85122 or send an email to Celina_Morris@casagrandeaz.gov. Copies of this report and other financial information can also be found on the city's website www.casagrandeaz.gov.

BASIC FINANCIAL STATEMENTS

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

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

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

Notes to the Financial Statements



City of
Casa Grande

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 610,843	\$ 343,490	\$ 954,333
Investments	109,372,681	14,333,161	123,705,842
Receivables (net of allowance for uncollectibles)	5,810,864	2,083,585	7,894,449
Due from other governments	214,044	—	214,044
Internal balances	111,601	(111,601)	—
Inventories	305,184	36,136	341,320
Prepays	508,067	—	508,067
Restricted cash and cash equivalents	2,582,709	—	2,582,709
Capital assets-nondepreciable	22,363,447	4,443,660	26,807,107
Capital assets-depreciable, net	150,186,055	94,512,173	244,698,228
Total assets	292,065,495	115,640,604	407,706,099
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer contributions to pensions	5,180,249	268,025	5,448,274
Deferred outflows of resources related to pensions	11,422,422	506,519	11,928,941
Deferred amount on refunding	2,112,304	—	2,112,304
Total deferred outflows of resources	18,714,975	774,544	19,489,519
LIABILITIES			
Accounts payable and other current liabilities	2,768,938	937,211	3,706,149
Deposits held	1,472,034	254,610	1,726,644
Accrued wages and benefits	812,194	78,636	890,830
Accrued interest payable	912,151	502,116	1,414,267
Noncurrent liabilities:			
Due within one year:			
Current portion of compensated absences	1,424,606	135,667	1,560,273
Current portion of capital leases and notes	618,015	2,735,783	3,353,798
Current portion of excise tax revenue obligations	948,200	1,416,804	2,365,004
Current portion of bonds payable	1,840,000	—	1,840,000
Due in more than one year:			
Noncurrent portion of compensated absences	1,741,185	165,816	1,907,001
Noncurrent portion of capital leases and notes	6,342,211	38,371,114	44,713,325
Noncurrent portion of excise tax revenue obligations	13,526,897	6,820,644	20,347,541
Noncurrent portion of bonds payable	41,299,478	—	41,299,478
Closure and postclosure liability	—	2,894,954	2,894,954
Net pension liability	64,528,587	4,070,594	68,599,181
Total liabilities	138,234,496	58,383,949	196,618,445
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	5,199,195	510,393	5,709,588
NET POSITION			
Net investment in capital assets	125,561,739	49,611,489	175,173,228
Restricted for:			
Highways and streets	5,543,065	—	5,543,065
Grant purposes	115,750	—	115,750
Community development	406,774	—	406,774
Debt service	6,595,976	4,694,206	11,290,182
Capital projects	23,212,912	2,275,863	25,488,775
Unrestricted	5,910,563	939,248	6,849,811
Total net position	\$ 167,346,779	\$ 57,520,806	\$ 224,867,585

See accompanying notes.

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,951,427	\$ 824,576	\$ 281,689	\$ 35,835
Public safety	31,694,293	1,608,334	571,038	221,913
Streets/Transportation	12,159,682	—	3,902,339	420,477
Public works	5,944,648	3,944,961	618,840	29,686
Culture and recreation	7,994,626	741,249	152,337	97,398
Economic development	2,573,276	1,016,477	225,851	—
Interest on long-term debt	2,571,381	—	—	—
Total governmental activities	71,889,333	8,135,597	5,752,094	805,309
Business-type activities:				
Water	589,929	236,862	—	—
Golf course	1,263,373	1,257,615	—	—
Wastewater	10,077,363	11,105,175	—	445,883
Sanitation	5,726,011	7,432,237	—	—
Total business-type activities	17,656,676	20,031,889	—	445,883
Total primary government	\$ 89,546,009	\$ 28,167,486	\$ 5,752,094	\$ 1,251,192

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Shared revenues - unrestricted:
 - State sales taxes
 - Urban revenue sharing
 - Auto-in-lieu
- Investment earnings
- Miscellaneous
- Transfers in (out)
 - Total general revenues and transfers
 - Change in net position
- Net position-beginning
- Net position-ending

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (7,809,327)	\$ —	\$ (7,809,327)
(29,293,007)	—	(29,293,007)
(7,836,866)	—	(7,836,866)
(1,351,162)	—	(1,351,162)
(7,003,642)	—	(7,003,642)
(1,330,948)	—	(1,330,948)
(2,571,381)	—	(2,571,381)
(57,196,333)	—	(57,196,333)
—	(353,067)	(353,067)
—	(5,758)	(5,758)
—	1,473,696	1,473,696
—	1,706,226	1,706,226
—	2,821,097	2,821,097
<u>\$ (57,196,333)</u>	<u>\$ 2,821,097</u>	<u>\$ (54,375,236)</u>
6,472,519	—	6,472,519
23,402,408	28,892	23,431,300
2,449,704	—	2,449,704
4,734,258	—	4,734,258
6,295,760	—	6,295,760
2,666,254	—	2,666,254
444,399	81,578	525,977
665,351	29,977	695,328
1,371,224	(1,371,224)	—
<u>48,501,877</u>	<u>(1,230,777)</u>	<u>47,271,100</u>
(8,694,456)	1,590,320	(7,104,136)
<u>176,041,235</u>	<u>55,930,486</u>	<u>231,971,721</u>
<u>\$ 167,346,779</u>	<u>\$ 57,520,806</u>	<u>\$ 224,867,585</u>

CITY OF CASA GRANDE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

ASSETS	General	Highway Users	Capital Replacement/ Recreation/ Development	Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
Cash	\$ 84,948	\$ 113,944	\$ —	\$ —	\$ 369,851	\$ 568,743
Investments	28,067,814	6,627,539	43,697,092	22,035,590	7,155,527	107,583,562
Accounts receivable (less allowance)	4,033,960	709,455	299,428	—	749,418	5,792,261
Due from other governments	28,248	—	—	—	185,796	214,044
Due from other funds	1,830,034	—	—	—	1,377,957	3,207,991
Inventories	—	—	—	—	40,286	40,286
Prepays	508,067	—	—	—	—	508,067
Restricted assets:						
Cash and cash equivalents	1,373,943	—	—	—	1,208,766	2,582,709
Total assets	<u>\$35,927,014</u>	<u>\$ 7,450,938</u>	<u>\$ 43,996,520</u>	<u>\$ 22,035,590</u>	<u>\$ 11,087,601</u>	<u>\$ 120,497,663</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 1,360,787	\$ 252,667	\$ 707,483	\$ 171,268	\$ 912,992	\$ 3,405,197
Accrued wages and benefits	752,770	28,093	—	—	11,648	792,511
Deposits Held	1,458,989	—	10,000	—	3,045	1,472,034
Due to other funds	—	1,627,112	496,855	—	962,422	3,086,389
Total liabilities	<u>3,572,546</u>	<u>1,907,872</u>	<u>1,214,338</u>	<u>171,268</u>	<u>1,890,107</u>	<u>8,756,131</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	192,540	—	—	—	209,790	402,330
Total deferred inflows of resources	<u>192,540</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>209,790</u>	<u>402,330</u>
FUND BALANCES						
Nonspendable	—	—	—	—	40,286	40,286
Restricted	1,670,016	5,543,066	1,348,591	21,864,322	7,891,182	38,317,177
Committed	4,654,417	—	662,733	—	501,867	5,819,017
Assigned	20,494,239	—	40,770,858	—	1,304,837	62,569,934
Unassigned	5,343,256	—	—	—	(750,468)	4,592,788
Total fund balances	<u>32,161,928</u>	<u>5,543,066</u>	<u>42,782,182</u>	<u>21,864,322</u>	<u>8,987,704</u>	<u>111,339,202</u>
Total liabilities, deferred inflows and fund balances	<u>\$35,927,014</u>	<u>\$ 7,450,938</u>	<u>\$ 43,996,520</u>	<u>\$ 22,035,590</u>	<u>\$ 11,087,601</u>	<u>\$ 120,497,663</u>

CITY OF CASA GRANDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2017

Fund balance - total governmental funds balance sheet		\$ 111,339,202
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	\$ 364,646,169	
Less accumulated depreciation	(192,247,515)	
Internal service capital assets	417,985	
Less accumulated depreciation	<u>(267,137)</u>	172,549,502
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(3,108,846)	
Capital leases	(6,960,226)	
Bonds payable	(56,894,575)	
Net pension liability	<u>(63,491,710)</u>	(130,455,357)
Delayed revenue is shown on the governmental funds, but is not on the statement of net position.		
Grants	206,918	
Property Tax	<u>195,412</u>	402,330
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	2,112,304	
Deferred outflows of resources related to pensions	11,305,996	
Deferred outflows of employer contributions	5,109,768	
Deferred inflows of resources related to pensions	<u>(5,073,632)</u>	13,454,436
Interest payable on long-term debt is not reported in the governmental funds.		(842,800)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The assets and liabilities of the internal service funds (excluding capital assets) are reported with governmental activities.		<u>899,462</u>
Net position of governmental activities - statement of net position		<u><u>\$ 167,346,775</u></u>

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

REVENUES	General	Highway Users	Capital Replacement/ Recreation/ Development	Development Impact Fee Funds	Non-Major Governmental Funds	Total Governmental Funds
Taxes:						
Property taxes	\$ 3,667,115	\$ —	\$ —	\$ —	\$ 2,827,907	\$ 6,495,022
City sales tax	19,222,356	—	1,893,492	—	263,546	21,379,394
Franchise tax	2,449,704	—	—	—	—	2,449,704
Licenses and permits	981,525	—	—	—	—	981,525
Intergovernmental revenues	13,728,925	5,925,353	—	—	1,866,719	21,520,997
Charges for services	1,134,068	—	—	783,045	778,096	2,695,209
Fines	854,556	—	—	—	157,871	1,012,427
Investment earnings	111,706	25,195	143,208	98,632	55,652	434,393
Contributions and donations	8,112	—	—	—	7,964	16,076
Rental and sale of city property	222,969	—	99,285	—	286,270	608,524
Miscellaneous	311,484	135,500	12,115	—	163,940	623,039
Total revenues	<u>42,692,520</u>	<u>6,086,048</u>	<u>2,148,100</u>	<u>881,677</u>	<u>6,407,965</u>	<u>58,216,310</u>
EXPENDITURES						
Current:						
General government	9,174,600	—	—	—	68,259	9,242,859
Public safety	22,393,667	—	—	—	615,329	23,008,996
Streets/Transportation	—	2,759,357	—	—	—	2,759,357
Public works	1,159,563	—	—	—	—	1,159,563
Culture and recreation	5,949,702	—	—	—	727,403	6,677,105
Planning and economic development	1,831,067	—	—	—	1,186,686	3,017,753
Capital outlay	479,881	1,908,182	6,045,717	783,059	716,267	9,933,106
Debt service:						
Principal	—	—	—	—	3,084,158	3,084,158
Interest and fiscal charges	—	16,552	1,401	—	2,230,302	2,248,255
Total expenditures	<u>40,988,480</u>	<u>4,684,091</u>	<u>6,047,118</u>	<u>783,059</u>	<u>8,628,404</u>	<u>61,131,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,704,040</u>	<u>1,401,957</u>	<u>(3,899,018)</u>	<u>98,618</u>	<u>(2,220,439)</u>	<u>(2,914,842)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,044,388	—	1,675,242	—	4,409,690	8,129,320
Transfers out	(1,953,812)	(2,093,158)	(548,361)	—	(1,986,965)	(6,582,296)
Total other financing sources and	<u>90,576</u>	<u>(2,093,158)</u>	<u>1,126,881</u>	<u>—</u>	<u>2,422,725</u>	<u>1,547,024</u>
Net change in fund balances	1,794,616	(691,201)	(2,772,137)	98,618	202,286	(1,367,818)
Fund balances - beginning of year	<u>30,367,312</u>	<u>6,234,267</u>	<u>45,554,319</u>	<u>21,765,704</u>	<u>8,785,418</u>	<u>112,707,020</u>
Fund balances - end of year	<u>\$ 32,161,928</u>	<u>\$ 5,543,066</u>	<u>\$ 42,782,182</u>	<u>\$ 21,864,322</u>	<u>\$ 8,987,704</u>	<u>\$ 111,339,202</u>

CITY OF CASA GRANDE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Net change in fund balances - total governmental funds (1,367,818)

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

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

Expenditures for capital assets	9,464,677	
Less current year depreciation	<u>(14,817,505)</u>	(5,352,828)

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		(185,912)
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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 Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

City pension contributions	5,491,025	
Pension expense	<u>(9,635,522)</u>	(4,144,497)

Bond discounts are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net position. This is the amount of current year bond discount.

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.

Bond payments	2,506,400	
Lease payments	<u>577,758</u>	3,084,158

The internal service fund net revenue is reported with governmental activities		(83,267)
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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	(235,164)	
Interest expense on long-term debt	<u>(409,128)</u>	(644,292)

Change in net position of governmental activities		<u>\$ (8,694,456)</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, 2017

	Budgeted Amounts			
REVENUES	Original	Final	Actual Amounts	Variance with Final Budget
Taxes:				
Property taxes	\$ 3,646,500	\$ 3,646,500	\$ 3,667,115	\$ 20,615
City sales tax	18,060,000	18,060,000	19,222,356	1,162,356
Franchise tax	2,245,000	2,245,000	2,449,704	204,704
Licenses and permits	1,125,000	1,125,000	981,525	(143,475)
Intergovernmental revenues	13,807,000	13,807,000	13,728,925	(78,075)
Charges for services	1,311,200	1,311,200	1,134,068	(177,132)
Fines	758,400	758,400	854,556	96,156
Investment earnings	200,000	200,000	111,706	(88,294)
Contributions and donations	9,600	9,600	8,112	(1,488)
Rental and sale of city property	69,000	69,000	222,969	153,969
Miscellaneous	59,000	89,000	311,484	222,484
Total revenues	41,290,700	41,320,700	42,692,520	1,371,820
EXPENDITURES				
Current:				
General government				
Mayor and Council	539,000	539,000	479,695	59,305
City manager	1,295,000	1,295,000	1,025,168	269,832
Attorney	906,500	906,500	865,800	40,700
Clerk	457,600	457,600	427,067	30,533
Finance and Information Technology	3,333,400	3,333,400	3,262,417	70,983
Human Resources	599,500	629,500	591,694	37,806
Administrative services	3,852,200	3,050,400	2,522,759	527,641
Public safety				
Police	13,048,400	12,943,300	12,927,718	15,582
Fire	8,759,800	9,129,700	8,334,175	795,525
Court	665,400	689,400	673,002	16,398
Animal control	415,700	415,700	458,772	(43,072)
Public works	1,387,500	1,387,500	1,159,563	227,937
Culture and recreation	6,006,400	6,014,900	5,949,702	65,198
Planning and economic development	2,059,300	2,059,300	1,831,067	228,233
Capital outlay	2,488,000	3,253,100	479,881	2,773,219
Total expenditures	45,813,700	46,104,300	40,988,480	5,115,820
Excess (deficiency) of revenues over (under) expenditures	(4,523,000)	(4,783,600)	1,704,040	6,487,640

CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,142,100	\$ 3,142,100	\$ 2,044,388	\$ 1,097,712
Transfers out	(1,837,700)	(1,837,700)	(1,953,812)	116,112
Total other financing sources and uses	<u>1,304,400</u>	<u>1,304,400</u>	<u>90,576</u>	<u>1,213,824</u>
Net change in fund balance	(3,218,600)	(3,479,200)	1,794,616	5,273,816
Fund balance - beginning of year	<u>30,367,312</u>	<u>30,367,312</u>	<u>30,367,312</u>	<u>—</u>
Fund balance - end of year	<u>\$ 27,148,712</u>	<u>\$ 26,888,112</u>	<u>\$ 32,161,928</u>	<u>\$ 5,273,816</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, 2017

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
Taxes:				
State-shared gas tax	\$ 3,592,300	\$ 3,592,300	\$ 3,902,338	\$ 310,038
County sales tax	1,700,000	1,700,000	2,023,015	323,015
Investment earnings	2,000	2,000	25,195	23,195
Miscellaneous	5,000	5,000	135,500	130,500
Total revenues	<u>5,299,300</u>	<u>5,299,300</u>	<u>6,086,048</u>	<u>786,748</u>
EXPENDITURES				
Current:				
Streets/Transportation	3,084,700	3,084,600	2,759,357	325,243
Capital outlay	4,420,600	4,420,200	1,908,182	2,512,018
Interest and fiscal charges	—	—	16,552	(16,552)
Total Streets/Transportation	<u>7,505,300</u>	<u>7,504,800</u>	<u>4,684,091</u>	<u>2,820,709</u>
Total expenditures	<u>7,505,300</u>	<u>7,504,800</u>	<u>4,684,091</u>	<u>2,820,709</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,206,000)</u>	<u>(2,205,500)</u>	<u>1,401,957</u>	<u>3,607,457</u>
OTHER FINANCING USES				
Transfers out	<u>(792,500)</u>	<u>(792,500)</u>	<u>(2,093,158)</u>	<u>(1,300,658)</u>
Total other financing sources and uses	<u>(792,500)</u>	<u>(792,500)</u>	<u>(2,093,158)</u>	<u>(1,300,658)</u>
Net change in fund balance	<u>(2,998,500)</u>	<u>(2,998,000)</u>	<u>(691,201)</u>	<u>2,306,799</u>
Fund balance - beginning of year	<u>6,234,267</u>	<u>6,234,267</u>	<u>6,234,267</u>	<u>—</u>
Fund balance - end of year	<u>\$ 3,235,767</u>	<u>\$ 3,236,267</u>	<u>\$ 5,543,066</u>	<u>\$ 2,306,799</u>



City of
Casa Grande

Proprietary Funds Financial Statements

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-type Activities- Enterprise Funds	
	Water	Wastewater
ASSETS		
Current assets:		
Cash	\$ 278,463	\$ —
Investments	—	7,760,444
Receivables, net of uncollectibles	14,561	1,272,175
Inventories	—	—
Total current assets	<u>293,024</u>	<u>9,032,619</u>
Noncurrent assets:		
Capital assets-nondepreciable	—	4,092,084
Capital assets-depreciable	445,343	88,334,362
Total noncurrent assets	<u>445,343</u>	<u>92,426,446</u>
Total assets	<u>738,367</u>	<u>101,459,065</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of employer contributions to pensions	1,985	71,316
Deferred outflows of resources related to pensions	4,502	132,961
Total deferred outflows of resources	<u>6,487</u>	<u>204,277</u>
LIABILITIES		
Current liabilities:		
Accounts payable	136,429	441,663
Deposits held	16,195	125,080
Accrued wages and benefits	531	21,506
Accrued interest payable	—	502,116
Due to other funds	—	—
Compensated absences	—	28,018
Notes/Loans payable	—	2,735,783
Excise tax revenue obligations	—	1,416,804
Total current liabilities	<u>153,155</u>	<u>5,270,970</u>
Noncurrent liabilities:		
Compensated absences	—	34,245
Notes/Loans payable	—	38,371,114
Excise tax revenue obligations	—	6,820,644
Closure and postclosure liability	—	—
Net pension liability	54,878	1,185,687
Total noncurrent liabilities	<u>54,878</u>	<u>46,411,690</u>
Total liabilities	<u>208,033</u>	<u>51,682,660</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	6,059	143,522
NET POSITION		
Net investment in capital assets	445,343	43,082,102
Restricted for:		
Debt service	15,546	4,678,660
Construction	—	2,275,863
Unrestricted	69,873	(199,465)
Total net position	<u>\$ 530,762</u>	<u>\$ 49,837,160</u>

See accompanying notes.

