

Fiscal Year 2018-2019
Comprehensive
Annual
Financial
Report

City of Casa Grande



Arizona

FY019



City of Casa Grande, Arizona

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2019



Prepared by the Finance Department

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Introductory Section



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June 5, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Casa Grande, Arizona (the City) for the fiscal year ended June 30, 2019. This report was prepared by the City's Finance Department.

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

Management is responsible for the contents of the CAFR. The City established and maintains a comprehensive internal control framework designed to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements. We believe the data presented in this report is accurate in all material respects and fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis.

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

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

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

The City Council approved the selection of Henry & Horne, L.L.P. to audit 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, 2019 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, 2019, 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, 2019, found some material weaknesses in the internal control structure, and no instances of significant violations of applicable laws and regulations with respect to major programs. Additional information is available within the separately issued Single Audit Report which is included along with the CAFR.

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

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

Profile of the City

The City of Casa Grande is a growing city with amazing people and special charm that can only be found in a small town. Founded in 1879, the city is named after the Hohokam Indian Ruins. Since its incorporation in 1915, Casa Grande has grown to be the largest city in 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, serving Phoenix, the Los Angeles and San Diego markets to the West and Tucson, Southern New Mexico and West Texas markets to the East. 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.

Profile of the City (Continued)

The City of Casa Grande's legal boundaries grew substantially over the past several years to just over 110 squares miles. The Voters approved the 2020 General Plan on November 3, 2009. The City's population has more than doubled from 25,224 in 2000 to 55,772 in 2019 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 and local areas, and the rural quality of life offered to the residents.

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

Casa Grande's first Community Recreation Center opened in May of 2019. The facility broke ground in February 2018. This \$20 million project included the construction of a 55,000 square foot facility, furnishings, and site and utility improvements. The Community center includes a gymnasium, walking track, dance studio, fitness area, multi-purpose room, classrooms, lobby, administrative services and parking.



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

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

Budgetary Process

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

Budgetary Process (Continued)

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 2019 is \$ 220 million.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, and internal service funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department and project level within each fund.

The City's FY19 final expenditure budget was \$178,311,382. Figure 1 provides a percentage breakdown of the FY19 allocation of resources by fund type.

From a service area allocation standpoint, accounting for both operating and capital expenditures, \$48.6 million was allocated to public works, \$54.8 million was allocated to general government, \$38.2million was allocated to community services, \$32.6 million was allocated to public safety, \$2.5 million to planning and development, and \$1.6 million to community development.

The general fund portion of the FY19 expenditure budget totals \$48.2 million. Figure 2 illustrates the allocation of resources by service area within the general fund. Public safety (communications, police, fire, and court) accounts for \$26.8 million, general government (mayor and council, city manager, city clerk, legal, finance, human resources, economic development) accounts for \$10.8 million, community services (parks, library, recreation) accounts for \$6.8 million, planning and development accounts for \$2.4 million and public works accounts for \$1.4 million.

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.

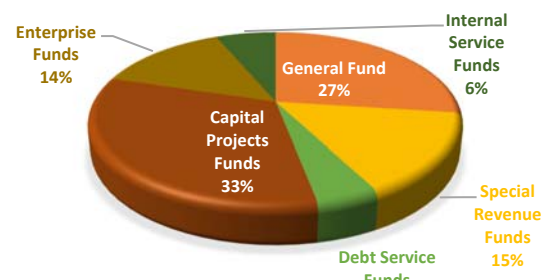


Figure 1- Total Expenditure Budget - All Funds

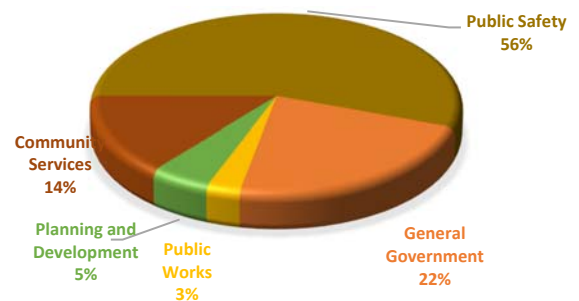


Figure 2- General Fund Expenditure Budget

Economic Conditions and Outlook (Continued)

The City's location, robust infrastructure, and unparalleled connectivity to modes of transportation (i.e., major interstate highways, commercial airports, and being directly served by the main line of the Union Pacific railroad) has enabled Casa Grande to attain numerous development deals that include Lucid Motors (\$700 million facility which will employ over 2,000 people), Attesa Motorsports (2,300 acre development that will include two professional racing venues), and Dreamport Villages (1,500 acre extreme sport themed amusement park). These three projects alone are projected to create over 23,000 jobs and represent over \$5 billion in capital investment over the next ten years. In addition to the direct impact on the city, these projects will benefit the entire region as well as the state. They will draw visitors from all over the world and attract additional companies, both national and international, to Arizona.

Casa Grande's high rates of population and economic growth have contributed to a significant drop in unemployment from 12.8% in 2009 at the height of the recession to 4.9% in 2019. This drop brought Casa Grande close to the current Arizona unemployment rate of 4.8%. Additionally, the City's current job growth rate has expanded by more than 3% and the future job growth rate is projected to grow by 40% over the next ten years.

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

Long-term Financial Planning

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

In FY18, the Council established a new vision statement and defined five key focus areas. Following are the City's Mission and Vision Statements, and Strategic Focus Areas:

Mission Statement

To Provide a Safe, Pleasant Community for All Citizens

Vision Statement

Results Oriented Statement Experience (ROSE)

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

Long-term Financial Planning (Continued)

Five Strategic Focus Areas

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

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

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

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

The City of Casa Grande will partner with educational institutions and key industries to address needs and 1) Increase the number of baccalaureate degrees achieved by Casa Grande Residents by 10% over 5 years, 2) Increase the number of students attending post graduate institutions or vocational education by 20% through 20300, 3) Welcome 5 industrial companies participating in an apprenticeship/internship program to place 5 apprentices each year for the next 5 years, and 4) Place 5 interns within City Departments each year for the next 5 years.

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

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

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

Financial Policies

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

1. The City Council strives to set a property tax levy that provides for a primary rate of less than \$1 per \$100 of net assessed value. Management calculates three potential tax levy scenarios based on current net assessed property tax values, less new construction; 1) the anticipated property tax rate assuming no change in the levy set in the prior year 2) the anticipated property tax levy assuming no change in the rate set in the prior year, and 3) the maximum allowable tax rate. The three scenarios are presented to the City Council for consideration.
2. The City strives to maintain a consistent secondary property tax rate. Management calculates a secondary property tax rate for City Council consideration. The calculation includes the following factors: annual debt service, net cash available from the general obligation fund, estimated interest, property tax revenue, federal subsidy payments, voluntary contributions in lieu of property taxes, and anticipated cash defeasances, as applicable. The calculated rate is also adjusted for an estimated delinquency factor for uncollected taxes, and allowable cash reserves.
3. The City maintains a vehicle replacement fund to replace vehicles and major equipment. The City funds replacement of existing fleet vehicles and equipment by placing funds in a specific fund (Capital Replacement Fund). The replacement schedule is updated annually to ensure all applicable vehicles and equipment are included and that the Capital Replacement Fund remains a sustainable funding source.
4. The City only focuses on providing new programs and services that are financed with new revenue sources or reductions in existing programs or services. Permanent reductions in existing revenues or the elimination of existing revenues would result in the reduction or modification of existing services. Situations, such as unfunded mandates, will occur where new programs or services must be added using existing resources.
5. The City only uses one-time revenues to fund one-time expenses. One-time revenues and expenditures are defined as those items that are not reoccurring. These expenditures need not take place in the same fiscal year as receipt of the revenue, but instead can be reserved in a capital project fund for future capital projects as they occur or combined with other funds to complete other major capital projects. The City accounts for one-time revenues in a capital fund for the financing of one-time capital improvement projects.
6. The City maintains a performance measurement program to ensure that services are provided in a cost effective manner and provides the desired outcomes. The City will continue to improve cost accounting for services through program budgets and engage in cost of service analysis for fee schedule development. The City strives to better link and associate service provision with improved, outcome based performance measures.
7. The City annually evaluates the comprehensive fee schedule to ensure that the cost of services are fair and equitable. User Fees are generally developed to cover the cost of those who use the service. However, the City does provide some programs or services where the financial cost is greater than the revenue generated because they create a public benefit that is important to the community as a whole.

Financial Policies (Continued)

8. The City has an established general fund reserve that equals up to 50% of annual anticipated general fund expenditures. The reserve is intended to establish resources that would be readily available in a fluctuating economy. The reserve also ensures that the City maintains a strong financial position.
9. The City has established a debt management policy to improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning. The core objectives of this Debt Policy include the following:
 - Minimize debt service costs and issuance costs;
 - Maintain access to cost-effective borrowing;
 - Achieve and maintain the highest practical credit ratings;
 - Balance pay-go financing with debt financing;
 - Ensure full and timely repayment of debt;
 - Maintain full and complete financial and non-financial disclosure and reporting with respect to outstanding debt;
 - Ensure compliance with federal and State laws and regulations;
 - Promote the City's best interests and protect the City's financial stability when deciding whether to issue debt;
 - Increase transparency to debt stakeholders and consistency in debt decision making.
10. The City maintains monthly and quarterly financial reports to monitor and ensure that revenue and expenditure assumptions are still valid, that financial performance trends are consistent with budgeted expectations, and that actual spending is in compliance with the City's legal budget authority.

Major Initiatives

In FY19, the City focused on minimizing the effect of rising personnel costs, while ensuring that the City remained competitive in the local job market. Highlighted below are some of the major initiatives that are reflected in the financial statements:

- Allocate 1% of the General Fund resources to blight removal and improvement;
- Welcome five industrial companies participating in apprenticeship/internship program to place five apprentices;
- Develop a plan to have 100% of the benchmarked job positions mid-point of the salary range to be competitive with the market;
- Analyze and evaluate five programs or services to ensure efficiency and effectiveness.