Business-type Activities-Enterprise Funds			Governmental Activities
Sanitation	Golf Course	Total	Internal Service Funds
\$ 43,363	\$ 21,664	\$ 343,490	\$ 42,101
6,495,912	76,805	14,333,161	1,789,121
793,451	3,398	2,083,585	8,604
—	36,136	36,136	264,898
7,332,726	138,003	16,796,372	2,104,724
68,576	283,000	4,443,660	—
4,266,405	1,466,063	94,512,173	150,848
4,334,981	1,749,063	98,955,833	150,848
11,667,707	1,887,066	115,752,205	2,255,572
188,976	5,748	268,025	70,481
356,082	12,974	506,519	116,427
545,058	18,722	774,544	186,908
334,770	24,352	937,211	153,102
113,335	—	254,610	—
53,087	3,511	78,636	19,683
—	—	502,116	—
—	111,601	111,601	—
103,404	4,245	135,667	25,625
—	—	2,735,783	—
—	—	1,416,804	—
604,596	143,709	6,172,428	198,410
126,382	5,188	165,816	31,320
—	—	38,371,114	—
—	—	6,820,644	—
2,894,954	—	2,894,954	—
2,678,841	151,188	4,070,594	1,036,877
5,700,177	156,376	52,323,122	1,068,197
6,304,773	300,085	58,495,550	1,266,607
343,916	16,896	510,393	125,564
4,334,981	1,749,063	49,611,489	150,848
—	—	4,694,206	—
—	—	2,275,863	—
1,229,095	(160,256)	939,247	899,462
\$ 5,564,076	\$ 1,588,807	\$ 57,520,805	\$ 1,050,310

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds	
	Water	Wastewater
Operating revenues:		
Service fees	\$ 236,863	\$ 11,105,176
Interdepartmental charges	—	—
Rental	—	—
Green fees	—	—
Miscellaneous	—	46,668
Total operating revenue	236,863	11,151,844
Operating expenses:		
Personal services	24,575	918,685
Contractual services	149,053	2,544,781
Materials and supplies	353,594	1,338,809
Depreciation	62,707	3,319,857
Closure and postclosure costs	—	—
Total operating expenses	589,929	8,122,132
Operating income (loss)	(353,066)	3,029,712
Nonoperating revenues (expense):		
Investment earnings	—	43,201
Interest expense	—	(1,955,230)
City sales tax	—	—
Total nonoperating revenues (expense)	—	(1,912,029)
Income (loss) before contributions and transfers	(353,066)	1,117,683
Developer fees	—	445,883
Transfers out	(24,389)	(582,028)
Change in net position	(377,455)	981,538
Total net position-beginning of year	908,217	48,855,622
Total net position-end of year	\$ 530,762	\$ 49,837,160

Business-type Activities-Enterprise Funds			Governmental Activities -
Sanitation	Golf Course	Total	Internal Service Funds
\$ 7,415,057	\$ 255,579	\$ 19,012,675	\$ —
—	—	—	3,747,577
—	175,995	175,995	—
—	826,041	826,041	—
—	491	47,159	42,312
7,415,057	1,258,106	20,061,870	3,789,889
2,475,100	174,760	3,593,120	876,360
1,613,412	765,716	5,072,962	1,954,687
670,408	141,216	2,504,027	864,784
887,960	180,439	4,450,963	11,531
79,132	—	79,132	—
5,726,012	1,262,131	15,700,204	3,707,362
1,689,045	(4,025)	4,361,666	82,527
37,947	430	81,578	10,005
—	(1,243)	(1,956,473)	—
—	28,892	28,892	—
37,947	28,079	(1,846,003)	10,005
1,726,992	24,054	2,515,663	92,532
—	—	445,883	—
(623,677)	(141,130)	(1,371,224)	(175,800)
1,103,315	(117,076)	1,590,322	(83,268)
4,460,761	1,705,883	55,930,483	1,133,578
\$ 5,564,076	\$ 1,588,807	\$ 57,520,805	\$ 1,050,310

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 231,436	\$ 11,235,632
Payments to suppliers	(374,084)	(3,777,591)
Payments to employees	(24,659)	(921,073)
Net cash provided by operating activities	(167,307)	6,536,968
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
City sales tax	—	—
Transfers to other funds	(24,389)	(582,028)
Net cash provided by noncapital financing activities	(24,389)	(582,028)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(12,612)	(316,471)
Principal paid on capital debt	—	(3,738,427)
Interest paid on capital debt	—	(1,955,230)
Net cash provided (used) by capital and related financing activities	(12,612)	(6,010,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	—	43,201
Net cash provided by investing activities	—	43,201
Net increase (decrease) in cash	(204,308)	(11,987)
Cash and cash equivalents at beginning of year	482,771	7,772,431
Cash and cash equivalents at end of year	<u>\$ 278,463</u>	<u>\$ 7,760,444</u>
Cash	\$ 278,463	\$ —
Investments	—	7,760,444
	<u>\$ 278,463</u>	<u>\$ 7,760,444</u>

Business-type Activities-Enterprise Funds			Governmental Activities -
Sanitation	Golf Course	Total	Internal Service Funds
\$ 7,536,158	\$ 1,265,639	\$ 20,268,865	\$ 3,794,077
(2,386,411)	(798,138)	(7,336,224)	(3,368,948)
(2,503,668)	(170,531)	(3,619,931)	(915,154)
2,646,079	296,970	9,312,710	(490,025)
—	28,892	28,892	—
(623,677)	(141,130)	(1,371,224)	(175,800)
(623,677)	(112,238)	(1,342,332)	(175,800)
(445,996)	(159,941)	(935,020)	—
—	—	(3,738,427)	—
—	—	(1,955,230)	—
(445,996)	(159,941)	(6,628,677)	—
37,947	430	81,578	10,006
37,947	430	81,578	10,006
1,614,353	25,221	1,423,279	(655,819)
4,924,922	73,248	13,253,372	2,487,041
\$ 6,539,275	\$ 98,469	\$ 14,676,651	\$ 1,831,222
\$ 43,363	\$ 21,664	\$ 343,490	\$ 42,101
6,495,912	76,805	14,333,161	1,789,121
\$ 6,539,275	\$ 98,469	\$ 14,676,651	\$ 1,831,222

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds	
	Water	Wastewater
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (353,067)	\$ 3,029,710
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Closure and postclosure costs	—	—
Depreciation expense	62,707	3,319,857
Amortization and other noncash expenses	—	149,037
Pension expense	1,710	57,534
Employer pension contributions	(1,985)	(71,316)
Provision for bad debt	—	518,447
(Increase) decrease in prepaid expense	—	—
(Increase) decrease in accounts receivable	(7,126)	(641,748)
(Increase) decrease in inventory	—	—
Increase (decrease) in accounts payable	128,564	106,000
Increase (decrease) in deposits held	1,700	58,053
Increase (decrease) in accrued wages	190	7,059
Increase (decrease) in due to other funds	—	—
Increase (decrease) in compensated absences	—	4,335
Total adjustments	185,760	3,507,258
Net cash provided by operating activities	<u>\$ (167,307)</u>	<u>\$ 6,536,968</u>

Business-type Activities-Enterprise Funds			Governmental Activities -
Sanitation	Golf Course	Total	Internal Service Fund
\$ 1,689,044	\$ (4,024)	\$ 4,361,663	\$ 82,527
79,132	—	79,132	—
887,960	180,439	4,450,963	11,531
—	—	149,037	—
161,167	5,030	225,441	50,858
(188,976)	(5,748)	(268,025)	(70,481)
474,769	—	993,216	—
—	—	—	—
(411,845)	7,532	(1,053,187)	4,188
—	(8,789)	(8,789)	(44,395)
(102,591)	5,983	137,956	(122,814)
58,178	—	117,931	—
13,566	1,443	22,258	6,496
—	111,601	111,601	(382,267)
(14,325)	3,503	(6,487)	(25,668)
957,035	300,994	4,951,047	(572,552)
<u>\$ 2,646,079</u>	<u>\$ 296,970</u>	<u>\$ 9,312,710</u>	<u>\$ (490,025)</u>



City of
Casa Grande

Fiduciary Funds

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Agency Funds	Part-Time Firemen's Pension
ASSETS		
Cash	\$ 296,291	\$ 1,350
Investments	25,893	407,761
Total assets	322,184	409,111
LIABILITIES		
Other liabilities	322,184	—
Total liabilities	322,184	—
NET POSITION		
Held in trust for pension benefits and other postemployment benefits	\$ —	\$ 409,111

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2017

	Part-Time Firemen's Pension
ADDITIONS	
Contributions:	
Employer	\$ —
Plan members	—
Total contributions	—
Investment earnings:	
Change in the fair value of investments	73,007
Total additions	73,007
DEDUCTIONS	
Administrative expenses	1,864
Pension payments	32,400
Total deductions	34,264
Change in net position	38,743
Net position-beginning of year	370,368
Net position-end of year	\$ 409,111



City of
Casa Grande

Notes to the Statements



City of
Casa Grande

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, directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

Generally, the effect of interfund activity is removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. The "doubling up" effect of internal service fund activity is removed

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 is a major fund presented in the basic financial statements. This fund accounts for the replacement of fleet, recreation facilities construction and development of infrastructure.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Fund Accounting (Continued)

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.

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

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

Different measurement focuses are applied to governmental, proprietary and fiduciary funds. The governmental fund measurement focus is on determination of financial position and changes in financial position. Governmental funds focus on the flow of resources. The proprietary and pension fund measurement focus is on determination of net income, financial position, and changes in financial position. Agency funds are custodial in nature and do not measure results of operation or have a measurement focus.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 2017, are recorded as receivable, net of allowance for uncollectibles. The balance of the tax levy not collected within 60 days after year-end are reflected as deferred revenue.

Notes receivables are recorded as revenue as installments are received. The balances of these receivables are reflected as deferred revenues. 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.

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, 2017.
- 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General government infrastructure capital assets include those assets acquired or constructed since 1980.

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

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

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

Buildings	40 years
Sewer 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-term Obligations (continued)

proprietary fund operations are accounted for in the fund as a long term liability.

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.

Q. Implementation of New GASB Pronouncements

In August 2015, the GASB issued Statement No, 77, Tax Abatement Disclosures. This statement requires governments that enter into tax abatement agreements to disclose that information in the financial statements. The requirements of this Statement became effective for reporting periods beginning after December 15, 2015. This Statement was adopted by the City during FY 2017, however no tax abatement agreements exist that require disclosure.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Implementation of New GASB Pronouncements (Continued)

In March 2016, the GASB issued Statement 82, Pension Issues-an amendment of GASB Statements No. 67, No 68, and No. 73. This statement updates the definition of covered payroll in the required supplementary information. Statements 67 and 68 identified covered payroll as payroll of employees that are provided with pension through the pension plan. Statement 82 amends these statements to consider covered payroll as the payroll on which contributions to a pension plan are based. The requirements of this Statement became effective for reporting periods beginning after June 15, 2016. This Statement was adopted by the City during FY 2017 and is reflected in the required supplementary information.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the City's cash in bank totaled \$2,619,002 and the bank balance was \$3,094,284. Federal Depository Insurance covered the City's deposits at June 30, 2017, to the extent of \$499,195. The City had cash on hand of \$5,705. Deposits of \$2,595,089 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, 2017 was \$1.1 billion in assets.

The City also holds \$87,857,514 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.

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

	Governmental Activities	Business Activities	Fiduciary Fund	Total
Cash and cash equivalents	\$ 610,843	\$ 343,490	\$ 297,641	\$ 1,251,974
Investments	109,372,681	14,333,161	433,654	124,139,496
Restricted cash and cash equivalents	2,582,709	—	—	2,582,709
	<u>\$ 112,566,233</u>	<u>\$ 14,676,651</u>	<u>\$ 731,295</u>	<u>\$ 127,974,179</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Casa Grande has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following table shows the City's investment maturities:

Investment Type	2017 Total	Investment maturities (in months)			
		12 Months or Less	13 to 24 Months	24 to 36 Months	6 - 10
U.S. Treasury Notes	\$ 30,502,613	\$ 4,038,437	\$ 10,898,053	\$ 13,262,080	\$ 2,304,043
Supra-National Agency Bond	984,042	294,011	—	690,031	—
Federal Agency Collateralized Mortgage Obligation	617,407	222,923	—	394,484	—
Federal Agency Bonds/Notes	26,786,095	4,265,345	16,193,094	6,327,656	—
Corporate Notes	13,072,473	3,679,024	3,139,003	5,544,577	709,869
Certificate of Deposits	9,988,588	2,474,989	7,513,599	—	—
Commercial Paper	4,108,502	4,108,502	—	—	—
Cash	3,255,754	3,255,754	—	—	—
Mutual Funds	408,971	408,971	—	—	—
State Investment Pool 7 (LGIP)	35,625,027	35,625,027	—	—	—
	<u>\$ 125,349,472</u>	<u>\$ 58,372,983</u>	<u>\$ 37,743,749</u>	<u>\$ 26,218,828</u>	<u>\$ 3,013,912</u>

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 CASH AND INVESTMENTS (Continued)

Governmental funds

Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 30,502,613	S&P	AA+
Supra-National Agency Bond	984,042	S&P	AAA
Federal Agency Collateralized Mortgage Obligations	617,407	S&P	AA+
Federal Agency Bonds/Notes	26,786,095	S&P	AA+
Corporate Notes	335,854	S&P	AAA
Corporate Notes	721,128	S&P	AA+
Corporate Notes	1,626,768	S&P	AA-
Corporate Notes	3,126,266	S&P	A+
Corporate Notes	3,618,096	S&P	A
Corporate Notes	1,410,236	S&P	BBB+
Corporate Notes	2,234,125	S&P	A-
Certificate of Deposits	824,558	S&P	A-1+
Certificate of Deposits	1,898,292	S&P	AA-
Certificate of Deposits	4,213,178	S&P	A+
Certificate of Deposits	2,227,984	S&P	A
Certificate of Deposits	824,575	S&P	A-1
Commercial Paper	1,643,298	S&P	A-1+
Commercial Paper	2,465,205	S&P	A-1
Cash	3,114,108	Unrated	—
State Investment Pool 7 (LGIP)	21,407,619	Unrated	—
	<u>\$ 110,581,447</u>		

Proprietary funds

Investment Type	Amount	Rating Agency	Rating
State Investment Pool 7 (LGIP)	\$ 14,191,515	Unrated	\$ —
Cash	141,646		
	<u>\$ 14,333,161</u>		

Fiduciary funds

Investment Type	Amount	Rating Agency	Rating
State Investment Pool 7 (LGIP)	\$ 25,893	Unrated	\$ —
Mutual Funds	408,971	Unrated	—
	<u>\$ 434,864</u>		
Total	<u><u>\$ 125,349,472</u></u>		

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2017:

Investments By Fair Value Level	Fair Value Measurement Using			
	Amount	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 30,502,613	\$ —	\$ 30,502,613	\$ —
Supra-National Agency Bond	984,042	—	984,042	—
Federal Agency Collateralized Mortgage Obligations	617,407	—	617,407	—
Federal Agency Bonds/Notes	26,786,095	—	26,786,095	—
Corporate Notes	13,072,473	—	13,072,473	—
Certificate of Deposits	9,988,588	—		9,988,588
Commercial Paper	4,108,502	—		4,108,502
Cash	3,255,754	—		3,255,754
Total Investments by Fair Value Level	89,315,474	\$ —	\$ 71,962,630	\$ 17,352,844
External Investment Pool Measured at Fair Value				
State Investment Pool 7 (LGIP)	35,625,027			
Total Investments Measured at Fair Value	124,940,501			
Investments Measured at Amortized Costs				
Mutual Funds	408,971			
Total Investments	\$ 125,349,472			

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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:

Investment Type	Total	Concentration
U.S. Treasury Notes	\$ 30,502,613	24.33%
Supra-National Agency Bond	984,042	0.79%
Federal Agency Collateralized Mortgage Obligation	617,407	0.49%
Federal Agency Bonds/Notes	26,786,095	21.37%
Corporate Notes	13,072,473	10.43%
Certificate of Deposits	9,988,588	7.97%
Commercial Paper	4,108,502	3.28%
Cash	3,255,754	2.60%
Mutual Funds	408,971	0.33%
State Investment Pool 7 (LGIP)	35,625,027	28.42%
Total	<u>\$ 125,349,472</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 6/30/2017
Capital - CFD	Infrastructure	<u>\$ 204,334</u>

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

Fund Type	Description of Designated Capital	Balance at 6/30/2017
Capital - CFD	Sewer Line	<u>\$ 215,081</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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

The City 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 6/30/2017
Debt Service	GO Bonds	\$ 789,350

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	\$ 3,776,094	\$ 709,455	\$ 299,428	\$ 207,674	\$ 4,992,651
Accounts	257,866	—	—	541,742	799,608
	<u>4,033,960</u>	<u>709,455</u>	<u>299,428</u>	<u>749,416</u>	<u>5,792,259</u>
Less:					
Allowance	—	—	—	—	—
Total receivables	<u>\$ 4,033,960</u>	<u>\$ 709,455</u>	<u>\$ 299,428</u>	<u>\$ 749,416</u>	<u>\$ 5,792,259</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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
Accounts	\$ 14,561	\$ 6,084,278	\$ 3,689,622	\$ 845	\$ 8,604
Taxes	—	—	—	2,553	—
	14,561	6,084,278	3,689,622	3,398	8,604
Less:					
Allowance	—	(4,812,103)	(2,896,171)	—	—
Net receivables	\$ 14,561	\$ 1,272,175	\$ 793,451	\$ 3,398	\$ 8,604

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	\$ 518,447
Uncollectibles related to sanitation	474,769
Total uncollectibles for the current year	<u>\$ 993,216</u>

NOTE 5 DIRECT LOANS

The City issues loans to provide housing for low-income families, which are funded by Community Development Block Grants from the U.S. Department of Housing and Urban Development through the Arizona Department of Commerce. These loans are paid back on a monthly basis and have varying terms and maturity dates. At June 30, 2017 these loans outstanding totaled \$402,910.