Awards and Acknowledgements

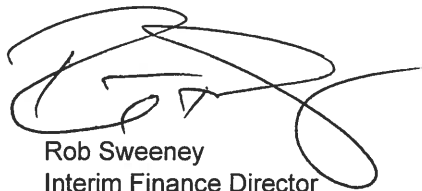
Casa Grande has received recognition for

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

The preparation of the City's Comprehensive Annual Financial Report was only made possible by the dedication and hard work of every member of the Finance Department, and the firm of Henry & Horne, L.L.P. We give them our sincere thanks for their effort in the creation of this report.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Sweeney', with a large, stylized flourish extending from the end of the signature.

Rob Sweeney
Interim Finance Director



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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, 2018

Christopher P. Morill

Executive Director/CEO

**City of Casa Grande, Arizona
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019**

CITY COUNCIL

Mayor

Craig McFarland

Mayor Pro-Tem

Donna McBride

Council Members

Lisa Fitzgibbons

Matt Herman

Robert Huddleston

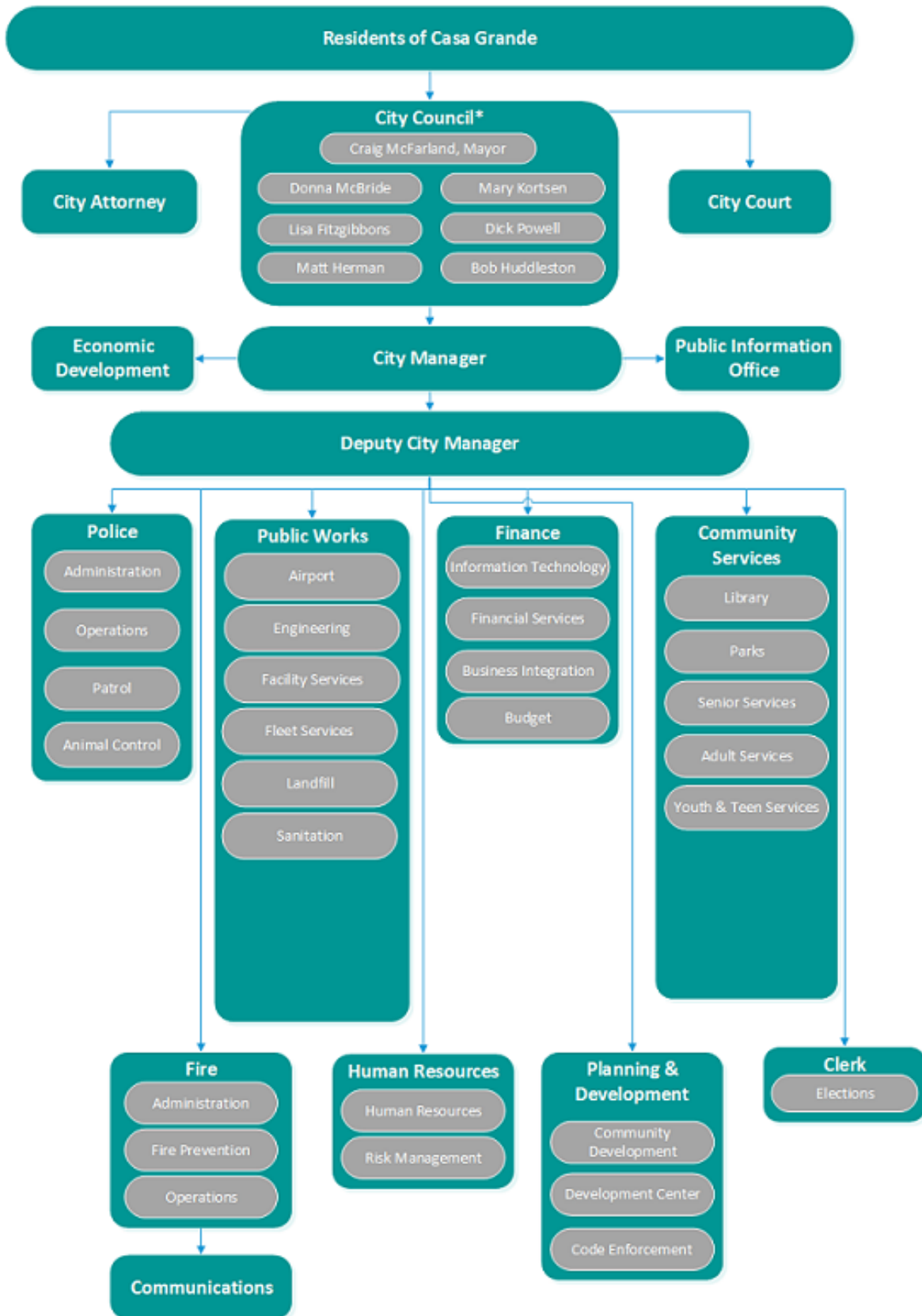
Mary Kortsen

Dick Powell



City Manager

Larry Rains





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Financial Section



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Casa Grande, Arizona, as of and for the year ended June 30, 2019, 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, 2019, 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 June 5, 2020, 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.

A handwritten signature in black ink that reads "Henry + Horne, LLP". The signature is written in a cursive, flowing style.

Casa Grande, Arizona
June 5, 2020

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



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MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Casa Grande, Arizona (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any significant deviations from the approved annual budget, and (5) identify individual fund issues or concerns. Please read it in conjunction with the Letter of Transmittal, Basic Financial Statements and the Accompanying Notes to the financial statements.

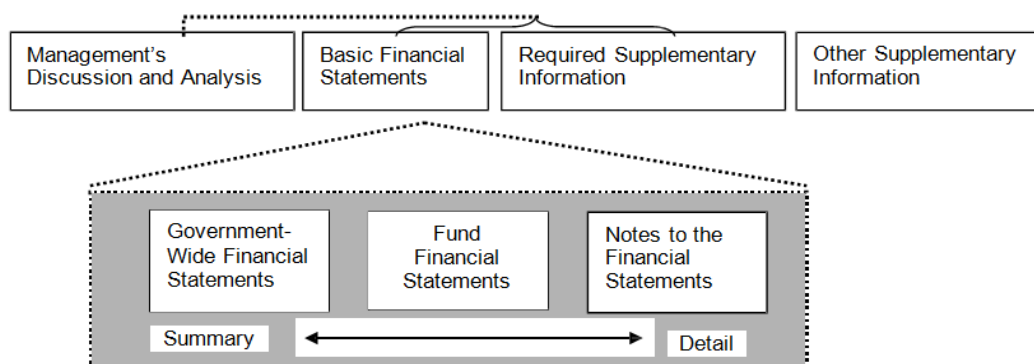
Financial Highlights

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

- The City's total net position, totaled \$236 million at June 30, 2019. This is an increase of \$14.0 million compared to fiscal year 2018.
- Net Pension liabilities as of June 30, 2019 totaled \$69.5 million; \$66 million from Governmental Activities and \$3.5 million from Business-Type Activities. This is a decrease of \$0.9 million compared to fiscal year 2018.
- Current and Long-Term Debt totaled \$99.1 million as of June 30, 2019, compared to \$109.9 million in the previous year. The difference of \$10.8 million represents net debt service activities accomplished during fiscal year 2019.
- With no significant changes to operations, Government Activities ended fiscal year 2019 with Net Outflows of \$51.4 million. In fiscal year 2019, Government Activities outflows and inflows totaled \$68.7 million and \$17.2 million, respectively. In fiscal year 2018, total Government Activities outflows and inflows totaled \$69.9 million and \$12.8 million, respectively.
- There was an increase of \$3.9 million in net revenues for Business-Type Activities compared to last year. In fiscal year 2019 there were \$7.12 million in net revenues, compared to \$3.14 million in fiscal year 2018. In fiscal year 2019, expenses and revenues for Business-Type Activities totaled \$15.8 million and \$22.9 million, respectively. In fiscal year 2018, expenses and revenues for Business-Type Activities totaled \$16.6 million and \$19.7 million, respectively.
- General Revenues for fiscal year 2019 were \$57.0 million, compared to \$51.0 million in the previous year. The net increase of \$6 million from the previous year was driven by increased revenues in each sales tax and increase in investment earnings. The largest increase (\$3.6 million) was in investment earnings, attributable to improvement in total return on investments. local sales tax revenues increased \$1.9 million, primarily attributable to the construction sales tax category.

OVERVIEW OF THE FINANCIAL STATEMENTS

Required Components of the Annual Financial Report



Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The activities of the City are broken into two columns on these statements – Governmental Activities and Business-Type Activities. A total column is also provided.

Governmental Activities include the basic services of the City including general government administration (finance, accounting, human resources, information technology, etc.), community services (parks, library, recreation, etc.), public safety (police, fire, communications, and court), planning and development and public works (streets, engineering, etc.). Taxes and intergovernmental revenues support the majority of these activities.

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

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

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. Full accrual accounting is used for the government-wide financial statements and all changes to net position are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. The statement is designed to show the extent to which the various functions depend on general taxes and revenue for support.

Fund Financial Statements

Also presented in the basic financial statements are the traditional fund financial statements for the major funds of the City. A major fund is determined based on the percentage a certain fund value is, in relation to all other funds of the same fund type – either governmental or proprietary. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or conditions. Funds ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the City.

Fund Financial Statements (Continued)

The City has four (4) types of funds:

- Governmental funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government wide statements, we provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- Proprietary funds – Proprietary funds account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short term financial information. Enterprise funds are used to account for activities that primarily serve customers for which fees are charged. The City has four enterprise funds: golf course, sanitation, water and wastewater funds.
- Internal Service funds - The internal service funds reflect activities in which the City is the customer. The fleet services, facilities maintenance, risk management and self-insurance funds are the City's four internal service funds. Their purpose is to provide vehicle maintenance and facilities services to City departments and to provide cost accounting for property, casualty and certain medical insurance costs and risk management.
- Fiduciary funds – Fiduciary funds account for resources held for the benefit of others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support projects of the City.

Notes to the financial statements – The notes to the financial statements provide additional information essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. They should be considered with the financial statements in their entirety.

Required supplementary information other than MD&A – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the notes. The City has chosen to present these budgetary statements as part of the basic financial statements and in the supplementary information. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information in Note 8 to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2019.

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, 2019 and June 30, 2018. 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 (Continued)

Statement of Net Position (In Thousands)

| | Governmental Activities | | Business Activities | | Total Primary Government | |
|----------------------------------|-------------------------|-------------------|---------------------|------------------|--------------------------|-------------------|
| | FY2019 | FY2018 | FY2019 | FY2018 | FY2019 | FY2018 |
| Current and Other Assets | \$ 110,599 | \$ 119,678 | \$ 19,875 | \$ 16,551 | \$ 130,474 | \$ 136,229 |
| Capital Assets | 187,608 | 167,403 | 93,476 | 96,487 | 281,084 | 263,890 |
| Total Assets | 298,207 | 287,080 | 113,366 | 113,038 | 411,558 | 400,118 |
| Deferred Outflow of Resources | 15,356 | 18,639 | 464 | 471 | 15,820 | 19,110 |
| Current Liabilities | 19,474 | 12,390 | 5,511 | 6,041 | 24,985 | 18,430 |
| Long-term Liabilities | 119,610 | 126,154 | 42,717 | 47,691 | 162,328 | 173,845 |
| Total Liabilities | 139,084 | 138,544 | 48,242 | 53,732 | 187,313 | 192,275 |
| Deferred Inflows of Resources | 3,743 | 4,728 | 442 | 307 | 4,185 | 5,035 |
| Net Position | | | | | | |
| Net investment in | | | | | | |
| Capital Assets | 134,649 | 108,271 | 52,922 | 51,298 | 187,571 | 159,568 |
| Restricted | 31,931 | 40,267 | 6,660 | 6,404 | 38,591 | 46,671 |
| Unrestricted | 4,155 | 13,909 | 5,563 | 1,769 | 9,719 | 15,678 |
| | <u>\$ 170,736</u> | <u>\$ 162,447</u> | <u>\$ 65,145</u> | <u>\$ 59,470</u> | <u>\$ 235,881</u> | <u>\$ 221,918</u> |

As of June 30, 2019 the net position of the City totaled \$235.9 million, an increase of \$13.9 million from June 30, 2018. Net position is comprised of \$170.7 million in Governmental Activities and \$65.1 million in the Business-Type Activities.

Net Position consists of three components. The largest portion of net position (\$187.6 million or 80%) 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. It is not the City's intent to sell these assets; therefore, they are not considered available resources.

The restricted portion of the City's net position (\$38.6 million or 16%) 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 (\$9.7 million or 4%), which may be used to meet the City's ongoing obligations to its residents and creditors.

Changes in Net Position

The City's total revenues for the year ended June 30, 2019 were \$97.3 million. The total cost of all programs and services was \$84.6 million. This resulted in a Net Revenue of \$12.7 million. The following table presents a summary of the changes in net position for the year ended June 30, 2019.

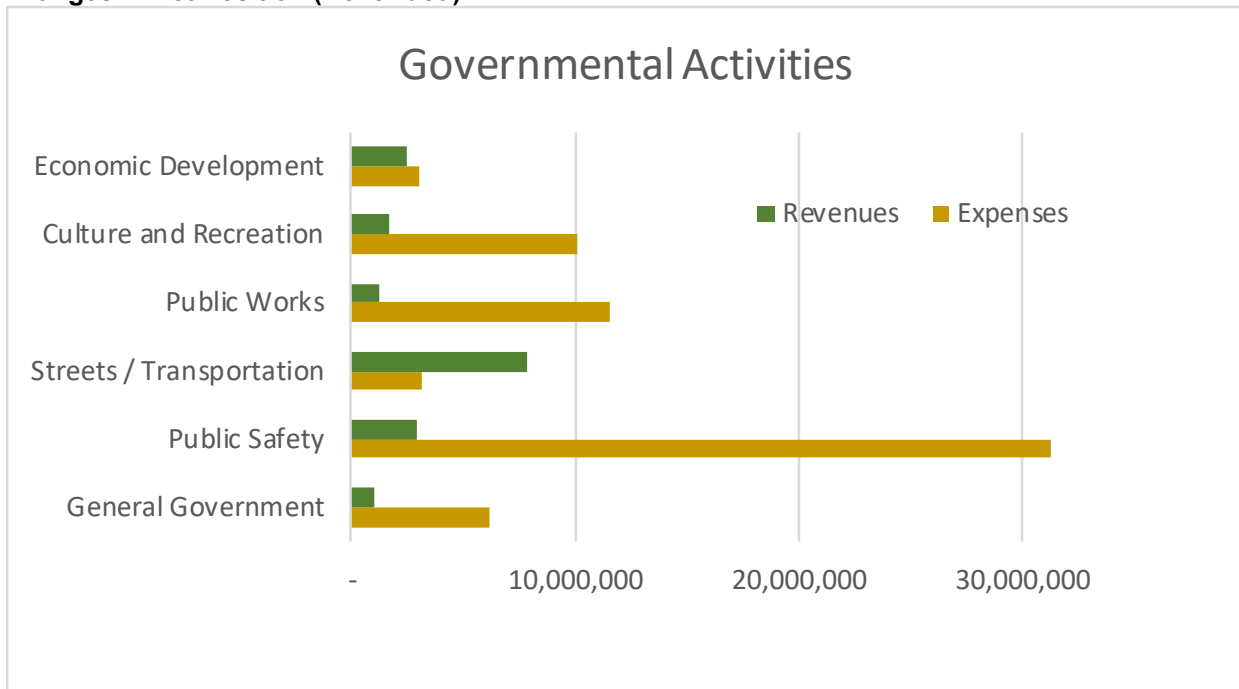
Changes in Net Position (Continued)

| Changes in Net Position (In Thousands) | | | | | | | |
|-------------------------------------------|-------------------------|------------|---------------------|-----------|--------------------------|------------|--|
| | Governmental Activities | | Business Activities | | Total Primary Government | | |
| | FY2019 | FY2018 | FY2019 | FY2018 | FY2019 | FY2018 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Service | \$ 5,837 | \$ 4,793 | \$ 20,048 | \$ 19,001 | \$ 25,886 | \$ 23,794 | |
| Operating Grants and Contributions | 6,435 | 6,156 | - | - | 6,435 | 6,156 | |
| Capital Grants and Contributions | 4,961 | 1,802 | 2,670 | 580 | 7,631 | 2,382 | |
| General Revenues | | | | | - | - | |
| Property Taxes | 6,863 | 6,971 | - | - | 6,863 | 6,971 | |
| Sales Taxes | 27,193 | 25,292 | - | 26 | 27,193 | 25,318 | |
| Franchise Taxes | 2,343 | 2,503 | - | - | 2,343 | 2,503 | |
| Share Revenues | 15,692 | 15,173 | - | - | 15,692 | 15,173 | |
| Other | 4,952 | 1,128 | 269 | 158 | 5,221 | 1,286 | |
| Total Revenues | 74,277 | 63,818 | 22,988 | 19,765 | 97,264 | 83,583 | |
| Expenses | | | | | | | |
| General Government | 6,212 | 9,204 | - | - | 6,212 | 9,204 | |
| Public Safety | 31,269 | 31,274 | - | - | 31,269 | 31,274 | |
| Streets / Transportation | 3,187 | 5,042 | - | - | 3,187 | 5,042 | |
| Public Works | 11,612 | 9,665 | - | - | 11,612 | 9,665 | |
| Culture and Recreation | 10,141 | 7,697 | - | - | 10,141 | 7,697 | |
| Economic Development | 3,032 | 3,910 | - | - | 3,032 | 3,910 | |
| Interest on Long Term Debt | 3,256 | 3,118 | - | - | 3,256 | 3,118 | |
| Water | - | - | 313 | 286 | 313 | 286 | |
| Golf Course | - | - | 1,348 | 1,406 | 1,348 | 1,406 | |
| Wastewater | - | - | 9,065 | 9,435 | 9,065 | 9,435 | |
| Sanitation | - | - | 5,142 | 5,498 | 5,142 | 5,498 | |
| | 68,708 | 69,909 | 15,868 | 16,623 | 84,576 | 86,532 | |
| Net Revenues (Expense) | | | | | | | |
| before Transfers | 5,568 | (6,091) | 7,120 | 3,142 | 12,688 | (2,950) | |
| Net Transfers In (Out) | 1,445 | 1,192 | (1,445) | (1,192) | - | - | |
| Increase (Decrease) | | | | | | | |
| in Net Position | 7,013 | (4,899) | 5,675 | 1,950 | 12,688 | (2,950) | |
| Beginning Net Position | 162,447 | 167,347 | 59,470 | 57,521 | 221,918 | 224,868 | |
| Restatement | 1,275 | - | - | - | 1,275 | - | |
| Beginning Net Position - restated | 163,723 | 167,347 | 59,470 | 57,521 | 223,193 | 224,868 | |
| Ending Net Position | \$ 170,736 | \$ 162,447 | \$ 65,145 | \$ 59,470 | \$ 235,881 | \$ 221,918 | |