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, 2017

NOTE 6 PROPERTY TAXES (Continued)

The City's 2016-2017 maximum primary levy limit was \$3,756,868. The primary tax levy was \$3,403,337. The City's secondary tax levy was \$2,150,927.

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, 2017, are \$209,901 and \$195,412 respectively.

NOTE 7 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2017 follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 19,578,382	\$ 35,146	\$ —	\$ 19,613,528
Construction in progress	420,797	4,200,426	(1,871,304)	2,749,919
Total capital assets not being depreciated	19,999,179	4,235,572	(1,871,304)	22,363,447
Capital assets, being depreciated:				
Buildings	76,512,376	—	—	76,512,376
Improvements	230,869,796	4,572,649	—	235,442,445
Heavy machinery & equipment	28,366,961	2,527,760	(148,835)	30,745,886
Total capital assets being depreciated	335,749,133	7,100,409	(148,835)	342,700,707
Less accumulated depreciation for:				
Buildings	(28,559,135)	(2,540,166)	—	(31,099,301)
Improvements	(131,348,038)	(10,192,918)	—	(141,540,956)
Heavy machinery & equipment	(17,927,276)	(2,095,953)	148,835	(19,874,394)
Total accumulated depreciation	(177,834,449)	(14,829,037)	148,835	(192,514,651)
Total capital assets, being depreciated, net	157,914,684	(7,728,628)	—	150,186,056
Governmental activities capital assets, net	<u>\$ 177,913,863</u>	<u>\$ (3,493,056)</u>	<u>\$ (1,871,304)</u>	<u>\$ 172,549,503</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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	50,017	176,834	—	226,851
Total capital assets not being depreciated	4,266,826	176,834	—	4,443,660
Capital assets, being depreciated:				
Buildings and improvements	128,899,917	24,660	—	128,924,577
Machinery and equipment	12,425,173	733,525	(205,321)	12,953,377
Total capital assets being depreciated	141,325,090	758,185	(205,321)	141,877,954
Less accumulated depreciation for:				
Buildings and improvements	(35,835,901)	(3,419,181)	—	(39,255,082)
Machinery and equipment	(7,284,240)	(1,031,780)	205,321	(8,110,699)
Total accumulated depreciation	(43,120,141)	(4,450,961)	205,321	(47,365,781)
Total capital assets, being depreciated, net	98,204,949	(3,692,776)	—	94,512,173
Business-Type activities capital assets, net	\$ 102,471,775	\$ (3,515,942)	\$ —	\$ 98,955,833

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

Governmental activities:	
General government	\$ 438,335
Public safety	2,564,493
Streets/Transportation	9,596,116
Public Works	596,277
Culture and recreation	1,324,084
Economic Development	298,201
Internal Service	11,531
Total depreciation expense	\$ 14,829,037
Business-type activities:	
Water	\$ 62,706
Wastewater	3,319,856
Sanitation	887,960
Golf Course	180,439
Total depreciation expense	\$ 4,450,961

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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, 2017, 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	64,528,587	4,070,594	68,599,181
Deferred outflows of resources	16,602,671	774,544	17,377,215
Deferred inflows of resources	5,199,195	510,393	5,709,588
Pension expense	9,301,097	210,126	9,511,223

The City reported \$5,180,249 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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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	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 Highest 60 months of last 120 months
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 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.

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, 2017 active ASRS members were required by statute to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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 9.47 percent (9.41 percent for retirement and 0.06 percent 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, 2017 were \$1,512,540. 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:

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

ASRS		Health Benefit Supplement Fund	Long-Term Disability Fund
Year ended June 30			
	2017	\$ 64,262	\$ 16,066
	2016	\$ 69,317	\$ 16,636
	2015	\$ 68,745	\$ 13,749

During fiscal year 2017, the City paid for ASRS pension and OPEB contributions as follows: 72.1 percent from the General Fund, 7.2 percent from the HURF Fund, 0.1 percent from the Water Fund, 3.8 percent from the Wastewater Fund, 10.6 percent from the Sanitation Fund, 0.3 percent from the Golf Fund, and 5.9 percent from other funds.

Pension Liability - At June 30, 2017, the City reported a liability of \$23,853,177 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The City's proportion measured as of June 30, 2016 was 0.14778 percent, which was an increase of 0.001804 percent from its proportion measured as of June 30, 2015.

The City's reported liability at June 30, 2017, increased by \$1,115,364 from the City's prior year liability of \$22,737,813 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, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2017, the City recognized pension expense for ASRS of \$1,517,540. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 144,954	\$ 1,640,924
Changes in assumptions or other inputs	2,584,890	1,262,024
Net difference between projected and actual earnings on pension plan investments	—	—
Changes in proportion and differences between City contributions and proportionate share of contributions	204,245	75,940
City contributions subsequent to the measurement date	<u>1,512,540</u>	<u>—</u>
Total	<u>\$ 4,446,629</u>	<u>\$ 2,978,888</u>

The \$1,512,540 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, 2018. 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

2018	\$ (1,093,639)
2019	(747,755)
2020	1,071,800
2021	724,796
Thereafter	—

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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, 2015
Actuarial roll forward date	June 20, 2016
Actuarial cost method	Entry age normal
Asset valuation	Fair Value
Discount rate	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, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2013.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 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:

ASRS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.79%
Fixed Income	25%	3.7%
Commodities	2%	4.25%
Real estate	10%	3.41%
Multi-asset	5%	3.9%
Total	100%	

NOTE 8 PENSION 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 8.75 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	\$ 30,414,611	\$ 23,853,177	\$ 18,592,340

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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

Retirement and Disability	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
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 the 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%	1.5% per year less than 17 years, 1.75% 17 to 19 years, 2.0% 19 to 22 years, 2.25% 22 to 25 years, 2.5% more that 25 years
Accidental Disability Retirement	50% or normal retirement, which ever is greater		
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% of normal retirement, whichever is greater		
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefits			
Retired Members	80% of retired member's pension benefit		
Active Members	80% of accidental disability retirement benefit of 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, 2017

NOTE 8 PENSION 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, 2016, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	46	23
Inactive employees entitled to by not yet receiving benefits	10	2
Active employees	76	57
Total	132	82

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire		
		Tier 1		Tier 2
		Membership prior to July 20, 2011	Membership on or after July 20, 2011	Membership on or after January 1, 2012
Active members - Pension	7.65%	7.65%	11.65%	11.65%
City				
Pension	45.14%	28.47%	28.47%	28.47%
Health insurance premium benefit	0.3%	0.45%	0.45%	0.45%

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, 2017

NOTE 8 PENSION 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, 2017, were:

	PSPRS		PSPRS	
	Police		Fire	
Pension				
Contributions made	\$	2,657,066	\$	1,278,667
Health Insurance Premium Benefit				
Annual OPEB cost				
Contributions made		17,659		20,211

During fiscal year 2017, the City paid for PSPRS and OPEB contributions as follows: 97.8 percent from the General Fund and 2.2 percent from other funds.

Pension Liability (Asset) - At June 30, 2017, the City reported the following net pension liabilities (assets):

	Net Pension Liability	
PSPRS Police	\$	29,487,070
PSPRS Fire		15,258,934

The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

PSPRS Police and Fire

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases includes inflation at	4.0% - 8.0%
Payroll growth	4.0%
Permanent benefit increase	1.75%

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for June 30, 2014.

The long-term expected rate of return on both the PSPRS Police and PSPRS Fire pension plan investments was determined to be 7.5 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 Police and PSPRS Fire

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	16.00%	6.23%
Non-U.S. equity	14.00%	8.25%
Private equity	11.00%	9.50%
Fixed income	7.00%	2.92%
Credit opportunities	13.00%	7.08%
Absolute Return	5.00%	4.11%
GTAA	10.00%	4.38%
Real Assets	8.00%	4.77%
Real Estate	10.00%	4.48%
Risk Parity	4.00%	5.13%
Short Term Inv	2.00%	0.75%
Total	100%	

Pension Discount Rates - A 7.5 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, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PSPRS Police

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 42,559,311	\$ 16,894,439	\$ 25,664,872
Changes for the year:			
Service Cost	1,071,458	—	1,071,458
Interest on the total pension liability	3,272,521	—	3,272,521
Changes of benefit terms	1,657,105	—	1,657,105
Differences between expected and actual experience in the measurement of the pension liability	(873,099)	—	(873,099)
Changes of assumptions or other inputs	1,728,627	—	1,728,627
Contributions - employer	—	2,318,393	(2,318,393)
Contributions - employee	—	726,673	(726,673)
Net investment income	—	105,517	(105,517)
Benefit payments, including refunds of employee contributions	(2,813,757)	(2,813,757)	—
Administrative expense	—	(15,582)	15,582
Other changes	—	(100,587)	100,587
Net changes	4,042,855	220,657	3,822,198
Balances at June 30, 2017	\$ 46,602,166	\$ 17,115,096	\$ 29,487,070

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PSPRS Fire

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 25,232,583	\$ 14,331,020	\$ 10,901,563
Changes for the year:			
Service Cost	775,382	—	775,382
Interest on the total pension liability	1,967,441	—	1,967,441
Changes of benefit terms	1,771,605	—	1,771,605
Differences between expected and actual experience in the measurement of the pension liability	680,418	—	680,418
Changes of assumptions or other inputs	1,122,239	—	1,122,239
Contributions - employer	—	1,329,591	(1,329,591)
Contributions - employee	—	521,437	(521,437)
Net investment income	—	88,738	(88,738)
Benefit payments, including refunds of employee contributions	(1,114,667)	(1,114,667)	—
Administrative expense	—	(13,169)	13,169
Other changes	—	33,117	(33,117)
Net changes	5,202,418	845,047	4,357,371
Balances at June 30, 2017	\$ 30,435,001	\$ 15,176,067	\$ 15,258,934

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Total pension liability	52,782,620	46,602,166	41,521,776
Plan fiduciary net position	17,115,096	17,115,096	17,115,096
Net pension liability	35,667,524	29,487,070	24,406,680

PSPRS Fire	1% Decrease 6.5%	Current Discount Rate 7.5%	0.01 Increase 8.5%
Total pension liability	34,573,139	30,435,001	27,026,711
Plan fiduciary net position	15,176,067	15,176,067	15,176,067
Net pension liability	19,397,072	15,258,934	11,850,644

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, 2017, the City recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Police	4,995,834
PSPRS Fire	3,339,914

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS Police		
Differences between expected and actual experience	\$ —	\$ 1,520,452
Changes of assumptions or other inputs	3,458,089	—
Net difference between projected and actual earnings on pension plan investments	1,386,817	330,522
Changes in proportion and differences between City contributions and proportionate share of contributions	—	—
City contributions subsequent to the measurement date	2,657,066	—
Total	<u>\$ 7,501,972</u>	<u>\$ 1,850,974</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS Fire		
Differences between expected and actual experience	\$ 778,440	\$ 621,081
Changes of assumptions or other inputs	2,178,198	—
Net difference between projected and actual earnings on pension plan investments	1,193,129	258,646
Changes in proportion and differences between City contributions and proportionate share of contributions		
City contributions subsequent to the measurement date	1,278,667	—
Total	<u>\$ 5,428,434</u>	<u>\$ 879,727</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION 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, 2017. 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 Police	PSPRS Fire
2018	\$ 898,397	\$ 585,070
2019	898,399	585,068
2020	863,483	711,894
2021	340,037	598,435
2022	—	385,427
Thereafter	—	409,322

Agent Plan OPEB Actuarial Assumptions - The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, 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, 2017

NOTE 8 PENSION 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 2017 contribution requirements, are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.0% - 8.0% for PSPRS
Wage Growth	4.0% for PSPRS

The funded status of the all the PSPRS and CORP health insurance premium benefit plans in the June 30, 2015, 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:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2017	\$ 17,659	100%	\$ —
2016	11,174	100%	—
2015	66,508	100%	—
PSPRS Fire			
2017	\$ 20,211	100%	\$ —
2016	22,505	100%	—
2015	40,385	100%	—

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 PENSION AND OTHER POSTEMPLOYMENT BENEFITS

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, 2016.

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 17,115,096	\$ 15,176,067
Actuarial accrued liability (b)	46,602,116	30,435,001
Unfunded actuarial accrued liability (funded excess) (b) - (a)	29,487,020	15,258,934
Funded ratio (a)/(b)	36.73%	49.86%
Annual covered payroll (c)	\$ 5,554,474	\$ 4,007,142
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	530.87%	380.79%

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 2017 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, 2017

NOTE 10 CAPITAL LEASES

Leases at June 30, 2017, 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.	\$ 1,026,402
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.	2,192,000
Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.59%, due through April 2031.	2,916,244
Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.75%, due through February 2033.	825,580
Total Governmental Activities Capital Lease Obligation	<u>\$ 6,960,226</u>

The future minimum lease payments by year are:

Fiscal Year Ending June 30,	Government Activities
2018	886,469
2019	891,613
2020	899,476
2021	608,516
2022	615,760
2023-2027	3,196,336
2028-2032	1,578,243
2033-2037	74,946
Total minimum lease payments	8,751,359
Less: amount representing interest	(1,791,133)
Present value of future minimum lease payments	6,960,226
Less: current portion	(618,015)
Noncurrent portion	<u>\$ 6,342,211</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 10 CAPITAL LEASES

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	\$ (3,823,258)	\$ 8,455,664
Total Building and Improvement	<u>\$ 12,278,922</u>	<u>\$ (3,823,258)</u>	<u>\$ 8,455,664</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.

In June 2008 the City issued \$11,000,000 of General Obligation bond debt to finance golf 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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 BOND DEBT (Continued)

General Obligation Bonds (continued)

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
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	2,015,000	1,173,041
2023-2027	9,860,000	4,848,321
2028-2032	10,930,000	2,883,503
2033-2037	9,730,000	714,625
Total	<u>\$ 40,215,000</u>	<u>\$ 14,959,157</u>

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 Excise Tax Revenue Obligations (Continued)

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, 2017:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 948,200	\$ 788,562	\$ 1,416,804	\$ 352,268
2019	1,012,700	734,965	1,477,300	281,428
2020	1,060,600	676,285	1,559,400	206,908
2021	1,121,197	615,361	1,623,800	144,532
2022	1,167,400	545,091	1,407,596	63,342
2023-2027	6,220,000	1,691,778	—	—
2028-2032	2,945,000	218,975	—	—
Total	<u>\$ 14,475,097</u>	<u>\$ 5,271,017</u>	<u>\$ 7,484,900</u>	<u>\$ 1,048,478</u>

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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, 2017 is \$59,224,517. The following schedule shows estimated payments based on the amount due of \$41,106,897.

Fiscal Year Ending June 30,	Principal	Interest
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
2022	3,204,050	1,187,930
2023-2027	18,063,836	3,896,064
2028-2032	8,216,588	498,478
	<u>\$ 41,106,897</u>	<u>\$ 11,527,969</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, 2017

NOTE 14 CHANGES IN LONG-TERM OBLIGATIONS

	Beginning Balance	Additions & transfers	Reductions & transfers	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,956,287	\$ 1,502,658	\$ (1,293,154)	\$ 3,165,791	\$ 1,424,606
G.O Bonds (2)	41,125,000	—	(910,000)	40,215,000	1,840,000
Excise tax revenue obligations	15,351,500	—	(876,403)	14,475,097	948,200
Capital leases	7,537,983	—	(577,757)	6,960,226	618,015
Bonds premiums	3,105,241	—	(180,763)	2,924,478	—
Bonds discounts	(36,889)	—	36,889	—	—
Net pension liability	55,426,816	9,101,771	—	64,528,587	—
Governmental activities long-term liabilities	<u>\$ 125,465,938</u>	<u>\$ 10,604,429</u>	<u>\$ (3,801,188)</u>	<u>\$ 132,269,179</u>	<u>\$ 4,830,821</u>
	Beginning Balance	Additions & transfers	Reductions & transfers	Ending Balance	One Year
Business-type activities					
Compensated absences	\$ 307,969	\$ 132,100	\$ (138,586)	\$ 301,483	\$ 135,667
Excise tax revenue obligations	8,593,503	—	(1,108,596)	7,484,907	1,416,800
Loan payable (1)	43,736,724	—	(2,629,827)	41,106,897	2,735,783
Bond premiums	901,582	—	(149,041)	752,541	—
Postclosure liability	2,815,822	79,132	—	2,894,954	—
Net pension liability	3,877,432	193,162	—	4,070,594	—
Business-type activities long-term liabilities	<u>\$ 60,233,032</u>	<u>\$ 404,394</u>	<u>\$ (4,026,050)</u>	<u>\$ 56,611,376</u>	<u>\$ 4,288,250</u>

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

(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, 2017, the City primarily paid for compensated absences from the General Fund.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

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
2018	\$ 3,406,215	\$ 2,486,340	\$ 4,152,583	\$ 2,008,465
2019	3,592,923	2,343,434	4,323,308	1,827,400
2020	3,672,220	2,192,677	4,520,073	1,638,215
2021	3,526,457	2,043,343	4,703,759	1,456,553
2022	3,626,515	1,889,776	4,611,650	1,251,272
2023-2027	18,704,456	7,111,979	18,063,836	3,896,064
2028-2032	15,318,646	3,237,074	8,216,595	498,478
2033-2037	9,802,891	716,682	—	—
Total	<u>\$ 61,650,323</u>	<u>\$ 22,021,305</u>	<u>\$ 48,591,804</u>	<u>\$ 12,576,447</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, 2017 the City has reported a \$2,894,955 landfill closure and postclosure care liability that represents the total current cost based on 61.8 percent of estimated capacity of the landfill.

The remaining cost of \$2,049,640 will be recognized in the future periods as the remaining capacity is filled. The City expects the remaining capacity to extend for 11 years, which will be through the year 2028. 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 2017 valuation of the total closure and postclosure costs were estimated to be \$4,944,595.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 17 CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2017. At year end the City's most significant commitment included the construction of the Community Recreation Center. At year end the City's commitments with contractors are as follows:

Project	Remaining Commitment
Community Recreation Center Construction	1,211,989
Perimeter Landfill Berm and Drainage Ditch	429,841
	<u>\$ 1,641,830</u>

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS

Interfund transactions as of June 30, 2017, were as follows:

Interfund Receivable/Payable:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,830,034	\$ —
HURF Fund	—	1,627,112
Capital Repacement Fund	196,182	496,855
Non-Major Funds	1,181,775	962,423
Water Fund		111,601
Agency Fund	—	10,000
Total	<u>\$ 3,207,991</u>	<u>\$ 3,207,991</u>

The inter fund balances at June 30, 2017 are short-term loans to cover temporary cash deficits in various funds.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 18 SUMMARY OF INTERFUND TRANSACTIONS (Continued)

Transfers:

Fund	Transfers Out	Transfers In
General Fund	\$ 1,953,812	\$ 2,044,388
Highway Users Fund	2,093,158	—
Capital Replacement	548,361	1,675,242
Non-Major Governmental Funds	1,986,965	4,409,690
Water Fund	24,389	—
Wastewater Fund	582,028	—
Sanitation Fund	623,677	—
Golf Course	141,130	—
Internal Service Funds	175,800	—
Total	<u>\$ 8,129,320</u>	<u>\$ 8,129,320</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 stayed constant from the prior year at \$485,358. The Municipal Airport is supported through fuel sales and hangar rentals which continue to be lower than expected. The Senior Services fund saw a deficit fund balance increase from \$20,354 to \$22,347 and the HOME/HUD fund deficit decreased from \$815 in the prior year to the current year balance of \$575. It is expected that this deficit balance continue to decrease as intergovernmental revenues increase. The increase in the deficit was attributed to the decrease in fuel sales. The Excise Bond fund had a deficit fund balance of \$201,902 in comparison to a deficit of \$68,735 in the prior year. 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. 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, 2017 \$7,531,555 (including \$5,754,500 in interest) has been paid.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 21 FUND BALANCE DETAILS BY CLASSIFICATION

	General	Major Governmental Funds	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Inventories	\$ —	\$ —	\$ 40,286	\$ 40,286
Restricted for:				
Highway Users Revenue Fund	—	5,543,066	—	5,543,066
Grants	—	—	115,750	115,750
Community Development	—	—	406,774	406,774
Community Services	—	—	—	—
Transportation	—	—	—	—
Airport Improvement	—	—	196,182	196,182
Debt Services - Leases	—	—	243,865	243,865
Debt Services - GO Bonds	—	—	5,316,977	5,316,977
Court Enhancement	—	—	326,369	326,369
Tribal Housing	—	—	48,230	48,230
CFD Debt	—	—	1,237,035	1,237,035
Capital Replacement	—	1,348,591	—	1,348,591
Developer Impact Fees	—	21,864,322	—	21,864,322
Development Agreements	1,670,016	—	—	1,670,016
Committed to:				
Aesthetic Revitalization	4,654,417	—	—	4,654,417
Capital Replacement	—	662,733	—	662,733
Parks Development	—	—	80,075	80,075
Redevelopment	—	—	421,792	421,792
Assigned to:				
General Fund Reserves	20,494,239	—	—	20,494,239
Parks Development	—	—	895,849	895,849
Capital Replacement	—	40,770,858	—	40,770,858
Rodeo Grounds	—	—	24,975	24,975
Grande Sports World	—	—	257,222	257,222
Housing	—	—	126,791	126,791
Unassigned	5,343,256	—	(750,468)	4,592,788
Total fund balances	<u>\$ 32,161,928</u>	<u>\$ 70,189,570</u>	<u>\$ 8,987,704</u>	<u>\$ 111,339,202</u>

Required Supplementary Information



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, 2017

Arizona Retirement System

	Fiscal Year			
	2017	2016	2015	2014 through 2008
City's proportion of the net pension liability	0.14778%	0.145976%	0.147102%	Information not available
City's proportionate share of the net pension liability	23,853,177	22,737,813	21,766,069	
City's covered payroll	15,029,588	11,457,463	12,967,224	
City's proportionate share of the net pension liability as a percentage of its covered payroll	158.71%	198.45%	167.85%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

*Pension plan schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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, 2017

PSPRS - Police

	Fiscal Year			
	2017	2016	2015	2014 through 2006
Total pension liability				
Service cost	\$ 1,071,458	\$ 1,005,609	\$ 1,015,910	Information not available
Interest on the total pension liability	3,272,521	3,199,872	2,707,371	
Changes on benefit terms	1,657,105	—	863,565	
Differences between expected and actual experience in the measurement of the pension liability	(873,099)	(909,542)	(573,850)	
Changes of assumptions or other inputs	1,728,627	—	4,417,506	
Benefit payments, including refunds of employee contributions	(2,813,757)	(1,993,041)	(2,309,869)	
Net change in total pension liability	\$ 4,042,855	\$ 1,302,898	\$ 6,120,633	
Total pension liability - beginning	42,559,311	41,256,413	35,135,780	
Total pension liability - ending (a)	\$ 46,602,166	\$ 42,559,311	\$ 41,256,413	
Plan fiduciary net position				
Contributions - employer	\$ 2,318,393	\$ 1,632,224	\$ 1,604,579	
Contributions - employee	726,673	559,645	539,514	
Net investment income	105,517	598,261	1,965,995	
Benefit payments, including refunds of employee contributions	(2,813,757)	(1,993,041)	(2,309,869)	
Administrative expense	(15,582)	(14,978)	—	
Other changes	(100,587)	(101,064)	(782,663)	
Net change in plan fiduciary net position	\$ 220,657	\$ 681,047	\$ 1,017,556	
Plan fiduciary net position - beginning	16,894,439	16,213,392	15,195,836	
Plan fiduciary net position - ending (b)	\$ 17,115,096	\$ 16,894,439	\$ 16,213,392	
City's net pension liability (asset) - ending (a) - (b)	\$ 29,487,070	\$ 25,664,872	\$ 25,043,021	

*Pension plan schedules are intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

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, 2017

PSPRS - Police

	Fiscal Year			
	2017	2016	2015	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability	36.73%	39.7%	39.3%	Information not available
City's covered payroll	\$ 5,554,474	\$ 4,921,524	\$ 5,253,946	
City's net pension liability (asset) as a percentage of covered payroll	530.87%	521.48%	476.65%	

*Pension plan schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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, 2017

PSPRS - Fire

	Fiscal Year			
	2017	2016	2015	2014 through 2006
Total pension liability				
Service cost	\$ 775,382	\$ 872,432	\$ 817,489	Information not available
Interest on the total pension liability	1,967,441	1,899,792	1,586,947	
Changes on benefit terms	1,771,605	—	346,208	
Differences between expected and actual experience in the measurement of the pension liability	680,418	(825,229)	288,360	
Changes of assumptions or other inputs	1,122,239	—	1,859,876	
Benefit payments, including refunds of employee contributions	(1,114,667)	(958,739)	(923,381)	
Net change in total pension liability	\$ 5,202,418	\$ 988,256	\$ 3,975,499	
Total pension liability - beginning	25,232,583	24,244,327	20,268,828	
Total pension liability - ending (a)	<u>\$ 30,435,001</u>	<u>\$ 25,232,583</u>	<u>\$ 24,244,327</u>	
Plan fiduciary net position				
Contributions - employer	\$ 1,329,591	\$ 968,712	\$ 991,261	
Contributions - employee	521,437	618,303	555,093	
Net investment income	88,738	494,059	1,538,450	
Benefit payments, including refunds of employee contributions	(1,114,667)	(958,739)	(923,381)	
Administrative expense	(13,169)	(12,443)	—	
Other changes	33,117	16,979	(331,791)	
Net change in plan fiduciary net position	\$ 845,047	\$ 1,126,871	\$ 1,829,632	
Plan fiduciary net position - beginning	14,331,020	13,204,149	11,374,517	
Plan fiduciary net position - ending (b)	<u>\$ 15,176,067</u>	<u>\$ 14,331,020</u>	<u>\$ 13,204,149</u>	
City's net pension liability (asset) - ending (a) - (b)	<u>\$ 15,258,934</u>	<u>\$ 10,901,563</u>	<u>\$ 11,040,178</u>	

*Pension plan schedules are intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

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, 2017

PSPRS - Fire

	Fiscal Year			
	2017	2016	2015	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability	49.86%	56.8%	54.46%	Information not available
City's covered payroll	\$ 4,007,142	\$ 4,192,804	\$ 4,550,142	
City's net pension liability (asset) as a percentage of covered payroll	380.79%	260.01%	242.63%	

*Pension plan schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
June 30, 2017

Arizona Retirement System

	Fiscal Year				2013 through 2008
	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,501,375	\$ 1,387,493	\$ 1,246,572	\$ 1,387,493	Information not available
City's contributions in relation to the statutorily required contribution	1,501,375	1,387,493	1,246,572	1,387,493	
City's contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	
City's employee payroll	\$15,029,588	\$12,967,224	\$11,457,463	\$ 12,967,224	
City's contributions as a percentage of employee payroll	9.99%	10.85%	10.88%	10.7%	

PSPRS - Police

	Fiscal Year				2013 through 2006
	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,318,393	\$2,341,546	\$1,825,522	\$1,664,257	Information not available
City's contributions in relation to the statutorily required contribution	2,318,393	2,341,546	1,825,522	1,664,257	
City's contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	
City's employee payroll	\$ 5,554,474	\$5,587,082	\$5,733,423	\$5,532,769	
City's contributions as a percentage of employee payroll	41.74%	41.91%	31.84%	30.08%	

PSPRS - Fire

	Fiscal Year				2013 through 2006
	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,329,591	\$ 1,248,349	\$ 924,690	\$ 920,873	Information not available
City's contributions in relation to the statutorily required contribution	1,329,591	1,248,349	924,690	920,873	
City's contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	
City's employee payroll	\$ 4,007,142	\$ 4,592,896	\$ 4,163,395	\$ 4,315,244	
City's contributions as a percentage of employee payroll	33.18%	27.18%	22.21%	21.34%	

*Pension plan schedules are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2017

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce the normal cost which otherwise would be payable.
Asset valuation method	7-year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%, net of investment and administrative expenses
Projected salary increases includes inflation at	4.00% to 8.00% including inflation 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 2 FACTORS THAT AFFECT TRENDS

Changes of assumptions include a decrease in investment rate of return from 8.0% to 7.85% and a decrease in projected salary increases from 5.0% to 9.0% including inflation to 4.0% to 8.0% including inflation.

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2017

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						
6/30/2016	\$ 17,115,096	\$ 46,602,166	\$ 29,487,070	36.7%	\$ 5,554,474	530.9%
6/30/2015	16,441,370	41,256,413	24,815,043	39.9%	5,253,943	472.3%
6/30/2014	16,999,345	35,135,780	18,136,435	48.4%	5,248,916	345.5%
PSPRS Fire						
6/30/2016	\$ 15,176,067	\$ 30,435,001	\$ 15,258,934	49.9%	\$ 4,007,142	380.8%
6/30/2015	13,389,814	24,244,327	10,854,513	55.2%	4,550,140	238.6%
6/30/2014	12,719,418	20,268,828	7,549,410	62.8%	4,559,461	165.6%

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2017

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

Non-Major Government Funds

CITY OF CASA GRANDE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue			
	Municipal Airport	Parks Develop.	Redevelopment	Senior Services
ASSETS				
Cash	\$ 149,773	\$ 52,823	\$ —	\$ —
Investments	—	919,886	—	—
Receivables (less allowance for uncollectibles)	16,652	3,251	151	—
Due from other governments	—	—	—	30,216
Due from other funds	—	—	421,725	—
Inventory	40,286	—	—	—
Restricted assets: cash and cash equivalents	—	—	—	—
Total assets	<u>\$ 206,711</u>	<u>\$ 975,960</u>	<u>\$ 421,876</u>	<u>\$ 30,216</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 41,830	\$ 36	\$ 84	\$ 7,711
Accrued wages and benefits	5,752	—	—	3,474
Deposits Held	3,045	—	—	—
Due to other funds	641,442	—	—	39,375
Total liabilities	<u>692,069</u>	<u>36</u>	<u>84</u>	<u>50,560</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	—	—	—	2,003
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,003</u>
FUND BALANCES				
Nonspendable	40,286	—	—	—
Restricted	—	—	—	—
Committed	—	80,075	421,792	—
Assigned	—	895,849	—	—
Unassigned	(525,644)	—	—	(22,347)
Total fund balances	<u>(485,358)</u>	<u>975,924</u>	<u>421,792</u>	<u>(22,347)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 206,711</u>	<u>\$ 975,960</u>	<u>\$ 421,876</u>	<u>\$ 30,216</u>

Special Revenues

Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ —	\$ 24,214	\$ 24,975	\$ 37,290	\$ —	\$ —	\$ 15,430
—	—	—	—	—	—	110,990
31,321	—	—	268,199	—	426,239	371
—	98,694	—	—	1,927	2,643	—
—	—	—	189,473	326,712	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>\$ 31,321</u>	<u>\$ 122,908</u>	<u>\$ 24,975</u>	<u>\$ 494,962</u>	<u>\$ 328,639</u>	<u>\$ 428,882</u>	<u>\$ 126,791</u>
\$ —	\$ 5,355	\$ —	\$ 33,796	\$ 1,890	\$ 2,535	\$ —
—	832	—	—	380	605	—
—	—	—	—	—	—	—
31,321	—	—	—	—	18,968	—
<u>31,321</u>	<u>6,187</u>	<u>—</u>	<u>33,796</u>	<u>2,270</u>	<u>22,108</u>	<u>—</u>
—	971	—	203,944	—	—	—
—	971	—	203,944	—	—	—
—	—	—	—	—	—	—
—	115,750	—	—	326,369	406,774	—
—	—	—	—	—	—	—
—	—	24,975	257,222	—	—	126,791
—	—	—	—	—	—	—
<u>—</u>	<u>115,750</u>	<u>24,975</u>	<u>257,222</u>	<u>326,369</u>	<u>406,774</u>	<u>126,791</u>
<u>\$ 31,321</u>	<u>\$ 122,908</u>	<u>\$ 24,975</u>	<u>\$ 494,962</u>	<u>\$ 328,639</u>	<u>\$ 428,882</u>	<u>\$ 126,791</u>

CITY OF CASA GRANDE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
June 30, 2017

	Special Revenue		Debt Service	
	Tribal Housing	Home	Debt Service	General Obligations
ASSETS				
Cash	\$ 48,230	\$ —	\$ —	\$ 12,230
Investments	—	—	—	5,304,449
Receivables (less allowance for uncollectibles)	—	—	—	2,651
Due from other governments	—	52,316	—	—
Due from other funds	—	—	243,865	—
Inventory	—	—	—	—
Restricted assets: cash and cash equivalents	—	—	—	789,350
Total assets	<u>\$ 48,230</u>	<u>\$ 52,316</u>	<u>\$ 243,865</u>	<u>\$ 6,108,680</u>
LIABILITIES				
Accounts payable and other current liabilities	—	22,934	—	789,350
Accrued wages and benefits	—	605	—	—
Deposits Held	—	—	—	—
Due to other funds	—	29,352	—	—
Total liabilities	<u>—</u>	<u>52,891</u>	<u>—</u>	<u>789,350</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	—	—	—	2,353
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,353</u>
FUND BALANCES				
Nonspendable	—	—	—	—
Restricted	48,230	—	243,865	5,316,977
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	(575)	—	—
Total fund balances	<u>48,230</u>	<u>(575)</u>	<u>243,865</u>	<u>5,316,977</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,230</u>	<u>\$ 52,316</u>	<u>\$ 243,865</u>	<u>\$ 6,108,680</u>

Debt Service		Capital Improvements		Total Nonmajor Governmental Funds
Excise Bonds		Airport Improvement	Community Facilities	
\$ 62		\$ —	\$ 4,824	\$ 369,851
—		—	820,202	7,155,527
—		—	583	749,418
—		—	—	185,796
—		196,182	—	1,377,957
—		—	—	40,286
—		—	419,416	1,208,766
<u>\$ 62</u>		<u>\$ 196,182</u>	<u>\$ 1,245,025</u>	<u>\$ 11,087,601</u>
—		—	7,471	912,992
—		—	—	11,648
—		—	—	3,045
201,964		—	—	962,422
<u>201,964</u>		<u>—</u>	<u>7,471</u>	<u>1,890,107</u>
—		—	519	209,790
—		—	519	209,790
—		—	—	40,286
—		196,182	1,237,035	7,891,182
—		—	—	501,867
—		—	—	1,304,837
(201,902)		—	—	(750,468)
<u>(201,902)</u>		<u>196,182</u>	<u>1,237,035</u>	<u>8,987,704</u>
<u>\$ 62</u>		<u>\$ 196,182</u>	<u>\$ 1,245,025</u>	<u>\$ 11,087,601</u>

CITY OF CASA GRANDE, ARIZONA
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2017

REVENUES	Special Revenue			
	Municipal Airport	Parks Develop.	Community Arts	Senior Services
Taxes:				
Property taxes	\$ —	\$ —	\$ —	\$ —
Sales Tax	—	—	—	—
Intergovernmental revenues	—	—	—	155,370
Charges for services	443,111	—	—	47,416
Fines	152	72	—	—
Investment earnings	—	5,144	—	—
Contributions and donations	—	—	—	7,964
Rental and sale of city property	212,438	42,193	26,389	—
Miscellaneous	12,337	—	—	11
Total revenues	<u>668,038</u>	<u>47,409</u>	<u>26,389</u>	<u>210,761</u>
EXPENDITURES				
Current:				
General government	—	—	311	—
Public safety	—	—	—	—
Culture and recreation	—	33,281	—	312,233
Economic development	717,587	—	—	—
Capital outlay	—	35,146	—	—
Debt service:				
Principal	—	—	—	—
Interest and fiscal charges	—	—	—	—
Total expenditures	<u>717,587</u>	<u>68,427</u>	<u>311</u>	<u>312,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,549)</u>	<u>(21,018)</u>	<u>26,078</u>	<u>(101,472)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	149,773	—	—	99,479
Transfers out	(100,224)	—	—	—
Total other financing sources and uses	<u>49,549</u>	<u>—</u>	<u>—</u>	<u>99,479</u>
Net change in fund balances	—	(21,018)	26,078	(1,993)
Fund balances - beginning of year	<u>(485,358)</u>	<u>996,942</u>	<u>395,714</u>	<u>(20,354)</u>
Fund balances - end of year	<u>\$ (485,358)</u>	<u>\$ 975,924</u>	<u>\$ 421,792</u>	<u>\$ (22,347)</u>