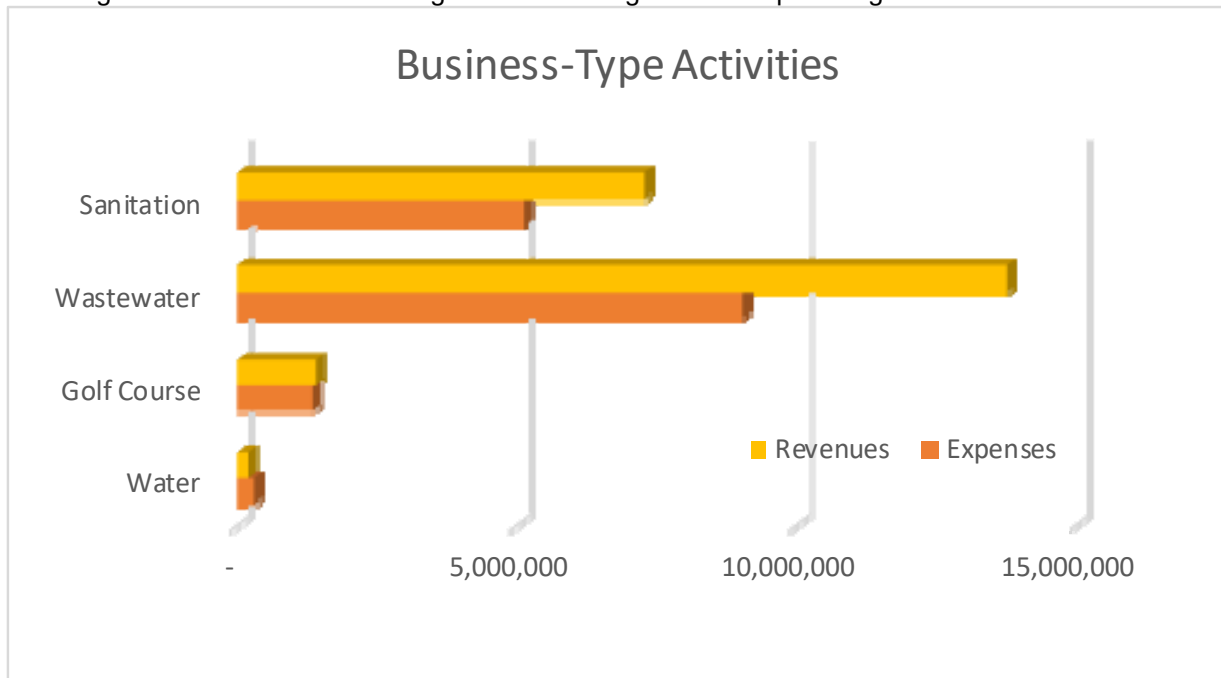
In FY19, Governmental Activities accounted for 76% of the total revenues and 81% of the total expenditures for the City, in the amount of \$74.3 million and \$68.7 million, respectively.

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

Changes in Net Position (Continued)



Business Type Activities accounted for the remaining 24% of total revenues and 19% of total expenses, in the amount of \$23 million and \$15.9 million, respectively. The following graph illustrates revenues and expenses for the City's Business-Type Activities: Sanitation, Wastewater, Golf Course and Water. Operating revenues are generated by charging service fees to customers who use the services. User fees and charges are established with the goal of recovering the cost of providing services.



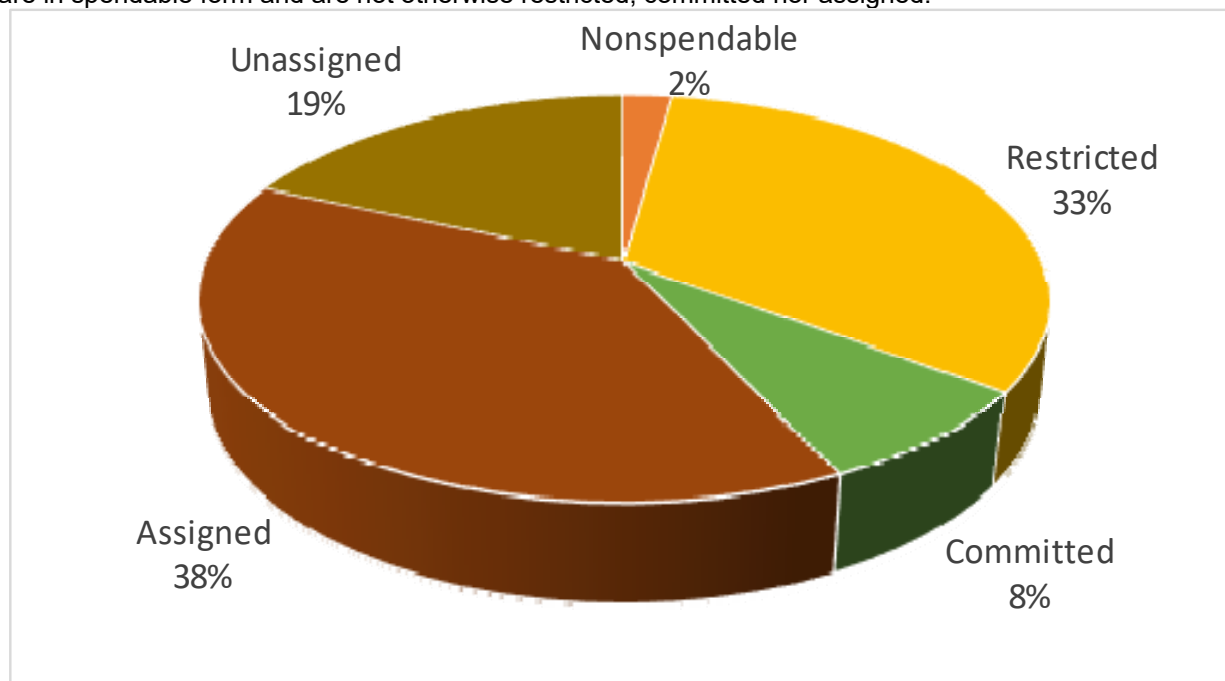
FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

The governmental fund financial statement provides fund balance by major fund, as well as, a combined total for non-major funds. Fund balance serves as a useful indicator of a government's net resources available for spending at the end of the year. As of June 30, 2019, fund balance for the City's governmental funds totaled \$97.0 million. Total fund balance is categorized in one of five types on the financial statements. Nonspendable fund balance totaled \$2.1 million, representing fund resources that are not in a form that could be spent. Restricted fund balance totaled \$31.9 million, representing fund resources that are subject to restrictions that are legally enforceable by outside parties or enabling legislation. Committed fund balance totaled \$7.6 million, representing fund resources that have self-imposed limitations on its use. Assigned fund balance totaled \$37.4 million, representing fund resources that are less formally limited. Unassigned fund balance totaled \$18.0 million, representing resources that are in spendable form and are not otherwise restricted, committed nor assigned.



The General Fund is the chief operating fund of the City and accounts for our major governmental activities, including public safety, community services, planning and development, and general administrative services. The following activity resulted in a positive net change in fund balance of \$8.7 million, bringing ending fund balance to \$43.2 million. General Fund revenues totaled \$49.6 million, an increase of \$4.2 million over fiscal year 2018. The increase was driven primarily from city sales tax and intergovernmental revenues. Expenses before transfers (in/out) totaled \$42.4 million, **an increase of \$0.8 million** over fiscal year 2018. Transfers-In totaled \$2.2 million, Transfers-Out totaled \$674 thousand, resulting in net Transfers In of \$1.5 million.

Governmental Funds

The Highway User Revenue Fund (HURF) is governed by Arizona Revised Statutes. The HURF fund tracks the state allocation of gasoline taxes and other state shared revenues that are restricted for transportation. The Fund also accounts for a half-cent sales tax that is collected and distributed by Pinal County for the purposes of construction and improvements of major roadways. The following activity resulted in a positive net change of \$536 thousand, bringing ending fund balance to \$7.6 million. Revenues totaled \$7.3 million, an increase of \$628 thousand from the prior fiscal year. Expenses totaled \$6.6 million, an increase of \$1.3 million from the prior fiscal year. Net Transfers-Out totaled \$197 thousand in FY19, compared to \$59 thousand Net Transfers-In in the prior fiscal year.

The Capital Replacement and Recreation Development Funds account for accumulated resources and capital expenses related to construction and the replacement of infrastructure and equipment. The following activity resulted in a net decrease in fund balance of \$14.7 million, bringing ending fund balance to \$23.8 million. Revenues totaled \$4.6 million, an increase of \$1.8 million from the prior fiscal year. Expenses totaled \$26.5 million, an increase of \$18.8 million from the prior fiscal year. Net Transfers-In totaled \$7.2 million in FY19, compared to \$618 thousand in the prior fiscal year.

The Development Impact Fee Funds account for accumulated resources and costs associated with necessary infrastructure and public services to provide growth areas with the same level of services provided to existing developments. The following activity resulted in a net decrease in fund balance of \$6.4 million, bringing ending fund balance to \$16.3 million. Revenues totaled \$4.8 million, an increase of \$3.4 million from the prior fiscal year. Expenses totaled \$3.4 million, an increase of \$2.8 million from the prior fiscal year. Net Transfers-Out totaled \$7.8 million, in FY19, compared to \$35 thousand) in the prior fiscal year.

All non-major governmental funds are combined into "Non-Major Governmental Funds." The following activity resulted in a net decrease in fund balance of \$2.8 million, bringing ending fund balance to \$6.1 million. Revenues totaled \$6.7 million, a decrease of \$141 thousand from the prior fiscal year. Expenses totaled \$10.8 million, an increase of \$1.6 million from the prior fiscal year. Net Transfers-In totaled \$1.3 million in FY19, compared to \$2.5 million in the prior fiscal year. In FY19, an adjustment to prior fund balance was made in the amount of \$385 thousand to account for deferred revenue on loans receivable in FY18 that were recorded to revenue. The City has disclosed this information in Note 23 to the financial statements.