Special Revenue						
Youth Services	Grants & Subsidies	Rodeo Grounds	Grande Sports	Court Enhancement	CDBG	Housing
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
263,546	—	—	—	—	—	—
—	649,788	—	—	—	382,626	—
—	—	—	223,282	4,651	46,407	13,229
—	—	—	—	157,647	—	—
—	—	—	—	—	—	621
—	—	—	—	—	—	—
—	—	5,250	—	—	—	—
—	—	—	—	—	—	13
263,546	649,788	5,250	223,282	162,298	429,033	13,863
—	52,467	—	—	—	—	—
—	512,180	—	—	65,556	—	—
100,000	26,180	1,317	254,392	—	—	—
—	—	—	—	—	228,972	—
—	95,510	—	—	—	191,836	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
100,000	686,337	1,317	254,392	65,556	420,808	—
163,546	(36,549)	3,933	(31,110)	96,742	8,225	13,863
—	9,657	—	1,647,210	—	—	—
(189,531)	—	—	(1,647,210)	(50,000)	—	—
(189,531)	9,657	—	—	(50,000)	—	—
(25,985)	(26,892)	3,933	(31,110)	46,742	8,225	13,863
25,985	142,642	21,042	288,332	279,627	398,549	112,928
\$ —	\$ 115,750	\$ 24,975	\$ 257,222	\$ 326,369	\$ 406,774	\$ 126,791

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
Year Ended June 30, 2017

	Special Revenue		Debt Service	
REVENUES	Tribal Housing	Home	Debt Service	General Obligations
Taxes:				
Property taxes	\$ —	\$ —	\$ —	\$ 2,304,459
Sales Tax	—	—	—	—
Intergovernmental revenues	124,124	127,807	—	—
Charges for services	—	—	—	—
Fines	—	—	—	—
Investment earnings	—	—	—	44,917
Contributions and donations	—	—	—	—
Rental and sale of city property	—	—	—	—
Miscellaneous	—	—	151,579	—
Total revenues	124,124	127,807	151,579	2,349,376
EXPENDITURES				
Current:				
General government	—	—	—	—
Public safety	37,593	—	—	—
Culture and recreation	—	—	—	—
Economic development	106,995	127,567	—	—
Capital outlay	—	—	—	—
Debt service:				
Principal	—	—	577,758	1,505,000
Interest and fiscal charges	—	—	293,986	908,541
Total expenditures	144,588	127,567	871,744	2,413,541
Excess (deficiency) of revenues over (under) expenditures	(20,464)	240	(720,165)	(64,165)
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	873,600	—
Transfers out	—	—	—	—
Total other financing sources and uses	—	—	873,600	—
Net change in fund balances	(20,464)	240	153,435	(64,165)
Fund balances - beginning of year	68,694	(815)	90,430	5,381,142
Fund balances - end of year	\$ 48,230	\$ (575)	\$ 243,865	\$ 5,316,977

Debt Service		Capital Improvements		Total Nonmajor Governmental Funds	
Excise Bonds		Airport Improvement	Community Facilities		
\$	—	\$	—	\$	2,827,907
	—		—		263,546
	—	427,004	—		1,866,719
	—	—	—		778,096
	—	—	—		157,871
	—	—	4,970		55,652
	—	—	—		7,964
	—	—	—		286,270
	—	—	—		163,940
	—	427,004	528,418		6,407,965
	—	—	15,481		68,259
	—	—	—		615,329
	—	—	—		727,403
	—	5,565	—		1,186,686
	—	377,135	16,640		716,267
	876,400	—	125,000		3,084,158
	838,377	—	189,398		2,230,302
	1,714,777	382,700	346,519		8,628,404
	(1,714,777)	44,304	181,899		(2,220,439)
	1,581,610	48,361	—		4,409,690
	—	—	—		(1,986,965)
	1,581,610	48,361	—		2,422,725
	(133,167)	92,665	181,899		202,286
	(68,735)	103,517	1,055,136		8,785,418
\$	(201,902)	\$	196,182	\$	1,237,035
				\$	8,987,704



City of
Casa Grande

Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND LEGAL AND OTHER MAJOR GOVERNMENTAL FUNDS



City of
Casa Grande

CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
SCHEDULE OF EXPENDITURES - LEGAL LEVEL BUDGET COMPLIANCE
Year Ended June 30, 2017

EXPENDITURES	Original	Final	Actual Amounts	Budget Variance
Current:				
General Government				
Mayor and Council				
Personal services	\$ 134,200	\$ 134,200	\$ 130,400	\$ 3,800
Other expenditures	404,800	404,800	349,295	55,505
City Manager				
Personal services	974,800	974,800	768,849	205,951
Other expenditures	320,200	320,200	256,319	63,881
Attorney				
Personal services	841,000	841,000	806,780	34,220
Other expenditures	65,500	65,500	59,020	6,480
Clerk				
Personal services	321,600	321,600	293,299	28,301
Other expenditures	136,000	136,000	133,768	2,232
Finance/Information Technology				
Personal services	1,937,500	1,937,500	1,783,702	153,798
Other expenditures	1,395,900	1,395,900	1,478,715	(82,815)
Human Resources				
Personal services	425,500	425,500	397,420	28,080
Other expenditures	174,000	204,000	194,274	9,726
Administrative Services				
Other expenditures	1,274,600	1,204,800	979,685	225,115
Public Safety				
Police				
Personal services	11,431,100	11,197,500	11,342,455	(144,955)
Other expenditures	1,617,300	1,745,800	1,585,263	160,537
Fire				
Personal services	7,333,200	7,227,600	7,031,150	196,450
Other expenditures	1,426,600	1,902,100	1,303,025	599,075
Court				
Personal services	539,300	539,300	538,472	828
Other expenditures	126,100	150,100	134,530	15,570
Animal Control				
Personal services	289,600	289,600	313,745	(24,145)
Other expenditures	126,100	126,100	145,028	(18,928)
Communications				
Personal services	1,495,200	1,470,800	1,237,396	233,404
Other expenditures	1,082,400	374,800	305,677	69,123
Public Works				
Personal services	1,265,200	1,265,200	1,039,670	225,530
Other expenditures	122,300	122,300	119,893	2,407
Culture and Recreation				
Personal services	3,433,900	3,433,900	3,201,137	232,763
Other expenditures	2,572,500	2,581,000	2,748,564	(167,564)
Planning and Economic Development				
Personal services	1,755,800	1,755,800	1,634,268	121,532
Other expenditures	303,500	303,500	196,799	106,701
Capital outlay	2,488,000	3,253,100	479,881	2,773,219
Transfers out	1,837,700	1,837,700	1,953,812	(116,112)
Total expenditures	<u>\$ 47,651,400</u>	<u>\$ 47,942,000</u>	<u>\$ 42,942,291</u>	<u>\$ 4,999,709</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, 2017

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Investment earnings	\$ 26,000	\$ 26,000	\$ 143,208	\$ 117,208
Intergovernmental revenue	6,205,000	5,922,400	—	(5,922,400)
Rental and sale of city property	50,000	50,000	99,285	49,285
Construction sales tax	2,020,000	2,020,000	1,893,492	(126,508)
Miscellaneous	—	—	12,115	12,115
Total revenues	8,301,000	8,018,400	2,148,100	(5,870,300)
EXPENDITURES				
Capital outlay	48,226,200	47,651,100	6,045,717	41,605,383
Interest	49,500	49,500	1,401	48,099
Total expenditures	48,275,700	47,700,600	6,047,118	41,653,482
Excess (deficiency) of revenues over (under) expenditures	(39,974,700)	(39,682,200)	(3,899,018)	35,783,182
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	1,675,242	(1,675,242)
Transfers out	(9,047,400)	(9,047,400)	(548,361)	8,499,039
Proceeds from obligations	17,910,000	17,910,000	—	(17,910,000)
Total other financing sources and uses	8,862,600	8,862,600	1,126,881	(11,086,203)
Net change in fund balance	(31,112,100)	(30,819,600)	(2,772,137)	24,696,979
Fund balance - beginning of year	45,554,319	45,554,319	45,554,319	—
Fund balance - end of year	\$ 14,442,219	\$ 14,734,719	\$ 42,782,182	\$ 24,696,979

CITY OF CASA GRANDE, ARIZONA
DEVELOPMENT IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 975,400	\$ 975,400	\$ 783,045	\$ (192,355)
Investment earnings	5,100	5,100	98,632	93,532
Total revenues	980,500	980,500	881,677	(98,823)
EXPENDITURES				
Current:				
General government	75,000	75,000	—	75,000
Capital outlay	7,374,300	7,908,800	783,059	7,125,741
Total expenditures	7,449,300	7,983,800	783,059	7,200,741
Excess (deficiency) of revenues over (under) expenditures	(6,468,800)	(7,003,300)	98,618	7,101,918
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	87,000	87,000	—	(87,000)
Total other financing sources and uses	87,000	87,000	—	(87,000)
Net change in fund balance	(6,381,800)	(6,916,300)	98,618	7,014,918
Fund balance - beginning of year	21,765,704	21,765,704	21,765,704	—
Fund balance - end of year	\$ 15,383,904	\$ 14,849,404	\$ 21,864,322	\$ 7,014,918



City of
Casa Grande

Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND LEGAL AND OTHER MAJOR GOVERNMENTAL FUNDS



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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charge for service	\$ 557,500	\$ 557,500	\$ 443,111	\$ (114,389)
Rental and sale of city property	235,600	235,600	212,438	(23,162)
Fines	—	—	152	152
Miscellaneous	1,000	1,000	12,337	11,337
Total revenues	794,100	794,100	668,038	(126,062)
EXPENDITURES				
Current:				
Planning and Economic Development	808,300	808,300	717,587	90,713
Capital Outlay	48,600	48,600	—	48,600
Total expenditures	856,900	856,900	717,587	139,313
Excess (deficiency) of revenues over (under) expenditures	(62,800)	(62,800)	(49,549)	13,251
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	149,773	(50,227)
Transfers out	(37,200)	(37,200)	(100,224)	(63,024)
Total other financing sources and uses	162,800	162,800	49,549	(113,251)
Net change in fund balance	100,000	100,000	—	(100,000)
Fund balance - beginning of year	(485,358)	(485,358)	(485,358)	—
Fund balance - end of year	\$ (385,358)	\$ (385,358)	\$ (485,358)	\$ (100,000)

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and sale of City property	\$ 16,600	\$ 16,600	\$ 42,193	\$ 25,593
Investment Earnings	500	500	5,144	\$ 4,644
Fines	—	—	72	\$ 72
Total revenues	17,100	17,100	47,409	30,309
EXPENDITURES				
Current:				
Culture and Recreation	100,000	100,000	33,281	\$ 66,719
Capital outlay	831,700	877,700	35,146	\$ 842,554
Total expenditures	931,700	977,700	68,427	909,273
Excess (deficiency) of revenues over (under) expenditures	(914,600)	(960,600)	(21,018)	939,582
Fund balance - beginning of year	996,942	996,942	996,942	—
Fund balance - end of year	\$ 82,342	\$ 36,342	\$ 975,924	\$ 939,582

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and Sale of City Property	\$ 130,000	\$ 130,000	\$ 26,389	\$ (103,611)
Total revenues	130,000	130,000	26,389	(103,611)
EXPENDITURES				
Current:				
General Government	—	—	311	(311)
Total expenditures	—	—	311	(311)
Excess (deficiency) of revenues over (under) expenditures	130,000	130,000	26,078	(103,922)
Fund balance - beginning of year	395,714	395,714	395,714	—
Fund balance - end of year	<u>\$ 525,714</u>	<u>\$ 525,714</u>	<u>\$ 421,792</u>	<u>\$ (103,922)</u>

CITY OF CASA GRANDE, ARIZONA
 SENIOR SERVICES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 152,300	\$ 152,300	\$ 155,370	\$ 3,070
Charges for services	45,000	45,000	47,416	2,416
Contributions and donations	46,000	46,000	7,964	(38,036)
Miscellaneous	—	—	10	10
Total revenues	243,300	243,300	210,760	(32,540)
EXPENDITURES				
Current:				
Culture and recreation	374,700	374,700	312,233	62,467
Total expenditures	374,700	374,700	312,233	62,467
Excess (deficiency) of revenues over (under) expenditures	(131,400)	(131,400)	(101,473)	29,927
OTHER FINANCING SOURCES (USES)				
Transfers in	125,200	125,200	99,479	(25,721)
Total other financing sources and uses	125,200	125,200	99,479	(25,721)
Net change in fund balance	(6,200)	(6,200)	(1,994)	4,206
Fund balance - beginning of year	(20,354)	(20,354)	(20,354)	—
Fund balance - end of year	\$ (26,554)	\$ (26,554)	\$ (22,348)	\$ 4,206

CITY OF CASA GRANDE, ARIZONA
YOUTH SERVICES SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
City sales taxes	\$ 250,000	\$ 250,000	\$ 263,546	\$ 13,546
Investment earnings	200	200	—	(200)
Total revenues	250,200	250,200	263,546	13,346
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	163,546	13,346
OTHER FINANCING USES				
Transfers out	(163,300)	(163,300)	—	163,300
Total other financing sources and uses	(163,300)	(163,300)	—	163,300
Net change in fund balance	(13,100)	(13,100)	163,546	176,646
Fund balance - beginning of year	25,985	25,985	25,985	—
Fund balance - end of year	\$ 12,885	\$ 12,885	\$ 189,531	\$ 176,646

CITY OF CASA GRANDE, ARIZONA
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
Year Ended June 30, 2017

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		
Intergovernmental revenues	\$ 48,000	\$ 176,300	\$ 649,788	\$ 473,488
Total revenues	48,000	176,300	649,788	473,488
EXPENDITURES				
Current:				
General Government	—	—	52,467	(52,467)
Public Safety	—	87,500	512,180	(424,680)
Culture and Recreation	—	17,100	26,180	(9,080)
Capital outlay	48,000	71,700	95,510	(23,810)
Total expenditures	48,000	176,300	686,337	(510,037)
Excess (deficiency) of revenues over (under) expenditures	—	—	(36,549)	(36,549)
OTHER FINANCING SOURCES				
Transfers in	—	—	9,657	9,657
Total other financing sources and uses	—	—	9,657	9,657
Net change in fund balance	—	—	(26,892)	(26,892)
Fund balance - beginning of year	142,642	142,642	142,642	—
Fund balance - end of year	\$ 142,642	\$ 142,642	\$ 115,750	\$ (26,892)

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Rental and sale of city property	\$ —	\$ —	\$ 5,250	\$ 5,250
Total revenues	—	—	5,250	5,250
EXPENDITURES				
Current:				
Culture and recreation	—	—	1,317	(1,317)
Total expenditures	—	—	1,317	(1,317)
Excess (deficiency) of revenues over (under) expenditures	—	—	3,933	3,933
Fund balance - beginning of year	21,042	21,042	21,042	—
Fund balance - end of year	<u>\$ 21,042</u>	<u>\$ 21,042</u>	<u>\$ 24,975</u>	<u>\$ 3,933</u>

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 194,700	\$ 194,700	\$ 223,282	\$ 28,582
Rental and sale of city property	—	—	—	—
Total revenues	194,700	194,700	223,282	28,582
EXPENDITURES				
Current:				
Culture and recreation	194,700	194,700	254,392	(59,692)
Total expenditures	194,700	194,700	254,392	(59,692)
Excess (deficiency) of revenues over (under) expenditures	—	—	(31,110)	(31,110)
OTHER FINANCING USES				
Transfers in	—	—	1,647,210	1,647,210
Transfers out	—	—	(1,647,210)	(1,647,210)
Total other financing uses	—	—	—	—
Net change in fund balance	—	—	(31,110)	(31,110)
Fund balance - beginning of year	288,332	288,332	288,332	—
Fund balance - end of year	\$ 288,332	\$ 288,332	\$ 257,222	\$ (31,110)

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 2,800	\$ 2,800	\$ 4,651	\$ 1,851
Fines	153,600	153,600	157,647	4,047
Total revenues	156,400	156,400	162,298	5,898
EXPENDITURES				
Current:				
Public Safety	289,600	265,600	65,554	200,046
Total expenditures	289,600	265,600	65,554	200,046
Excess (deficiency) of revenues over (under) expenditures	(133,200)	(109,200)	96,744	205,944
OTHER FINANCING USES				
Transfers out	(50,000)	(50,000)	(50,000)	—
Total other financing uses	(50,000)	(50,000)	(50,000)	—
Net change in fund balance	(183,200)	(159,200)	46,744	205,944
Fund balance - beginning of year	279,627	279,627	279,627	—
Fund balance - end of year	\$ 96,427	\$ 120,427	\$ 326,371	\$ 205,944

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 259,000	\$ 259,000	\$ 382,626	\$ 123,626
Program Income	36,000	36,000	46,407	10,407
Total revenues	295,000	295,000	429,033	134,033
EXPENDITURES				
Current:				
Planning and economic development	201,200	201,200	228,972	(27,772)
Capital Outlay	—	—	191,836	(191,836)
Total expenditures	201,200	201,200	420,808	(219,608)
Excess (deficiency) of revenues over (under) expenditures	93,800	93,800	8,225	(85,575)
Fund balance - beginning of year	398,549	398,549	398,549	—
Fund balance - end of year	<u>\$ 492,349</u>	<u>\$ 492,349</u>	<u>\$ 406,774</u>	<u>\$ (85,575)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for service	\$ 13,600	\$ 13,600	\$ 6,590	\$ (7,010)
Investment earnings	—	—	621	621
Miscellaneous	—	—	14	14
Total revenues	13,600	13,600	7,225	(6,375)
EXPENDITURES				
Current:				
Planning and economic development	111,900	111,900	(6,639)	118,539
Total expenditures	111,900	111,900	(6,639)	118,539
Excess (deficiency) of revenues over (under) expenditures	(98,300)	(98,300)	13,864	112,164
Fund balance - beginning of year	112,928	112,928	112,928	—
Fund balance - end of year	\$ 14,628	\$ 14,628	\$ 126,792	\$ 112,164

CITY OF CASA GRANDE, ARIZONA
 TRIBAL HOUSING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2017

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Intergovernmental revenues	\$ 45,000	\$ 169,300	\$ 124,124	\$ (45,176)
Total revenues	45,000	169,300	124,124	(45,176)
EXPENDITURES				
Current:				
General government	—	105,600	—	105,600
Public Safety	—	88,000	37,593	50,407
Planning and economic development	45,000	45,000	106,995	(61,995)
Total expenditures	45,000	238,600	144,588	94,012
Excess (deficiency) of revenues over (under) expenditures	—	(69,300)	(20,464)	48,836
Fund balance - beginning of year	68,694	68,694	68,694	—
Fund balance - end of year	\$ 68,694	\$ (606)	\$ 48,230	\$ 48,836

CITY OF CASA GRANDE, ARIZONA
HOME/HUD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 275,000	\$ 275,000	\$ 127,807	\$ (147,193)
Total revenues	275,000	275,000	127,807	(147,193)
EXPENDITURES				
Current:				
Planning and economic development	275,000	275,000	127,567	147,433
Total expenditures	275,000	275,000	127,567	147,433
Excess (deficiency) of revenues over (under) expenditures	—	—	240	240
Fund balance - beginning of year	(815)	(815)	(815)	—
Fund balance - end of year	<u>\$ (815)</u>	<u>\$ (815)</u>	<u>\$ (575)</u>	<u>\$ 240</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ —	\$ —	\$ 151,578	\$ 151,578
Total revenues	—	—	151,578	151,578
EXPENDITURES				
Debt Service:				
Principal retirement	577,800	577,800	577,758	42
Interest	294,000	294,000	293,986	14
Total expenditures	871,800	871,800	871,744	56
Excess (deficiency) of revenues over (under) expenditures	(871,800)	(871,800)	(720,166)	151,634
OTHER FINANCING SOURCES (USES)				
Transfer in	780,900	780,900	873,600	92,700
Transfers out	—	—	—	—
Total other financing uses	780,900	780,900	873,600	92,700
Net change in fund balance	(90,900)	(90,900)	153,434	244,334
Fund balance - beginning of year	90,430	90,430	90,430	—
Fund balance - end of year	\$ (470)	\$ (470)	\$ 243,864	\$ 244,334

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property tax	\$ 2,110,300	\$ 2,110,300	\$ 2,304,459	\$ 194,159
Investment earnings	4,000	4,000	44,917	40,917
Total revenues	2,114,300	2,114,300	2,349,376	235,076
EXPENDITURES				
Debt Service				
Principal retirement	700,000	700,000	1,505,000	(805,000)
Interest	1,030,900	1,030,900	908,541	122,359
Total expenditures	1,730,900	1,730,900	2,413,541	(682,641)
Excess (deficiency) of revenues over (under) expenditures	383,400	383,400	(64,165)	(447,565)
Fund balance - beginning of year	5,381,142	5,381,142	5,381,142	—
Fund balance - end of year	\$ 5,764,542	\$ 5,764,542	\$ 5,316,977	\$ (447,565)

CITY OF CASA GRANDE, ARIZONA
 EXCISE BOND DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2017

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Debt Service:				
Principal retirement	\$ 780,000	\$ 780,000	\$ 876,400	\$ (96,400)
Interest	801,600	801,600	838,377	(36,777)
Total expenditures	<u>1,581,600</u>	<u>1,581,600</u>	<u>1,714,777</u>	<u>(133,177)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,581,600)</u>	<u>(1,581,600)</u>	<u>(1,714,777)</u>	<u>(133,177)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,581,600</u>	<u>1,581,600</u>	<u>1,581,610</u>	<u>10</u>
Total other financing uses	<u>1,581,600</u>	<u>1,581,600</u>	<u>1,581,610</u>	<u>10</u>
Net change in fund balance	—	—	(133,167)	(133,167)
Fund balance - beginning of year	<u>(68,735)</u>	<u>(68,735)</u>	<u>(68,735)</u>	<u>—</u>
Fund balance - end of year	<u>\$ (68,735)</u>	<u>\$ (68,735)</u>	<u>\$ (201,902)</u>	<u>\$ (133,167)</u>

CITY OF CASA GRANDE, ARIZONA
AIRPORT IMPROVEMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,050,600	\$ 1,050,600	\$ 427,004	\$ (623,596)
Total revenues	1,050,600	1,050,600	427,004	(623,596)
EXPENDITURES				
Current:				
Planning and economic development	—	—	5,565	(5,565)
Capital outlay	1,121,000	1,021,900	377,135	644,765
Total expenditures	1,121,000	1,021,900	382,700	639,200
Excess (deficiency) of revenues over (under) expenditures	(70,400)	28,700	44,304	15,604
OTHER FINANCING SOURCES				
Transfers in	70,400	70,400	48,361	(22,039)
Total other financing sources	70,400	70,400	48,361	(22,039)
Net change in fund balance	—	99,100	92,665	(6,435)
Fund balance - beginning of year	103,517	103,517	103,517	—
Fund balance - end of year	\$ 103,517	\$ 202,617	\$ 196,182	\$ (6,435)

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property Tax	\$ 493,800	\$ 493,800	\$ 523,448	\$ 29,648
Contributions	29,800	29,800	—	(29,800)
Total revenues	523,600	523,600	523,448	(152)
EXPENDITURES				
Current:				
General government	78,600	78,600	15,481	63,119
Capital outlay	862,000	856,200	16,642	839,558
Debt service				
Principal retirement	326,900	326,900	125,000	201,900
Interest	224,300	224,300	189,398	34,902
Total expenditures	1,491,800	1,486,000	346,521	1,139,479
Excess (deficiency) of revenues over (under) expenditures	(968,200)	(962,400)	176,927	1,139,327
OTHER FINANCING SOURCES (USES)				
Transfers out	73,500	73,500	—	—
Total other financing sources and uses	73,500	73,500	—	—
Net change in fund balance	(894,700)	(888,900)	176,927	1,139,327
Fund balance - beginning of year	1,055,136	1,055,136	1,055,136	—
Fund balance - end of year	\$ 160,436	\$ 166,236	\$ 1,232,063	\$ 1,065,827

Other Supplementary Information

SCHEDULE OF OPERATIONS

ENTERPRISE FUNDS



City of
Casa Grande

CITY OF CASA GRANDE, ARIZONA
WATER ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 236,000	\$ 236,000	\$ 236,862	\$ 862
Miscellaneous	400	400	—	(400)
Total operating revenues	236,400	236,400	236,862	462
OPERATING EXPENSES:				
Personal services	22,500	22,500	24,575	(2,075)
Contractual	267,400	267,400	149,053	118,347
Materials and supplies	399,800	401,700	353,594	48,106
Depreciation	—	—	62,707	(62,707)
Total operating expenses	689,700	691,600	589,929	101,671
Operating income	(453,300)	(455,200)	(353,067)	102,133
NONOPERATING REVENUE (EXPENSES):				
Interest expense	—	—	—	—
Income (loss) before transfers	(453,300)	(455,200)	(353,067)	102,133
Transfers out	(45,100)	(45,100)	(24,389)	20,711
Net change in Fund Balance	(498,400)	(500,300)	(377,456)	122,844
Fund Balance - beginning of year	908,217	908,217	908,217	—
Fund Balance - end of year	\$ 409,817	\$ 407,917	\$ 530,761	\$ 122,844

CITY OF CASA GRANDE, ARIZONA
WASTEWATER/DEVELOPMENT ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 11,216,300	\$ 11,216,300	\$ 11,105,175	\$ (111,125)
Miscellaneous	5,000	5,000	46,668	41,668
Total operating revenues	11,221,300	11,221,300	11,151,843	(69,457)
OPERATING EXPENSES:				
Personal services	1,035,900	1,035,900	918,685	117,215
Contractual	2,198,500	2,189,500	2,544,781	(355,281)
Materials and supplies	14,665,700	14,704,800	1,338,809	13,365,991
Depreciation	—	—	3,319,857	(3,319,857)
Total operating expenses	17,900,100	17,930,200	8,122,132	9,808,068
Operating income	(6,678,800)	(6,708,900)	3,029,711	9,738,611
NONOPERATING REVENUE (EXPENSES):				
Interest income	5,000	5,000	43,201	38,201
Interest expense	(2,249,200)	(2,249,200)	(1,955,230)	293,970
Total nonoperating revenue (expense)	(2,244,200)	(2,244,200)	(1,912,029)	332,171
Income (loss) before transfers	(8,923,000)	(8,953,100)	1,117,682	10,070,782
Developer fees	435,000	435,000	445,883	10,883
Transfers in	8,477,000	8,477,000	—	(8,477,000)
Transfers out	(883,000)	(883,000)	(582,028)	300,972
Net change in Fund Balance	(894,000)	(924,100)	981,537	1,905,637
Fund Balance - beginning of year	48,855,622	48,855,622	48,855,622	—
Fund Balance - end of year	\$ 47,961,622	\$ 47,931,522	\$ 49,837,159	\$ 1,905,637

CITY OF CASA GRANDE, ARIZONA
SANITATION ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 7,215,200	\$ 7,215,200	\$ 7,432,237	\$ 217,037
Miscellaneous	3,000	3,000	(17,182)	(20,182)
Total operating revenues	7,218,200	7,218,200	7,415,055	196,855
OPERATING EXPENSES:				
Personal services	2,629,800	2,629,800	2,475,100	154,700
Contractual	1,200,100	1,199,500	1,613,412	(413,912)
Materials and supplies	3,341,600	2,795,600	670,408	2,125,192
Depreciation	—	—	887,960	(887,960)
Closure and postclosure costs	130,000	130,000	79,132	50,868
Total operating expenses	7,301,500	6,754,900	5,726,012	1,028,888
Operating income	(83,300)	463,300	1,689,043	1,225,743
NONOPERATING REVENUE (EXPENSES):				
Interest income	1,500	1,500	37,947	36,447
Interest expense	—	—	—	—
Total nonoperating revenue (expense)	1,500	1,500	37,947	36,447
Income before transfers	(81,800)	464,800	1,726,990	1,262,190
Transfers in	225,000	225,000	—	(225,000)
Transfers out	(820,100)	(820,100)	(623,677)	196,423
Excess (deficiency) of revenues				
Net change in Fund Balance	(901,900)	(355,300)	1,103,313	1,458,613
Fund Balance - beginning of year	4,460,761	4,460,761	4,460,761	—
Fund Balance - end of year	\$ 3,558,861	\$ 4,105,461	\$ 5,564,074	\$ 1,458,613

CITY OF CASA GRANDE, ARIZONA
GOLF COURSE ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES:				
Service fees	\$ 234,000	\$ 234,000	\$ 255,579	\$ 21,579
Rental	145,200	145,200	175,995	30,795
Green fees	733,600	733,600	826,041	92,441
Miscellaneous	4,300	4,300	491	(3,809)
Total operating revenues	1,117,100	1,117,100	1,258,106	141,006
OPERATING EXPENSES:				
Personal services	148,200	148,200	174,760	(26,560)
Contractual	693,300	693,300	765,716	(72,416)
Materials and supplies	217,000	217,000	141,216	75,784
Depreciation	—	—	180,439	(180,439)
Total operating expenses	1,058,500	1,058,500	1,262,131	(203,631)
Operating income	58,600	58,600	(4,025)	(62,625)
NONOPERATING REVENUE (EXPENSE):				
City Sales tax	26,300	26,300	28,892	2,592
Investment income	—	—	430	430
Interest expense	—	—	(1,243)	(1,243)
Total nonoperating revenue	26,300	26,300	28,079	1,779
Income (loss) before transfers	84,900	84,900	24,054	(60,846)
Contributions	—	—	—	—
Transfers in	—	—	—	—
Transfers out	(155,200)	(155,200)	(141,130)	14,070
Net change in Fund Balance	(70,300)	(70,300)	(117,076)	(46,776)
Fund Balance - beginning - restated	1,705,883	1,705,883	1,705,883	—
Fund Balance - end of year	\$ 1,635,583	\$ 1,635,583	\$ 1,588,807	\$ (46,776)

Other Supplementary Information

FIDUCIARY FUNDS



City of
Casa Grande

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
ALL AGENCY FUNDS
June 30, 2017

	Donations Fund	RICO Fund	Flexible Spending Plan Fund	Total
ASSETS				
Cash	\$ 23,383	\$ 215,108	\$ 57,801	\$ 296,292
Investments, at fair value	—	25,893	—	25,893
Total assets	<u>23,383</u>	<u>241,001</u>	<u>57,801</u>	<u>322,185</u>
LIABILITIES				
Other liabilities	23,383	241,001	57,801	322,185
Total liabilities	<u>23,383</u>	<u>241,001</u>	<u>57,801</u>	<u>322,185</u>
NET ASSETS				
Held in trust for other purposes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Donations Fund				
Cash	\$ 22,465	\$ 147,389	\$ (146,471)	\$ 23,383
Investments	—	—	—	—
Total Assets	<u>22,465</u>	<u>147,389</u>	<u>(146,471)</u>	<u>23,383</u>
Liabilities:				
Other Liabilities	15,295	98,433	(90,394)	23,334
Accounts Payable	<u>7,170</u>	<u>48,956</u>	<u>(56,077)</u>	<u>49</u>
	<u>22,465</u>	<u>147,389</u>	<u>(146,471)</u>	<u>23,383</u>
RICO Fund				
Cash	—	432,151	(217,044)	215,107
Investments	<u>269,073</u>	<u>325</u>	<u>(243,505)</u>	<u>25,893</u>
Total Assets	<u>269,073</u>	<u>432,476</u>	<u>(460,549)</u>	<u>241,000</u>
Liabilities:				
Other Liabilities	<u>269,073</u>	<u>432,476</u>	<u>(460,548)</u>	<u>241,001</u>
	<u>269,073</u>	<u>432,476</u>	<u>(460,548)</u>	<u>241,001</u>
Flexible Spending Plan Fund				
Cash	<u>36,177</u>	<u>208,811</u>	<u>(187,187)</u>	<u>57,801</u>
Total Assets	<u>36,177</u>	<u>208,811</u>	<u>(187,187)</u>	<u>57,801</u>
Liabilities:				
Other Liabilities	18,658	10,000	—	28,658
Accounts Payable	<u>17,519</u>	<u>198,811</u>	<u>(187,187)</u>	<u>29,143</u>
	<u>36,177</u>	<u>208,811</u>	<u>(187,187)</u>	<u>57,801</u>
Totals - All Agency Funds Assets:				
Cash	58,642	788,352	(550,702)	296,292
Investments	<u>269,073</u>	<u>325</u>	<u>(243,505)</u>	<u>25,893</u>
Total Assets	<u>327,715</u>	<u>788,677</u>	<u>(794,207)</u>	<u>322,185</u>
Liabilities:				
Other Liabilities	303,026	540,909	(550,942)	292,993
Accounts Payable	<u>24,689</u>	<u>247,767</u>	<u>(243,264)</u>	<u>29,192</u>
Total Liabilities	<u>\$ 327,715</u>	<u>\$ 788,676</u>	<u>\$ (794,206)</u>	<u>\$ 322,185</u>



City of
Casa Grande

Statistical Section

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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	162
These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax.	
Debt Capacity	166
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.	
Demographics and Economic Information	175
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.	
Operations	177
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.	

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

	June 30				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in Capital Assets	\$ 144,539,605	\$ 166,666,266	\$ 169,037,582	\$ 163,072,110	\$ 161,430,232
Restricted	77,352,432	63,759,736	66,259,746	68,817,721	37,158,304
Unrestricted	29,930,330	29,204,011	24,786,399	20,795,291	48,679,263
Total governmental activities net assets	<u>\$ 251,822,367</u>	<u>\$ 259,630,013</u>	<u>\$ 260,083,727</u>	<u>\$ 252,685,122</u>	<u>\$ 247,267,799</u>
Business-type activities					
Net investment in Capital Assets	\$ 33,189,049	\$ 42,819,605	\$ 46,698,154	\$ 47,003,748	\$ 49,361,435
Restricted	19,276,562	16,814,023	11,962,381	10,324,306	11,742,168
Unrestricted	7,191,725	1,188,222	5,103,985	7,429,067	3,708,031
Total business-type activities net assets	<u>\$ 59,657,336</u>	<u>\$ 60,821,850</u>	<u>\$ 63,764,520</u>	<u>\$ 64,757,121</u>	<u>\$ 64,811,634</u>
Primary government					
Net investment in Capital Assets	\$ 177,728,654	\$ 209,485,871	\$ 215,735,736	\$ 210,847,017	\$ 210,791,667
Restricted	96,628,994	80,573,759	78,222,127	78,350,244	48,900,472
Unrestricted	37,122,055	30,392,233	29,890,384	28,244,981	52,387,294
Total primary government net assets	<u>\$ 311,479,703</u>	<u>\$ 320,451,863</u>	<u>\$ 323,848,247</u>	<u>\$ 317,442,242</u>	<u>\$ 312,079,433</u>

2013	2014	2015	2016	2017
\$ 157,440,959	\$ 151,713,255	\$ 137,618,856	\$ 111,804,545	\$ 125,561,739
40,395,789	23,313,575	40,862,091	38,094,808	35,874,478
46,777,093	61,348,678	3,182,623	26,141,879	5,910,563
<u>\$ 244,613,841</u>	<u>\$ 236,375,508</u>	<u>\$ 181,663,570</u>	<u>\$ 176,041,232</u>	<u>\$ 167,346,780</u>
\$ 47,631,810	\$ 51,371,884	\$ 48,601,273	\$ 49,202,991	\$ 49,611,489
9,245,649	6,187,139	6,317,620	6,575,857	6,970,069
5,504,681	5,253,457	(265,067)	151,635	939,248
<u>\$ 62,382,140</u>	<u>\$ 62,812,480</u>	<u>\$ 54,653,826</u>	<u>\$ 55,930,483</u>	<u>\$ 57,520,806</u>
\$ 205,072,769	\$ 201,934,193	\$ 186,217,129	\$ 161,007,536	\$ 175,173,228
49,641,438	29,500,714	47,179,711	44,670,665	42,844,547
52,281,774	66,681,178	2,917,556	26,293,514	6,849,811
<u>\$ 306,995,981</u>	<u>\$ 298,116,085</u>	<u>\$ 236,314,396</u>	<u>\$ 231,971,715</u>	<u>\$ 224,867,586</u>