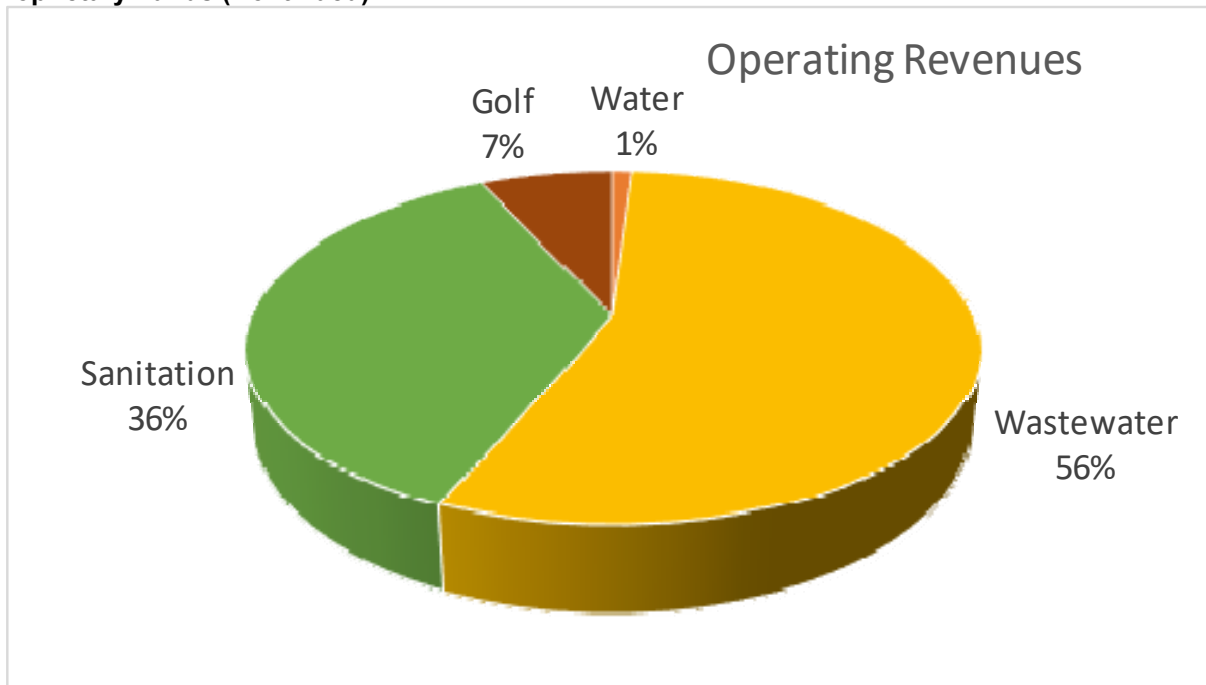
Proprietary Funds

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. In addition to the enterprise funds, the proprietary fund statements include the internal service funds.

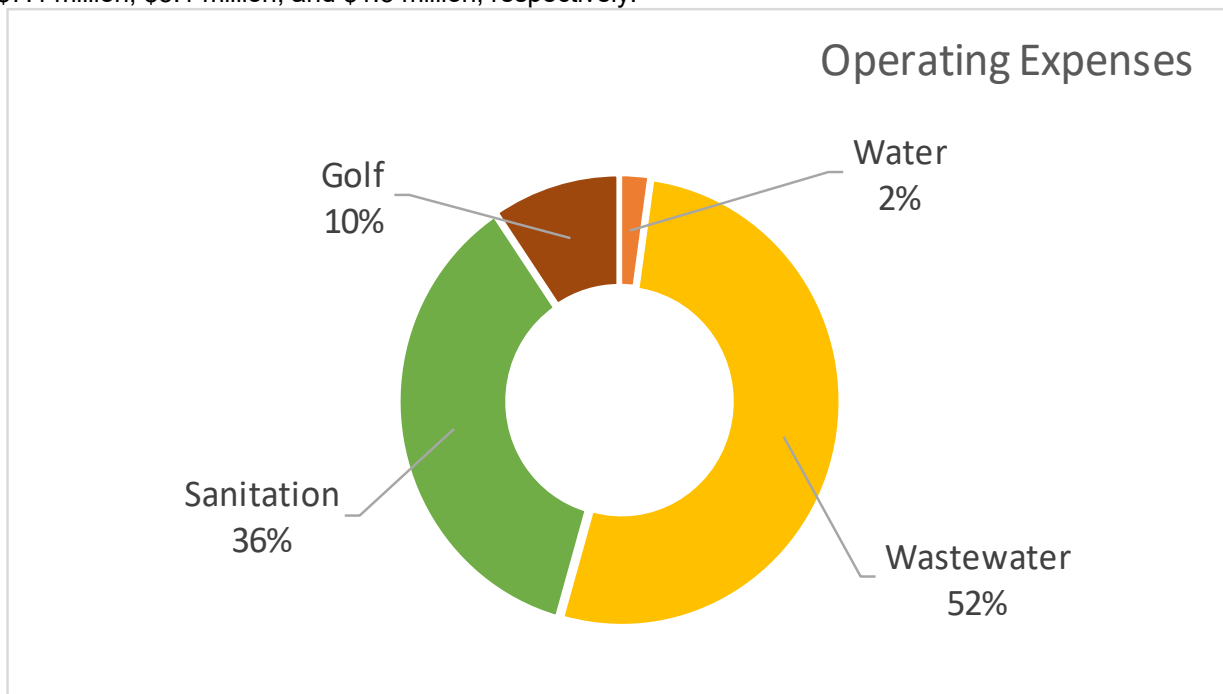
Consolidated net position of the City's enterprise funds totaled \$65 million, an increase of \$5.7 million from the prior year. The change in net position was based on the following activity.

Consolidated revenues totaled \$20 million, an increase of \$865 thousand from the prior year. The chart below illustrates the percentage of revenues that each business-type activity contributed to consolidated revenues. Water, Wastewater, Sanitation, and Golf Course revenues totaled \$211 thousand, \$11.1 million, \$7.3 million, and \$1.4 million, respectively.

Proprietary Funds (Continued)



Consolidated operating expenses totaled \$14.2 million, a decrease of \$800 thousand from the prior year. The chart below illustrates the percentage of expenses that each business-type activity contributed to consolidated revenues. Water, Wastewater, Sanitation, and Golf Course expenses totaled \$313 thousand, \$7.4 million, \$5.1 million, and \$1.3 million, respectively.



Consolidated operating income totaled \$5.8 million. Water, Wastewater, Sanitation, and Golf Course net operating income (loss) totaled (\$102 thousand), \$3.7 million, \$2.2 million, and \$60 thousand, respectively.

After non-operating revenues and (expenses) of (\$1.3 million), developer fees and contributions of \$2.7 million and net transfers-out of \$1.4 million, the total change in net position totaled \$5.7 million.

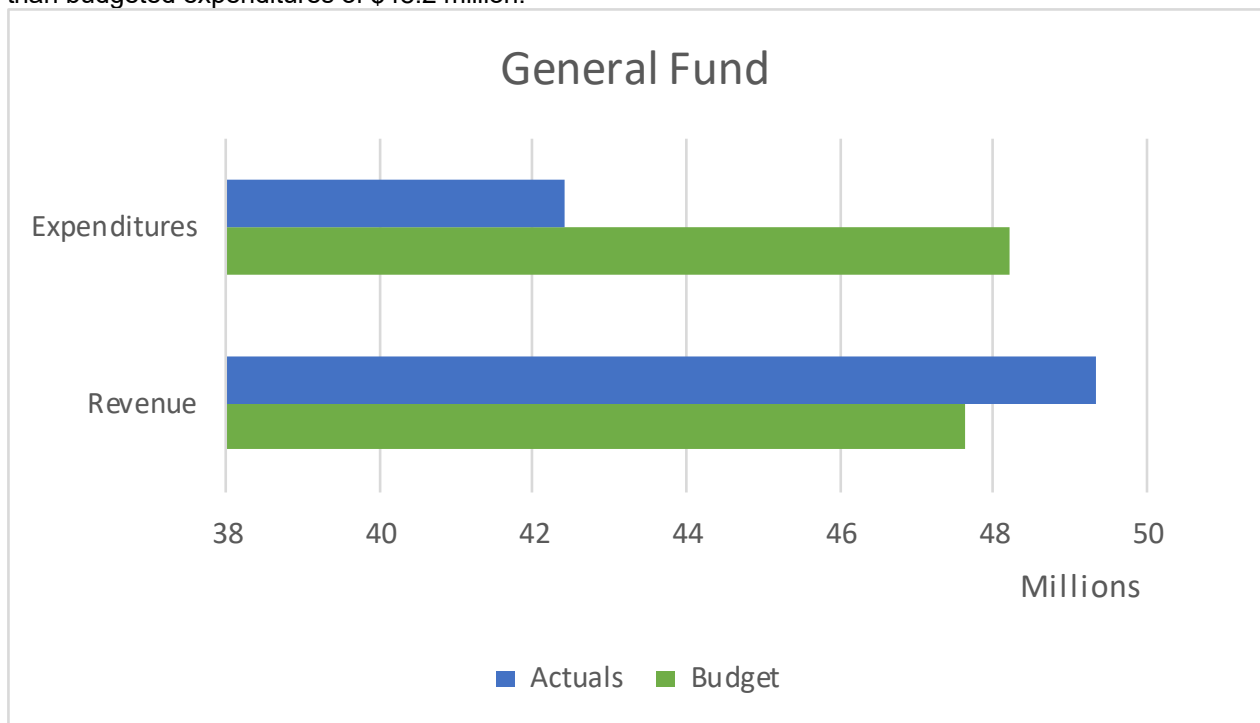
BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. A statement showing the budget amounts for the general fund is provided as required supplementary information. This statement compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

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

The City's total adopted budget was \$178.3 million during fiscal year 2019, compared to the Economic Estimates Commission Expenditure Limitation of \$220.1million. Budget amendments between funds or departments or from budgeted contingencies into operational expense/expenditure accounts did occur. However, the total amount of the amended budget remained the same, as a whole.