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

	June 30				
	2008	2009	2010	2011	2012
Governmental Activities:					
Expenses					
General government	\$ 6,958,153	\$ 7,824,380	\$ 6,961,775	\$ 6,875,962	\$ 6,943,378
Public safety	17,799,896	20,384,692	20,366,672	20,265,216	22,629,105
Streets/Transportation	10,614,899	12,198,334	12,007,921	12,554,956	13,442,435
Public works	1,652,940	2,336,854	2,335,926	2,067,097	2,542,009
Culture and recreation	5,853,610	7,696,876	6,828,387	7,103,723	7,247,394
Economic development	5,932,564	4,367,403	4,700,480	3,731,265	3,186,873
Interest on long-term debt	641,914	972,791	2,145,146	2,436,221	2,670,881
Total expenses	49,453,976	55,781,330	55,346,307	55,034,440	58,662,075
Program Revenues					
Charges for services:					
General government	144,550	131,394	153,150	215,969	173,396
Public safety	1,214,170	1,410,573	1,135,284	1,028,639	1,370,883
Streets/Transportation	1,345,035	1,297,796	1,144,798	1,213,808	1,369,817
Public works	100,784	23,399	9,736	12,018	26,595
Culture and recreation	378,268	378,961	469,536	771,516	601,627
Development fees	8,272,278	1,332,296	1,414,107	1,023,436	161,576
Building permits	1,692,576	635,045	494,055	342,553	290,999
Development and engineering	694,885	96,008	55,896	65,715	40,880
Other economic development	627,986	379,636	842,301	376,785	429,012
Operating grants and contributions	9,303,041	8,859,174	7,469,173	6,266,856	7,420,053
Capital grants and contributions	22,402,954	7,360,861	4,841,012	315,613	3,507,353
Total program revenues	46,176,527	21,905,143	18,029,048	11,632,908	15,392,191
Total Governmental Activities Net Program Expense	\$ (3,277,449)	\$ (33,876,187)	\$ (37,317,259)	\$ (43,401,532)	\$ (43,269,884)
General Revenues and Other Changes in Net Position					
Property taxes	3,105,864	6,264,879	7,422,710	6,570,203	6,439,021
Sales taxes	28,082,890	23,313,628	19,776,002	18,973,408	18,901,163
Franchise taxes	1,687,014	1,910,594	1,947,031	2,196,398	2,201,312
Shared revenues:					
State sales taxes	2,984,122	2,583,416	2,382,825	2,590,692	3,795,352
Urban revenue sharing	4,592,697	4,793,336	4,106,244	2,897,028	4,099,428
Auto-in-lieu	2,199,266	2,126,092	2,034,181	1,992,071	2,137,645
Investment earnings	3,202,760	815,213	107,521	108,552	67,705
Gain on sales of assets	452,693	—	—	—	—
Miscellaneous	388,409	440,101	625,779	81,130	121,530
Transfers	525,942	(563,426)	(631,320)	593,445	94,464
Total general revenues and other changes in net position	47,221,657	41,683,833	37,770,973	36,002,927	37,857,620
Total Governmental Activities Change in Net Position	\$ 43,944,208	\$ 7,807,646	\$ 453,714	\$ (7,398,605)	\$ (5,412,264)

2013	2014	2015	2016	2017
\$ 6,766,944	\$ 7,010,252	\$ 10,107,662	\$ 11,103,379	\$ 8,951,427
24,280,544	25,534,564	26,520,689	23,893,064	31,694,293
12,494,463	13,511,907	13,548,310	12,823,511	12,159,682
3,205,901	2,666,121	2,771,028	7,723,880	5,944,648
7,273,320	7,859,818	7,676,615	7,805,438	7,994,626
3,117,655	3,269,820	2,765,522	2,350,547	2,573,276
2,367,185	2,333,855	2,504,944	2,424,163	2,571,381
59,506,012	62,186,337	65,894,770	68,123,982	71,889,333
342,086	304,629	2,815,852	1,388,172	824,576
1,182,158	1,345,626	1,076,004	1,487,150	1,608,334
1,112,963	960,368	816,829	—	—
60,757	33,133	167,447	3,476,748	3,944,961
443,652	502,803	430,294	1,035,225	741,249
2,198,089	110,170	179,753	110,678	783,045
988,908	846,542	1,081,880	1,314,910	777,911
74,375	16,393	78,284	—	—
416,676	163,809	307,578	96,668	238,566
6,823,705	7,163,717	6,775,967	4,945,110	5,752,093
10,177,899	1,333,697	4,132,231	1,451,669	22,264
23,821,268	12,780,887	17,862,119	15,306,330	14,692,999
\$ (35,684,744)	\$ (49,405,450)	\$ (48,032,651)	\$ (52,817,652)	\$ (57,196,334)
6,877,452	6,197,813	6,366,087	6,410,163	6,472,519
19,242,309	19,650,998	21,795,890	22,909,814	23,402,408
2,248,227	2,248,466	2,358,731	2,388,109	2,449,704
3,975,626	4,227,755	4,438,843	4,602,342	4,734,258
4,961,423	5,413,854	5,879,820	5,847,942	6,295,760
2,129,894	2,259,469	2,447,783	2,638,312	2,666,254
3,586	330,546	174,864	775,075	444,399
—	—	—	—	—
49,172	112,756	282,850	329,338	665,351
1,337,500	725,460	78,030	1,297,300	1,371,224
40,825,189	41,167,117	43,822,898	47,198,395	48,501,877
\$ 5,140,445	\$ (8,238,333)	\$ (4,209,753)	\$ (5,619,257)	\$ (8,694,457)

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

	June 30				
	2008	2009	2010	2011	2012
Business-type Activities:					
Expenses					
Water	\$ 117,638	\$ 153,147	\$ 159,718	\$ 150,493	\$ 190,786
Golf course	967,750	1,266,986	1,243,440	1,203,084	1,303,013
Wastewater	4,522,025	4,610,789	5,528,871	5,561,882	9,786,826
Sanitation	4,041,517	5,465,908	4,653,383	5,028,014	5,060,239
Total expenses	<u>9,648,930</u>	<u>11,496,830</u>	<u>11,585,412</u>	<u>11,943,473</u>	<u>16,340,864</u>
Revenues					
Charges for services:					
Water	190,125	196,410	162,094	167,772	185,176
Golf course	797,501	962,206	1,066,642	1,119,396	1,066,136
Wastewater	5,972,329	5,119,786	6,049,625	6,304,052	6,871,045
Sanitation	4,990,169	4,555,927	5,151,563	5,858,238	6,264,192
Sales taxes	14,203	20,612	26,657	28,802	29,539
Investment earnings	919,273	202,016	8,383	45,969	15,397
Miscellaneous	155,834	323,560	10,473	5,289	21,139
Capital grants and contributions	2,580,813	717,407	895,826	—	2,337,217
Total revenues	<u>15,620,247</u>	<u>12,097,924</u>	<u>13,371,263</u>	<u>13,529,518</u>	<u>16,789,841</u>
Total Business-type Activities Net Program Expense	<u>\$ 5,971,317</u>	<u>\$ 601,094</u>	<u>\$ 1,785,851</u>	<u>\$ 1,586,045</u>	<u>\$ 448,977</u>
Other Changes in Net Position					
Transfers	(525,942)	563,426	631,320	(593,445)	(94,454)
Total Business-type Activities Change in Net Position	<u>\$ 5,445,375</u>	<u>\$ 1,164,520</u>	<u>\$ 2,417,171</u>	<u>\$ 992,600</u>	<u>\$ 354,523</u>
Total Primary Government Change in Net Position	<u><u>\$ 49,389,583</u></u>	<u><u>\$ 8,972,166</u></u>	<u><u>\$ 2,870,885</u></u>	<u><u>\$ (6,406,005)</u></u>	<u><u>\$ (5,057,751)</u></u>

June 30				
2013	2014	2015	2016	2017
\$ 226,382	\$ 286,210	\$ 261,674	\$ 224,960	\$ 589,929
1,299,400	1,212,036	1,195,987	924,469	1,263,373
9,188,433	9,559,101	9,119,769	10,661,238	10,077,363
4,953,994	5,410,150	5,386,901	5,311,875	5,726,011
15,668,209	16,467,497	15,964,331	17,122,542	17,656,676
173,935	181,120	192,343	219,824	236,862
994,534	1,076,014	1,100,780	1,115,852	1,257,615
6,541,782	8,027,267	8,541,358	10,241,967	11,105,175
6,151,881	6,385,562	6,739,816	7,388,211	7,432,237
25,737	29,098	29,122	30,345	28,892
40,519	8,917	11,680	26,041	81,578
60,209	57,654	72,228	4,021	29,977
545,163	587,959	582,705	670,238	445,883
14,533,760	16,353,591	17,270,032	19,696,499	20,618,219
\$ (1,134,449)	\$ (113,906)	\$ 1,305,701	\$ 2,573,957	\$ 2,961,543
(1,337,500)	(725,460)	(78,030)	(78,030)	(1,371,224)
\$ (2,471,949)	\$ (839,366)	\$ 1,227,671	\$ 2,495,927	\$ 1,590,319
\$ 2,668,496	\$ 9,077,699	\$ (2,982,082)	\$ (4,342,700)	\$ (7,104,138)

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

	2008	2009	2010	2011*	2012
General Fund					
Reserved	\$ 2,548,121	\$ 3,153,554	\$ 3,815,142	\$ —	\$ —
Unreserved	30,572,472	30,402,947	25,262,863	—	—
Nonspendable	—	—	—	7,411	6,023
Restricted	—	—	—	33,225	4,202,039
Committed	—	—	—	23,342,866	—
Assigned	—	—	—	—	19,251,625
Unassigned	—	—	—	1,247,242	502,264
Total general fund	<u>\$ 33,120,593</u>	<u>\$ 33,556,501</u>	<u>\$ 29,078,005</u>	<u>\$ 24,630,744</u>	<u>\$ 23,961,951</u>
All Other Governmental Funds					
Reserved	32,896,833	25,327,803	39,966,314	—	—
Unreserved, reported in:					
Special revenue funds	49,835,900	39,794,807	40,446,857	—	—
Capital projects funds	77,406	8,084	151,896	—	—
Nonspendable	—	—	—	57,949	60,783
Restricted	—	—	—	13,250,249	33,542,117
Committed	—	—	—	1,083,515	15,628,386
Assigned	—	—	—	50,374,649	13,156,163
Unassigned	—	—	—	(378,345)	(385,290)
Total all other governmental funds	<u>\$ 82,810,139</u>	<u>\$ 65,130,694</u>	<u>\$ 80,565,067</u>	<u>\$ 64,388,017</u>	<u>\$ 62,002,159</u>

*FY2011: Implementation of GASB-54 Fund Balance Classification

2013	2014	2015	2016	2017
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
6,264	6,281	1,647	2,063	—
4,701,221	5,163,565	5,572,411	—	1,670,016
—	—	—	—	4,654,417
14,550,404	13,384,358	11,631,345	20,453,537	20,494,239
5,281,667	6,892,105	12,631,345	9,911,709	5,343,256
<u>\$ 24,539,556</u>	<u>\$ 25,446,309</u>	<u>\$ 29,836,748</u>	<u>\$ 30,367,309</u>	<u>\$ 32,161,928</u>
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	—	—	—	—
66,983	93,031	36,281	59,867	40,286
35,694,573	32,227,498	35,291,890	37,376,941	36,647,161
2,523,457	—	—	—	1,164,600
27,643,540	29,168,940	29,084,496	45,538,029	42,075,694
(576,410)	(576,846)	(593,322)	(635,129)	(750,466)
<u>\$ 65,352,143</u>	<u>\$ 60,912,623</u>	<u>\$ 63,819,345</u>	<u>\$ 82,339,708</u>	<u>\$ 79,177,275</u>

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

	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 32,840,670	\$ 31,334,264	\$ 29,088,943	\$ 27,556,571	\$ 27,524,503
Licenses and permits	1,881,951	808,414	656,902	546,628	494,921
Intergovernmental revenues	20,798,409	17,188,146	16,769,422	14,151,581	17,627,429
Charges for services	10,171,890	2,188,466	2,058,720	1,661,339	2,856,201
Fines	815,081	1,092,331	978,765	807,884	756,454
Special assessments	29,691	21,092	8,883	—	—
Investment earnings	3,202,760	815,213	107,521	108,549	67,707
Rental and sale of city property	1,546,935	1,645,235	2,106,527	1,489,826	502,054
Other revenues	608,700	536,204	514,473	349,597	1,599,077
Total revenues	71,896,087	55,629,365	52,290,156	46,671,975	51,428,346
Expenditures					
General government	8,076,361	8,996,033	8,055,272	8,026,262	7,932,235
Public safety	16,983,507	18,594,022	18,957,126	19,691,260	20,516,232
Streets/Transportation	2,323,097	2,991,139	2,521,337	2,770,032	3,287,682
Public works	1,684,699	1,716,458	2,192,317	1,959,265	1,913,991
Culture and recreation	5,463,871	5,222,719	5,792,331	5,847,772	5,939,441
Planning and economic development	4,965,772	3,425,837	3,550,938	2,652,964	2,467,005
Capital outlay	11,030,175	27,511,902	31,846,819	24,677,470	8,999,838
Debt service					
Principal	1,226,548	5,313,821	2,484,637	1,899,760	3,669,732
Interest	607,351	955,207	2,125,295	2,594,138	2,733,203
Total expenditures	52,361,381	74,727,138	77,526,072	70,118,923	57,459,359
Other Financing Sources (Uses)					
Transfers in	8,101,980	5,630,797	12,829,121	11,790,392	17,492,942
Transfers out	(7,483,839)	(5,922,924)	(13,965,253)	(11,101,760)	(17,303,578)
Capital leases	—	—	—	—	2,787,000
Bond issuance	9,000,000	750,000	37,800,000	2,200,000	—
Bond issuance costs	(30,201)	(103,736)	(472,067)	(66,000)	—
Payment to escrow agent	—	—	—	—	—
Sale of land	578,989	1,500,000	—	—	—
Total other financing sources (uses)	10,166,929	1,854,137	36,191,801	2,822,632	2,976,364
Net change in fund balances	\$ 29,701,635	\$ (17,243,636)	\$ 10,955,885	\$ (20,624,316)	\$ (3,054,649)
Debt service as a percentage of noncapital expenditures	4.44%	13.28%	10.09%	9.89%	13.21%

	2013	2014	2015	2016	2017
\$	28,352,139	\$ 28,304,305	\$ 30,557,352	\$ 29,707,719	\$ 30,324,121
	1,263,721	1,055,340	1,344,254	198,289	981,525
	20,814,430	19,166,537	19,324,969	20,210,255	21,520,998
	4,024,127	2,614,233	4,061,405	4,580,524	2,688,569
	735,217	707,660	682,288	589,589	1,012,427
	—	—	—	—	—
	3,586	339,728	207,833	774,775	434,393
	537,055	536,601	761,495	763,824	608,523
	477,857	968,313	821,199	654,851	639,112
	56,208,132	53,692,717	57,760,795	57,479,826	58,209,668
	7,473,914	7,801,503	7,810,453	7,591,059	9,242,858
	22,089,961	22,673,464	21,380,603	23,899,172	23,008,993
	2,717,802	2,645,606	2,821,113	3,070,601	2,759,357
	2,040,691	1,350,102	1,352,469	1,286,448	1,159,563
	6,041,037	6,413,990	6,157,841	6,547,379	6,677,105
	2,424,452	2,526,552	2,276,725	2,860,992	3,011,113
	10,215,671	10,651,896	6,889,725	6,342,445	9,933,109
	1,718,222	1,528,344	1,959,805	2,771,539	3,084,158
	2,343,898	2,448,448	2,520,693	2,281,741	2,248,255
	57,065,648	58,039,905	53,169,427	56,651,376	61,124,511
	7,243,155	8,818,190	5,813,795	13,931,824	8,129,320
	(5,786,655)	(8,003,769)	(4,137,337)	(12,261,624)	(6,582,296)
	3,328,600	—	—	—	—
	—	—	1,095,019	37,675,240	—
	—	—	—	(531,270)	—
	—	—	—	(20,657,479)	—
	—	—	—	—	—
	4,785,100	814,421	2,771,477	18,156,691	1,547,024
\$	3,927,584	\$ (3,532,767)	\$ 7,362,845	\$ 18,985,141	\$ (1,367,819)
	8.67%	8.39%	9.68%	9.81%	9.56%

Schedule 6
City of Casa Grande
Sales Tax Revenue by Industry
Fiscal Years 2012 - 2017

	Fiscal Year 2012		Fiscal Year 2013		Fiscal Year 2014	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 1,802,508	9.41%	\$ 2,151,068	11.04%	\$ 2,590,980	12.90%
Manufacture	461,262	2.41%	427,104	2.19%	423,393	2.11%
Transportation/Communication						
Utilities	2,217,902	11.57%	2,220,570	11.39%	2,279,738	11.35%
Wholesale Trade	287,453	1.50%	276,385	1.42%	390,045	1.94%
Retail Trade	9,836,562	51.33%	9,549,885	49.00%	9,453,064	47.06%
Restaurants/Bars	1,285,661	6.71%	1,348,805	6.92%	1,411,036	7.02%
Insurance/Real Estate	1,897,474	9.90%	1,941,221	9.96%	1,955,194	9.73%
Hotels/Lodging	483,410	2.52%	564,426	2.90%	445,971	2.22%
Services	500,029	2.61%	603,372	3.10%	577,454	2.87%
All Other	391,070	2.04%	405,733	2.08%	561,765	2.80%
Total	<u>\$ 19,163,331</u>	<u>100%</u>	<u>\$ 19,488,569</u>	<u>100%</u>	<u>\$ 20,088,640</u>	<u>100%</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 2015		Fiscal Year 2016		Fiscal Year 2017	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
\$ 2,963,203	13.48%	\$ 1,600,948	7.55%	\$ 1,453,489	6.72%
413,453	1.88%	347,578	1.64%	502,031	2.32%
2,349,392	10.68%	2,376,943	11.22%	2,762,747	12.77%
409,233	1.86%	370,828	1.75%	311,761	1.44%
10,748,122	48.88%	11,024,238	52.02%	10,940,735	50.58%
1,516,426	6.90%	1,646,747	7.77%	1,757,599	8.12%
1,869,141	8.50%	2,038,474	9.62%	2,025,113	9.36%
494,388	2.25%	495,874	2.34%	497,256	2.30%
645,623	2.94%	741,768	3.50%	742,586	3.43%
578,911	2.63%	550,108	2.60%	639,240	2.95%
<u>\$ 21,987,892</u>	<u>100%</u>	<u>\$ 21,193,506</u>	<u>100%</u>	<u>\$ 21,632,557</u>	<u>100%</u>



City of
Casa Grande

Schedule 7
City of Casa Grande
Direct and Overlapping Sales Tax Rates
As of June 30, 2017

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%	(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%	6.7%	8.7%
Construction	4%	(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%	—%	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
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	26,823,748	16,154,247	-	8,081,767	-	10,352,512
2016	44,193,352	15,351,500	-	7,537,984	-	9,495,085
2017	43,139,478	14,462,000	-	6,960,225	-	8,250,541

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

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

Personal income is based on Pinal County information.