Actual General Fund revenues of \$49.6 million were \$2 million more than the estimated \$47.6 million of budgeted General Fund revenues. Actual General Fund expenses of \$42.4 million were \$5.8 million less than budgeted expenditures of \$48.2 million.



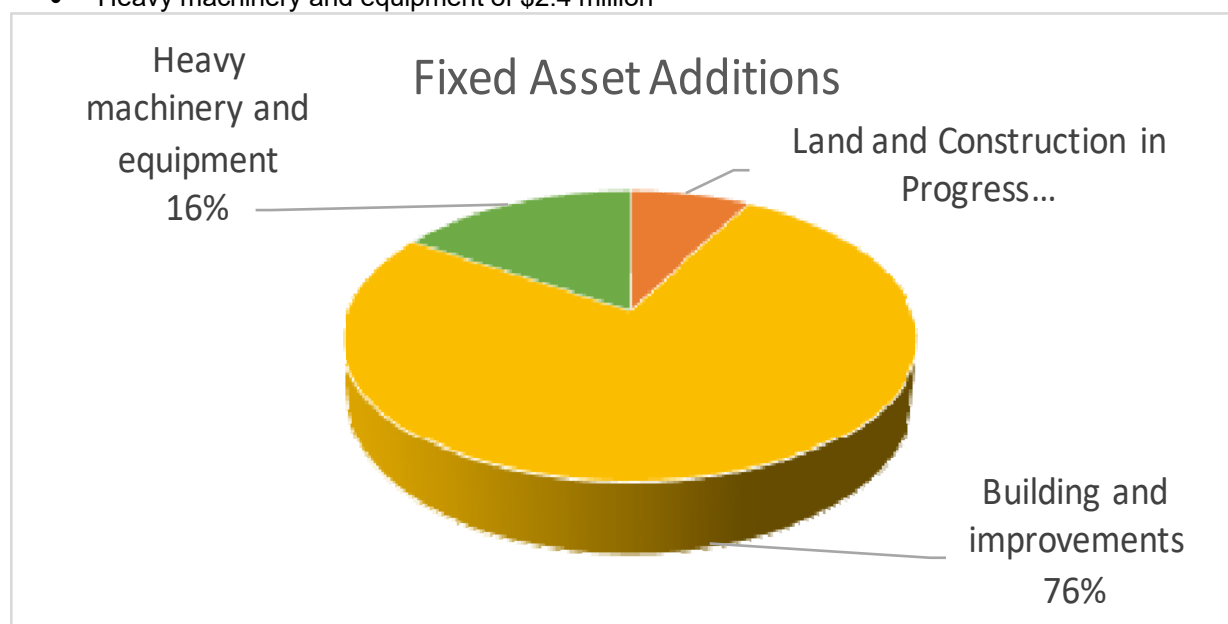
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2019, the City had \$281 million invested in various capital assets, net of accumulated depreciation. Of this amount, \$188 million (67%) is invested in governmental activities and \$93 million (33%) is invested in business-type activities.

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

- Construction in progress of \$2.9 million
- Building and improvements of \$10.6 million
- Heavy machinery and equipment of \$2.4 million



The table below provides a breakdown of the capital asset balances net of accumulated depreciation at June 30, 2019. Additional information on the City's capital assets may be found in Note 7 Capital Assets.

| | Governmental Activities | | Business Activities | | Total Primary Government | |
|-----------------------------------|-------------------------|-------------------|---------------------|------------------|--------------------------|-------------------|
| | FY2019 | FY2018 | FY2019 | FY2018 | FY2019 | FY2018 |
| Land and Construction in Progress | \$ 29,779 | \$ 25,915 | \$ 4,231 | \$ 5,198 | \$ 34,010 | \$ 31,113 |
| Building and Improvements | 143,629 | 130,870 | 84,607 | 86,692 | 228,236 | 217,562 |
| Heavy Machinery and Equipment | 14,200 | 11,893 | 4,638 | 4,597 | 18,838 | 16,490 |
| Total | <u>\$ 187,608</u> | <u>\$ 168,678</u> | <u>\$ 93,476</u> | <u>\$ 96,487</u> | <u>\$ 281,084</u> | <u>\$ 265,165</u> |

Long-Term Debt

The City's outstanding long-term debt, including bonds, capital leases, compensated absences, excise tax revenue bonds, net pension liabilities, notes, and post closure costs, was \$171.7 million at June 30, 2019, with \$9.1 million due within one year. Of this total, \$124.3 million was in governmental activities and \$47.4 million was in business-type activities. Of the outstanding debt, \$17.5 million is excise tax revenue obligation bond collateralized by the City's excise tax stream.

The following schedule shows the outstanding debt of the City (both current and long term), including the Landfill Closure and Post Closure and Net Pension Liabilities as of June 30, 2019. Further details can be found in Notes 10 through Note 16.

| | Governmental Activities | | Business Activities | | Total Primary Government | |
|--------------------------|-------------------------|-------------------|---------------------|------------------|--------------------------|-------------------|
| | FY2019 | FY2018 | FY2019 | FY2018 | FY2019 | FY2018 |
| General Obligation Bonds | \$ 33,890 | \$ 38,375 | - | - | \$ 33,890 | \$ 38,375 |
| Capital Leases | 5,692 | 6,342 | - | - | 5,692 | 6,342 |
| Compensated Absences | 3,192 | 3,164 | 278 | 299 | 3,470 | 3,463 |
| Excise Tax Revenue | | | | | | |
| Obligations | 12,927 | 13,982 | 4,578 | 6,068 | 17,505 | 20,050 |
| Bond Premium | 2,620 | 2,745 | 452 | 602 | 3,072 | 3,347 |
| Net Pension Liability | 66,047 | 66,599 | 3,426 | 3,804 | 69,473 | 70,403 |
| Notes and Loans Payable | - | - | 35,525 | 38,371 | 35,525 | 38,371 |
| Post Closure | - | - | 3,104 | 2,987 | 3,104 | 2,987 |
| Total | <u>\$ 124,369</u> | <u>\$ 131,207</u> | <u>\$ 47,362</u> | <u>\$ 52,132</u> | <u>\$ 171,731</u> | <u>\$ 183,339</u> |

ECONOMIC FACTORS

The local economy continues to experience slow, but consistent growth. Casa Grande's population has grown steadily since FY2009, when the city's population was 45,116. The growth rate over the past 10 years has averaged 2.22%. Casa Grande's current population is 55,772. The unemployment rate in Casa Grande (Pinal County) has improved from 12.8% in FY2009 to 4.9% in FY2019. In FY2019, we attracted exciting new businesses, and saw new housing starts jump significantly across the city.

Construction was completed on Casa Grande's first Community Recreation Center and Dave White Park. Major renovations were approved for one of the City's largest green spaces, Carr McNatt Park.. Casa Grande remains the retail and commercial center of the Pinal County region.

PROJECTS IN CASA GRANDE

Electric car maker Lucid Motors is set to break ground on a state-of-the-art assembly plant in Casa Grande in FY2020. Lucid will eventually produce up to 130,000 vehicles a year at the facility starting with its inaugural model, the Lucid Air. The plant is anticipated to create thousands of new jobs and drive billions of dollars in related economic activity.

Attesa Motorsports Complex recently completed development and zoning agreements with Pinal County. They hope to break ground in FY2020, on a \$500 million motor sports center. The project will include two 2.8 mile road courses, a karting track, a driver experience center, a hotel and convention center, restaurants, shipping and a private airport.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Casa Grande, Arizona's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional information should be addressed to the City's Finance Director at the following address: City of Casa Grande, 510 E. Florence Blvd. Casa Grande, AZ 85122 or send an e-mail to finance@casagrandeaz.gov. Copies of this report and other financial information can also be found on the city's website www.casagrandeaz.gov.

Financial Section

BASIC FINANCIAL STATEMENTS

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

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

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

Notes to the Financial Statements



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CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
June 30, 2019

| | Primary Government | | |
|----------------------------------------------------|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash | \$ 42,804,320 | \$ 103,124 | \$ 42,907,444 |
| Investments | 57,690,225 | 17,208,121 | 74,898,346 |
| Receivables (net of allowance for uncollectibles) | 1,370,744 | 2,281,410 | 3,652,154 |
| Internal balances | (254,955) | 254,955 | - |
| Due from other governments | 5,918,933 | - | 5,918,933 |
| Inventories | 327,352 | 27,777 | 355,129 |
| Prepays | 2,063,308 | - | 2,063,308 |
| Restricted cash and cash equivalents | 679,113 | - | 679,113 |
| Capital assets-nondepreciable | 29,779,136 | 4,230,538 | 34,009,674 |
| Capital assets-depreciable, net | 157,828,597 | 89,245,767 | 247,074,364 |
| Total assets | <u>298,206,773</u> | <u>113,351,692</u> | <u>411,558,465</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | 13,184,711 | 464,436 | 13,649,147 |
| Deferred amount on refunding | 2,171,275 | - | 2,171,275 |
| Total deferred outflows of resources | <u>15,355,986</u> | <u>464,436</u> | <u>15,820,422</u> |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 6,980,880 | 189,159 | 7,170,039 |
| Retainages payable | 2,269,573 | - | 2,269,573 |
| Deposits held | 1,853,069 | 191,077 | 2,044,146 |
| Accrued wages and benefits | 1,205,047 | 76,129 | 1,281,176 |
| Accrued interest payable | 2,407,083 | 409,554 | 2,816,637 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Compensated absences | 1,436,225 | 125,102 | 1,561,327 |
| Capital leases and notes | 686,620 | 2,960,673 | 3,647,293 |
| Excise tax revenue obligations | 1,120,600 | 1,559,400 | 2,680,000 |
| Bonds payable | 1,515,000 | - | 1,515,000 |
| Due in more than one year: | | | |
| Compensated absences | 1,755,386 | 152,903 | 1,908,289 |
| Capital leases and notes | 5,005,364 | 32,564,435 | 37,569,799 |
| Excise tax revenue obligations | 11,806,700 | 3,469,825 | 15,276,525 |
| Bonds payable | 34,995,430 | - | 34,995,430 |
| Closure and postclosure liability | - | 3,104,498 | 3,104,498 |
| Net pension liability | 66,047,333 | 3,425,650 | 69,472,983 |
| Total liabilities | <u>139,084,310</u> | <u>48,228,405</u> | <u>187,312,715</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | 3,742,564 | 442,441 | 4,185,005 |
| NET POSITION | | | |
| Net investment in capital assets | 134,649,294 | 52,921,972 | 187,571,266 |
| Restricted for: | | | |
| Highways and streets | 7,569,944 | - | 7,569,944 |
| Grant purposes | 76,075 | - | 76,075 |
| Community development | 343,901 | - | 343,901 |
| Public safety purposes | 528,649 | - | 528,649 |
| Debt service | 2,454,339 | 4,935,049 | 7,389,388 |
| Capital projects | 20,958,335 | 1,724,958 | 22,683,293 |
| Unrestricted | 4,155,348 | 5,563,303 | 9,718,651 |
| Total net position | <u>\$170,735,885</u> | <u>\$ 65,145,282</u> | <u>\$235,881,167</u> |

See accompanying notes.

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,211,501 | \$ 394,210 | \$ 521,103 | \$ 159,635 |
| Public safety | 31,268,662 | 1,544,494 | 422,898 | 961,503 |
| Streets/Transportation | 3,187,209 | - | 4,658,437 | 3,158,440 |
| Public works | 11,612,371 | 874,890 | 187,314 | 150,653 |
| Culture and recreation | 10,140,746 | 951,399 | 271,871 | 530,586 |
| Economic development | 3,032,017 | 2,072,477 | 373,752 | - |
| Interest on long-term debt | 3,255,720 | - | - | - |
| Total governmental activities | <u>68,708,226</u> | <u>5,837,470</u> | <u>6,435,375</u> | <u>4,960,817</u> |
| Business-type activities: | | | | |
| Water | 313,388 | 210,924 | - | - |
| Golf course | 1,348,139 | 1,406,657 | - | - |
| Wastewater | 9,064,782 | 11,121,564 | - | 2,670,146 |
| Sanitation | 5,141,643 | 7,309,243 | - | - |
| Total business-type activities | <u>15,867,952</u> | <u>20,048,388</u> | <u>-</u> | <u>2,670,146</u> |
| Total primary government | <u>\$ 84,576,178</u> | <u>\$ 25,885,858</u> | <u>\$ 6,435,375</u> | <u>\$ 7,630,963</u> |

General revenues:
Property taxes
Sales taxes
Franchise taxes
Shared revenues - unrestricted:
 State sales taxes
 Urban revenue sharing
 Auto-in-lieu
Investment earnings
Gain on early debt extinguishments
Miscellaneous
Transfers in (out)
 Total general revenues and transfers
Change in net position
Net position-beginning
Restatement
Net position-beginning - restated

Net position-ending

Net (Expense) Revenue and Changes in Net Position

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ (5,136,553) | \$ - | \$ (5,136,553) |
| (28,339,767) | - | (28,339,767) |
| 4,629,668 | - | 4,629,668 |
| (10,399,514) | - | (10,399,514) |
| (8,386,890) | - | (8,386,890) |
| (585,788) | - | (585,788) |
| (3,255,720) | - | (3,255,720) |
| <u>(51,474,564)</u> | <u>-</u> | <u>(51,474,564)</u> |
| - | (102,464) | (102,464) |
| - | 58,518 | 58,518 |
| - | 4,726,928 | 4,726,928 |
| - | 2,167,600 | 2,167,600 |
| <u>-</u> | <u>6,850,582</u> | <u>6,850,582</u> |
| <u>(51,474,564)</u> | <u>6,850,582</u> | <u>(44,623,982)</u> |
| 6,862,999 | - | 6,862,999 |
| 27,193,495 | - | 27,193,495 |
| 2,343,033 | - | 2,343,033 |
| 5,595,095 | - | 5,595,095 |
| 6,718,257 | - | 6,718,257 |
| 3,378,251 | - | 3,378,251 |
| 4,388,415 | 268,994 | 4,657,409 |
| 106,940 | - | 106,940 |
| 456,445 | - | 456,445 |
| 1,444,610 | (1,444,610) | - |
| <u>58,487,540</u> | <u>(1,175,616)</u> | <u>57,311,924</u> |
| 7,012,976 | 5,674,966 | 12,687,942 |
| 162,447,468 | 59,470,316 | 221,917,784 |
| 1,275,441 | - | 1,275,441 |
| <u>163,722,909</u> | <u>59,470,316</u> | <u>223,193,225</u> |
| <u>\$ 170,735,885</u> | <u>\$ 65,145,282</u> | <u>\$ 235,881,167</u> |



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Government Funds Financial Statements

CITY OF CASA GRANDE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

| | General | Highway Users | Capital Replacement/ Recreation/ Development |
|-------------------------------------------------------------------------------|----------------------|---------------------|-------------------------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 35,623,083 | \$ - | \$ 853,219 |
| Investments | 6,276,364 | 8,496,700 | 25,093,396 |
| Accounts receivable (less allowance for uncollectibles) | 830,447 | 6,582 | - |
| Due from other governments | 4,012,468 | 896,598 | 365,682 |
| Due from other funds | 1,075,177 | - | 1,788,269 |
| Inventories | - | - | - |
| Prepays | 2,063,308 | - | - |
| Restricted assets: | | | |
| Cash and cash equivalents | - | - | - |
| Total assets | \$ 49,880,847 | \$ 9,399,880 | \$ 28,100,566 |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | \$ 962,198 | \$ 533,887 | \$ 4,244,243 |
| Retainages payable | 2,269,573 | - | - |
| Deposits held | 1,849,699 | - | - |
| Accrued wages and benefits | 1,138,381 | 27,960 | - |
| Due to other funds | - | 1,268,089 | - |
| Total liabilities | 6,219,851 | 1,829,936 | 4,244,243 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenues | 452,413 | - | - |
| FUND BALANCES | | | |
| Nonspendable | 2,063,308 | - | - |
| Restricted | 1,568,371 | 7,569,944 | 1,348,591 |
| Committed | 5,611,482 | - | - |
| Assigned | 14,870,455 | - | 22,507,732 |
| Unassigned | 19,094,967 | - | - |
| Total fund balances | 43,208,583 | 7,569,944 | 23,856,323 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 49,880,847 | \$ 9,399,880 | \$ 28,100,566 |

| Development Impact Fee Funds | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------------------------|------------------------------------|--------------------------------|
| \$ 1,589,623 | \$ 3,841,098 | \$ 41,907,023 |
| 15,622,708 | 2,201,057 | 57,690,225 |
| - | 533,715 | 1,370,744 |
| - | 644,185 | 5,918,933 |
| 586,508 | 191,668 | 3,641,622 |
| - | 45,123 | 45,123 |
| - | - | 2,063,308 |
| - | 679,113 | 679,113 |
| <u>\$ 17,798,839</u> | <u>\$ 8,135,959</u> | <u>\$ 113,316,091</u> |

| | | |
|------------------|------------------|-------------------|
| \$ 389,830 | \$ 244,232 | \$ 6,374,390 |
| - | - | 2,269,573 |
| - | 3,370 | 1,853,069 |
| - | 15,144 | 1,181,485 |
| 1,122,288 | 1,227,397 | 3,617,774 |
| <u>1,512,118</u> | <u>1,490,143</u> | <u>15,296,291</u> |

| | | |
|---|---------|---------|
| - | 533,449 | 985,862 |
|---|---------|---------|

| | | |
|----------------------|---------------------|-----------------------|
| - | 45,123 | 2,108,431 |
| 16,286,721 | 5,157,616 | 31,931,243 |
| - | 1,989,707 | 7,601,189 |
| - | - | 37,378,187 |
| - | (1,080,079) | 18,014,888 |
| <u>16,286,721</u> | <u>6,112,367</u> | <u>97,033,938</u> |
| <u>\$ 17,798,839</u> | <u>\$ 8,135,959</u> | <u>\$ 113,316,091</u> |



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CITY OF CASA GRANDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2019

Fund balance - total governmental funds balance sheet \$97,033,938

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

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

| | | |
|---------------------------------|------------------|-------------|
| Governmental capital assets | \$ 411,302,292 | |
| Less accumulated depreciation | (223,978,067) | |
| Internal service capital assets | 560,985 | |
| Less accumulated depreciation | <u>(277,477)</u> | 187,607,733 |

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 | (3,119,908) | |
| Capital leases | (5,691,984) | |
| Bonds payable | (49,437,730) | |
| Net pension liability | <u>(65,185,406)</u> | (123,435,028) |

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

| | | |
|--------------------------|----------------|---------|
| Grants and other revenue | 444,749 | |
| Property Tax | <u>541,113</u> | 985,862 |

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 | 2,171,275 | |
| Deferred outflows of resources related to pensions | 13,068,912 | |
| Deferred inflows of resources related to pensions | <u>(3,632,959)</u> | 11,607,228 |