Business-type Activities

Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
179,122	148,643	36,592,941	3.6%	886.78
57,790	4,352,312	35,229,083	3.1%	780.86
6,793	38,501,765	103,757,247	8.6%	2,255.94
-	51,738,811	116,463,526	8.7%	2,397.80
-	56,896,857	120,167,979	11.1%	2,412.82
-	50,024,722	115,506,544	10.7%	2,296.54
-	47,671,092	110,539,113	10.3%	2,170.07
-	46,289,847	107,702,121	9.9%	2,027.03
-	43,736,724	120,314,645	10.8%	2,260.88
-	41,106,899	113,919,143	9.9%	2,088.96

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
2008	1,775,000	(1)	93,675,428	1.8948405552%	664	
2008	11,000,000	(2)	2,295,221,460	0.4792565855%	267	
2009	2,515,000	(1)	167,571,141	1.5008550906%	836	
2009	8,830,000	(2)	2,928,179,559	0.3015525456%	162	
2010	2,430,000	(1)	249,681,000.09	0.9732418563%	807	
2010	26,234,999	(2)	3,680,064,800	0.7128950284%	481	
2011	4,555,000	(1)	235,284,000	1.9359582462%	1,469	320,000
2011	25,109,998	(2)	3,209,485,830	0.7823682462%	460	545,000
2012	4,235,000	(1)	313,880,004	1.3492417312%	1,366	100,000
2012	24,565,000	(2)	3,145,296,113	0.7810075464%	450	625,000
2013	4,135,000	(1)	269,324,094	1.5353249457%	782	105,000
2013	23,940,000	(2)	2,788,057,728	0.858662278%	465	600,000
2014	4,030,000	(1)	279,975,183	1.4394132926%	762	110,000
2014	23,340,000	(2)	2,833,543,388	0.823703639%	454	595,000
2015	3,920,000	(1)	292,667,259	1.339405034%	742	120,000
2015	22,740,000	(2)	2,910,644,515	0.781270261%	442	700,000
2016	3,195,000	(1)	307,634,017	1.038571752%	604	125,000
2016	37,930,000	(2)	3,018,493,334	1.2565871712%	737	1,505,000
2017	3,070,000	(1)	324,524,692	0.9459988949%	590	125,000
2017	37,145,000	(2)	3,142,528,380	1.1820100094%	681	1,505,000

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/17

3,576

Estimated population of Villago CFD 6/30/17

Source: City of Casa Grande Development Center

1,625

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

Population of Casa Grande

54,534

(1) General obligation bonds were issued by the Mission Royale Community Facilities District in 2005 and the Villago Community Facilities District in 2006, 2008 and 2010. These bonds will be repaid by the property owners within the CFDs and are obligations of the districts only.

(2) General obligation bonds were issued by the City of Casa Grande in June, 2008 and July, 2009.

Schedule 10
City of Casa Grande
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Governmental Unit	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Elementary School District #4	\$ 28,465,000	82.3%	\$ 23,415,309
Union High School District #82	22,735,518.77	65.4%	14,869,029
Central Arizona Community College	114,019,602	16.5%	18,858,842
Mission Royale CFD	385,000	100.0%	385,000
Villago CFD	2,685,000	100.0%	2,685,000
Subtotal, overlapping debt			\$ 60,213,180
City direct debt	58,567,225	100.0%	58,567,225
Total direct and overlapping debt			<u><u>\$ 118,780,405</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, 2017

Net Secondary Assessed Valuation as of June 30, 2017 (a)	\$ 351,143,513
Debt limit (6% of assessed value)	21,068,611
Debt applicable to limit:	
General obligation bonds	7,952,000
Legal 6% debt margin	<u>\$ 13,116,611</u>
Debt limit (20% of assessed value)	70,228,703
Debt applicable to limit:	
General obligation bonds	29,193,000
Legal 20% debt margin	<u>\$ 41,035,703</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 purpose 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.

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

Fiscal Year	Special Assessment Bonds					Excise Tax Revenue		
	Transaction Privilege (Sales)	State Shared Sales Tax	State Shared Income Tax	Franchise Tax	Licenses & Permits/Fines & Forfeitures	Debt Service		
						Principal	Interest	Coverage
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
2017	20,314,212	4,734,258	6,295,760	2,449,704	3,047,171	1,985,000	1,208,610	11.49

- (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:

Fiscal Year	Amount
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
2017	1,094,074

Schedule 13
City of Casa Grande
Real & Personal Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Tax Levy	Collected to June End of Tax Fiscal Year (a)		Percent of Tax Levy	Adjustments
		Collections	Taxes Receivable		
2008	2,324,338	2,323,061	1,277	99.95%	\$ (38,324)
2009	5,293,055	5,289,262	3,794	99.93%	(109,608)
2010	5,969,189	5,959,190	9,999	99.83%	(19,969)
2011	5,760,830	5,753,363	7,467	99.87%	(20,269)
2012	5,455,201	5,438,231	16,970	99.69%	(24,944)
2013	5,589,212	5,570,522	18,689	99.67%	(49,432)
2014	5,349,732	5,329,883	19,849	99.63%	(24,693)
2015	5,355,898	5,340,676	15,222	99.72%	(22,660)
2016	5,479,489	5,462,584	16,905	99.69%	(31,412)
2017	5,554,264	5,445,558	108,705	98.04%	(21,116)

- (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
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
2017	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 2016-17 Net Secondary Assessed Valuation	As Percent of City's 2016-17 Net Secondary Assessed Valuation
Arizona Public Service Co.	Electric Utility	\$ 11,816,440	3.37%
Wp Casa Grande Retail LLC	Retailer	8,839,912	2.52%
Wal-Mart Stores East LP	Retailer	7,543,828	2.15%
CG Hanna LLC	Real Estate Management	5,499,091	1.57%
Ehrmann Arizona Dairy LLC	Dairy Product Manufacturing	5,396,499	1.54%
Abbott Manufacturing Inc.	Gas Utility	5,187,945	1.48%
Hexel Corp.	Manufacturing	4,876,653	1.39%
Daisy Brand LLC	Dairy Product Manufacturing	4,459,399	1.27%
Southwest Gas Corp.	Pharmaceutical Manufacturing	3,855,862	1.10%
Arizona Water Co.	Water Utility	3,160,005	0.90%
Daisy Brand LP	Dairy Product Manufacturing	2,336,620	0.67%
Wal-Mart Stores Inc.	Retailer	2,208,837	0.63%
HSL Desert Sands Properties LLC	Real Estate Management	1,842,100	0.52%
Courtney Mann LLC	Vitamin Distributor	1,778,116	0.51%
Lowes HIW Inc.	Home Improvement & Construction	1,549,989	0.44%
TOTAL		70,351,296	20.25%

- (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
2008	42,422	23,905	1,014,097,910	11,066	6.1%
2009	45,116	25,000	1,127,900,000	11,652	11.1%
2010	45,993	26,373	1,212,973,389	10,700	11.5%
2011	48,571	27,690	1,344,930,990	10,700	11.5%
2012	49,804	21,716	1,081,543,664	11,512	11.2%
2013	50,296	21,419	1,077,290,024	10,852	9.1%
2014	50,938	21,409	1,090,531,642	11,720	8.4%
2015	51,478	20,983	1,080,162,874	12,752	6.8%
2016	51,460	20,983	1,079,785,180	12,412	6.7%
2017	54,534	21,130	1,152,303,420	12,694	5.2%

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	2017		2008	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Casa Grande Elementary School District	870	4.01%	761	5.12%
Banner Casa Grande Medical Center	699	3.22%	920	6.19%
Hexcel Corporation	520	2.40%	365	2.46%
Wal-Mart Distribution Center	701	3.23%	569	3.83%
Wal-Mart Supermarket	410	1.89%	520	3.50%
Frito-Lay Inc.	370	1.71%	450	3.03%
Abbott Laboratories/Ross Products	410	1.89%	425	2.86%
City of Casa Grande	454	2.09%	340	2.29%
National Vitamin Company	185	0.85%	—	0.00%
Franklin Foods	200	0.92%	—	0.00%
Sam's Club	165	0.76%	—	0.00%
All Others	16,700	77.02%	10,501	70.71%
	21,314	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	
2008	39.3	139.0	60.5	61.3	34.5	104.5	439.1
2009	39.5	137.2	62.1	61.8	34.0	104.5	439.1
2010	37.3	128.8	63.3	68.3	31.0	100.5	429.2
2011	37.3	125.8	62.3	67.3	31.0	97.8	421.5
2012	38.8	126.4	62.3	66.6	24.5	99.4	418
2013	38.3	135.3	62.3	51.0	21.5	102.0	410.4
2014	46.7	142.1	62.3	76.4	21.0	100.6	449.1
2015	46.7	141.9	62.3	75.5	21.0	100.8	448.2
2016	46.6	142.1	62.3	75.3	21.0	100.6	447.9
2017	49.2	142.9	62.3	74.9	19.0	102.8	451.1

Source: City Budget

Note: Information is based on authorized positions.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Registered voters	19,331	20,805	20,805	20,805	20,805	20,417	20,417	20,417	22,959	22,959
Votes cast last primary election	2,364	2,400	2,400	4,182	4,182	3,886	3,886	3,886	6,651	6,651
Fire										
Medical support calls	4,286	4,689	4,289	4,849	4,941	5,155	5,400	5,710	5,840	5,612
Total alarms	5,642	5,050	5,703	6,397	6,515	6,685	6,951	7,356	7,717	7,498
Inspections/investigations	1,512	1,505	883	1,051	1,458	910	687	504	681	333
Public education contacts	19,801	25,064	15,812	12,622	18,743	26,225	15,556	13,247	13,992	10,102
Police										
Calls for service	41,126	40,893	38,629	38,660	34,213	31,308	22,079	23,314	37,135	31,693
Officer initiated	21,846	26,364	25,932	42,343	30,648	46,880	29,117	20,569	28,683	25,761
Patrolled miles	864,421	939,398	983,100	1,005,416	974,867	991,778	696,743	640,119	745,208	964,325
Traffic accidents	1,104	991	974	942	938	874	843	912	904	812
Traffic citations	6,943	7,025	6,107	5,171	6,008	7,836	7,912	4,897	5,953	7,353
Arrests (adult and juvenile)	4,015	3,981	4,738	3,737	4,052	4,098	4,760	4,477	4,335	3,164
Culture and recreation - library (a) (b) (c)										
Items in collections	75,863	79,920	113,480	114,257	117,108	454,700	645,613	330,220	350,182	269,535
Total circulation transactions	229,446	270,473	329,790	368,693	361,334	376,405	359,585	346,683	346,667	341,354
Total circulation items	75,840	78,727	98,937	70,820	69,376	129,695	124,944	99,057	104,590	104,057
Economic development										
Building permits - commercial	195	114	90	95	63	94	63	94	75	58
Building permits - residential	777	329	369	291	259	264	698	438	761	523
Self-help homes completed	25	25	12	12	11	—	—	—	—	—
Self-help homes started	26	25	12	12	14	—	—	—	—	—
Housing rehabilitations	12	12	12	12	11	21	17	13	11	4
Code enforcement cases	1,150	1,331	1,317	2,104	1,203	1,206	1,349	1,241	1,448	2,162
Planning cases	85	95	90	121	110	133	152	135	100	124

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire stations	3	3	3	4	4	4	4	4	4	4
Parks and recreation										
Park areas	26	26	27	27	27	27	27	27	27	27
Parkland acreage	1,387	1,396	1,566	1,611	1,611	1,611	1,611	1,611	1,611	1,611
Community centers	5	5	5	5	5	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Playgrounds	25	26	26	26	26	26	26	26	26	26
Other maintenance areas	93	93	95	97	97	99	99	99	98	98
Airport										
T-hangers	52	52	52	52	52	52	52	52	52	52
T-shades	18	18	18	18	18	18	18	18	18	18
Public works										
Total number of streetlights**	3,302	3,500	3,363	5,340	5,340	3,948	3,988	3,996	3,996	3,996
Miles of streets (centerline)**	389	410	410	410	414	409	403	396	401	406
Miles of sewer**	450	455	455	455	455	284	290	290	290	291
Number of lift stations	9	10	10	10	10	10	10	10	7	7
Number of signalized intersections*	35	38	39	41	41	41	42	43	45	45

* Includes ADOT signalized intersections

**Enhanced GIS information utilized beginning in FY2013

Sources: Various City departments



City of
Casa Grande

Compliance Section



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Casa Grande, Arizona, (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Casa Grande's basic financial statements, and have issued our report thereon dated December 12, 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 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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
December 12, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Casa Grande, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Casa Grande, Arizona's major federal programs for the year ended June 30, 2017. The City of Casa Grande, Arizona's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Casa Grande, Arizona's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Casa Grande, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Casa Grande, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Casa Grande, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Henry + Horne LLP

Casa Grande, Arizona
December 12, 2017

City of Casa Grande
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	Grant Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Community Development Block Grant - Entitlement	B-15-MC-32-0007	14.228	266,031 *
Community Development Block Grant - Entitlement	B-16-MC-32-0007	14.228	154,681 *
			<u>420,712</u>
HOME - 2015	309-15	14.239	75,231
HOME - 2016	305-17	14.239	52,316
			<u>127,547</u>
Total Department of Housing and Urban Development			<u>548,259</u>
U.S. Department of Health & Human Services:			
Passed through Pinal-Gila Council for Senior Citizens:			
Special Programs for the Aging	5-237	93.044	14,510
Special Programs for the Aging	5-237	93.045	97,292
Nutritional Services Incentive Program	5-237	93.053	20,765
Total Aging Cluster			<u>132,567</u>
Social Services Block Grant	5-237	93.667	16,050
Total Department of Health & Human Services			<u>148,617</u>
Institute of Museum & Library Services			
Passed thru State Library Administrative Agencies:			
Ipads/ESL Classes	2015-35001-6	45.310	2,576
Makers Space	2015-35017-7	45.310	1,531
StoryWalk	2016-36017-02	45.310	9,732
Total Institute of Museum & Library Services			<u>13,839</u>
U.S. Department of Justice:			
Justice Assistance Grant Program	2015-DJ-BX-0090	16.738	192
Justice Assistance Grant Program	2016-DJ-BS-0525	16.738	19,278
Total Justice Assistance Grant Cluster			<u>19,470</u>
Bulletproof Vest Grant	2006BUBX	16.607	9,697
Victim Assistance Grant Program	2014-VA-GX-0018 2014-255	16.575	10,150
Victim Assistance Grant Program	2015-VA-GX-0032 2015-355	16.575	10,708
Victim Assistance Grant Program	2015-VA-GX-0032 2015-356	16.575	21,599
			<u>42,457</u>
Total Department of Justice			<u>71,624</u>

City of Casa Grande
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	Grant Number	Federal CFDA Number	Expenditures
Department of Transportation			
Passed thru Governor's Office of Highway Safety			
Buckle Up Campaign	2017-CIOT-004	20.600	7,500
GOHS-STEP Enforcement	2017-PT-009	20.616	15,000
GOHS-DUI Enforcement	2017-II-003	20.616	22,633
GOHS-DUI Enforcement	2016-II-005	20.616	832
			<u>45,965</u>
Passed thru Arizona Department of Transportation			
Highway Planning and Construction	15-0005079-I	20.205	22,264
Total Department of Transportation			<u>68,229</u>
Department of Homeland Security			
Passed thru Arizona Division of Emergency Management:			
Homeland Security Grant Program	160300-01	97.067	40,081 *
Homeland Security Grant Program	140300-02	97.067	6,316 *
Homeland Security Grant Program	150300-01	97.067	49,947 *
Passed thru Arizona Department of Homeland Security:			
Operation Stonegarden Grant Program	150313-02	97.067	23,998 *
Operation Stonegarden Grant Program	160309-01	97.067	132,000 *
Operation Stonegarden Grant Program	150313-01	97.067	64,258 *
Total Department of Homeland Security			<u>316,600</u>
Total Federal Financial Assistance and Expenditures of Federal Awards			<u>\$ 1,167,167</u>

*Denotes major program

CITY OF CASA GRANDE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2017

NOTE 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Casa Grande (the "City") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) The City has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- C) The City had loans outstanding at year-end that are due to the City and are funded through the Community Development Block Grant Program (CDBG). During fiscal year 2017, the City originated loans in the amount of \$30,552. At the beginning of fiscal year 2017, the total balance of loans outstanding was \$400,020.

NOTE 3 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the Catalog of Federal Domestic Assistance.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED June 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

 yes X no

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

 yes X no

 yes X none reported

Type of auditors' report issued on compliance for each major program identified below:

Unmodified

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

 yes X no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	Department of Housing - Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii
97.067	Department of Homeland Security - Homeland Security Grant Program
Dollar threshold used to distinguish between Type A and Type B programs:	
Auditee qualified as low-risk auditee?	

\$750,000

 yes X no

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED June 30, 2017

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

None noted.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted.



City of
Casa Grande



City of Casa Grande

Summary Schedule of Prior Audit Findings Year Ended June 30, 2017

The findings from the June 30, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS	
2016-001	
	Condition: 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 periods balances.
	Recommendation: The auditors recommended 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.
	Action Taken: The recommendation was adopted during fiscal year 2017. Management has devoted time and resources to improve policies, procedures and processes as well as technology and enterprise resources and personnel.

Sincerely,

Celina Morris
Finance Director