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

(2,407,083)

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

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------|
| The assets, deferred outflows of resources, liabilities, and deferred inflow of resources of the internal services funds are reported with governmental activities. | | <u>(656,765)</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------|

| | | |
|---------------------------------------------------------------------|--|-----------------------------|
| Net position of governmental activities - statement of net position | | <u><u>\$170,735,885</u></u> |
|---------------------------------------------------------------------|--|-----------------------------|

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2019

| | General | Highway Users | Capital Replacement/ Recreation/ Development |
|--------------------------------------------------------------|----------------------|---------------------|-------------------------------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property taxes | \$ 3,882,975 | \$ - | \$ - |
| City sales tax | 21,631,295 | - | 2,806,063 |
| Franchise tax | 2,343,033 | - | - |
| Licenses and permits | 1,845,897 | - | - |
| Intergovernmental revenues | 15,742,067 | 6,896,820 | - |
| Charges for services | 1,526,188 | - | - |
| Fines | 723,082 | - | - |
| Investment earnings | 1,316,886 | 261,309 | 1,788,269 |
| Contributions and donations | 1,672 | - | - |
| Rental and sale of city property | 242,998 | - | 39,159 |
| Miscellaneous | 373,214 | 184,420 | 15,489 |
| Total revenues | <u>49,629,307</u> | <u>7,342,549</u> | <u>4,648,980</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 7,805,188 | - | 975 |
| Public safety | 25,624,736 | - | - |
| Streets/Transportation | - | 3,113,727 | - |
| Public works | 1,039,146 | - | - |
| Culture and recreation | 5,920,636 | - | 902 |
| Planning and economic development | 1,897,512 | - | - |
| Capital outlay | 115,750 | 3,465,580 | 26,499,562 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | 29,677 | - |
| Bond costs | - | - | - |
| Total expenditures | <u>42,402,968</u> | <u>6,608,984</u> | <u>26,501,439</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,226,339</u> | <u>733,565</u> | <u>(21,852,459)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 2,171,979 | 154,600 | 10,709,522 |
| Transfers out | (673,551) | (351,947) | (3,557,473) |
| Total other financing sources and uses | <u>1,498,428</u> | <u>(197,347)</u> | <u>7,152,049</u> |
| Net change in fund balances | <u>8,724,767</u> | <u>536,218</u> | <u>(14,700,410)</u> |
| Fund balances - beginning of year | 34,483,816 | 7,033,726 | 38,556,733 |
| Restatement | - | - | - |
| Fund balances - beginning of year - restated | <u>34,483,816</u> | <u>7,033,726</u> | <u>38,556,733</u> |
| Fund balances - end of year | <u>\$ 43,208,583</u> | <u>\$ 7,569,944</u> | <u>\$ 23,856,323</u> |

| Development Impact Fee Funds | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------------------------|------------------------------------|--------------------------------|
| \$ - | \$ 2,923,768 | \$ 6,806,743 |
| - | 366,554 | 24,803,912 |
| - | - | 2,343,033 |
| - | - | 1,845,897 |
| - | 1,662,055 | 24,300,942 |
| 3,927,488 | 1,246,245 | 6,699,921 |
| - | - | 723,082 |
| 878,559 | 118,887 | 4,363,910 |
| - | 4,967 | 6,639 |
| - | 284,412 | 566,569 |
| - | 73,083 | 646,206 |
| <u>4,806,047</u> | <u>6,679,971</u> | <u>73,106,854</u> |
| 573,530 | 260,110 | 8,639,803 |
| - | 561,136 | 26,185,872 |
| - | - | 3,113,727 |
| - | - | 1,039,146 |
| 23,201 | 763,026 | 6,707,765 |
| - | 1,153,987 | 3,051,499 |
| 2,865,847 | 456,009 | 33,402,748 |
| - | 5,251,754 | 5,251,754 |
| - | 2,356,506 | 2,386,183 |
| - | 41,393 | 41,393 |
| <u>3,462,578</u> | <u>10,843,921</u> | <u>89,819,890</u> |
| <u>1,343,469</u> | <u>(4,163,950)</u> | <u>(16,713,036)</u> |
| - | 2,717,757 | 15,753,858 |
| <u>(7,752,414)</u> | <u>(1,396,673)</u> | <u>(13,732,058)</u> |
| <u>(7,752,414)</u> | <u>1,321,084</u> | <u>2,021,800</u> |
| (6,408,945) | (2,842,866) | (14,691,236) |
| 22,695,666 | 9,340,201 | 112,110,142 |
| - | (384,968) | (384,968) |
| <u>22,695,666</u> | <u>8,955,233</u> | <u>111,725,174</u> |
| <u>\$ 16,286,721</u> | <u>\$ 6,112,367</u> | <u>\$ 97,033,938</u> |

CITY OF CASA GRANDE, ARIZONA
RECONILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

Net change in fund balances - total governmental funds (\$14,691,236)

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

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

| | | |
|---------------------------------|---------------------|------------|
| Contributions | \$ 1,033,329 | |
| Expenditures for capital assets | 33,013,787 | |
| Less current year depreciation | <u>(15,167,550)</u> | 18,879,566 |

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

| | | |
|-------------------------------------------|--|--------|
| Property taxes, grants, and other revenue | | 20,184 |
|-------------------------------------------|--|--------|

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

| | | |
|----------------------------|--------------------|-------------|
| City pension contributions | 5,886,178 | |
| Pension expense | <u>(7,563,729)</u> | (1,677,551) |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

| | | |
|---------------------------------------|----------------|-----------|
| Bond payments | 4,602,660 | |
| Amortization of bond discount/premium | 124,757 | |
| Gain on early debt extinguishments | 106,940 | |
| Deferred amount on refunding | (141,165) | |
| Lease payments | <u>650,227</u> | 5,343,419 |

| | | |
|--------------------------------------------------------------------------------|--|----------|
| The internal service fund net revenue is reported with governmental activities | | (28,695) |
|--------------------------------------------------------------------------------|--|----------|

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 | (20,975) | |
| Interest expense on long-term debt | <u>(811,736)</u> | (832,711) |

| | | |
|---------------------------------------------------|--|--------------------|
| Change in net position of governmental activities | | <u>\$7,012,976</u> |
|---------------------------------------------------|--|--------------------|

CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2019

| REVENUES | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|--------------------------------|
| | Original | Final | | |
| Taxes: | | | | |
| Property taxes | \$ 3,700,000 | \$ 3,700,000 | \$ 3,882,975 | \$ 182,975 |
| City sales tax | 20,200,000 | 20,200,000 | 21,631,295 | 1,431,295 |
| Franchise tax | 2,405,900 | 2,405,900 | 2,343,033 | (62,867) |
| Licenses and permits | 902,500 | 902,500 | 1,845,897 | 943,397 |
| Intergovernmental revenues | 15,622,957 | 15,612,957 | 15,742,067 | 129,110 |
| Charges for services | 1,897,172 | 1,897,172 | 1,526,188 | (370,984) |
| Fines | 800,550 | 800,550 | 723,082 | (77,468) |
| Investment earnings | 200,000 | 200,000 | 1,316,886 | 1,116,886 |
| Contributions and donations | 12,600 | 12,600 | 1,672 | (10,928) |
| Rental and sale of city property | 171,576 | 171,576 | 242,998 | 71,422 |
| Miscellaneous | 1,731,182 | 1,731,182 | 373,214 | (1,357,968) |
| Total revenues | <u>47,644,437</u> | <u>47,634,437</u> | <u>49,629,307</u> | <u>1,994,870</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Mayor and Council | 536,851 | 536,851 | 540,981 | (4,130) |
| City manager | 1,035,516 | 1,035,516 | 935,756 | 99,760 |
| Attorney | 895,761 | 895,761 | 940,338 | (44,577) |
| Clerk | 494,189 | 484,189 | 435,858 | 48,331 |
| Finance/Information technology | 3,621,238 | 3,621,238 | 3,094,210 | 527,028 |
| Human resources | 691,173 | 691,173 | 414,383 | 276,790 |
| Administrative services | 3,566,465 | 3,561,465 | 1,443,662 | 2,117,803 |
| Public safety | | | | |
| Police | 13,828,777 | 13,828,777 | 12,826,289 | 1,002,488 |
| Fire | 9,721,137 | 9,721,137 | 9,783,813 | (62,676) |
| Court | 730,916 | 730,916 | 693,805 | 37,111 |
| Animal control | 516,541 | 516,541 | 463,699 | 52,842 |
| Communications | 1,982,210 | 1,982,210 | 1,857,130 | 125,080 |
| Public works | 1,347,956 | 1,347,956 | 1,039,146 | 308,810 |
| Culture and recreation | 6,736,451 | 6,741,451 | 5,920,636 | 820,815 |
| Planning and economic development | 2,393,550 | 2,393,550 | 1,897,512 | 496,038 |
| Capital outlay | 138,500 | 138,500 | 115,750 | 22,750 |
| Total expenditures | <u>48,237,231</u> | <u>48,227,231</u> | <u>42,402,968</u> | <u>5,824,263</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(592,794)</u> | <u>(592,794)</u> | <u>7,226,339</u> | <u>7,819,133</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,195,065 | 2,195,065 | 2,171,979 | (23,086) |
| Transfers out | (2,415,117) | (2,415,117) | (673,551) | 1,741,566 |
| Total other financing sources and uses | <u>(220,052)</u> | <u>(220,052)</u> | <u>1,498,428</u> | <u>1,718,480</u> |
| Net change in fund balance | (812,846) | (812,846) | 8,724,767 | 9,537,613 |
| Fund balance - beginning of year | <u>34,483,816</u> | <u>34,483,816</u> | <u>34,483,816</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 33,670,970</u> | <u>\$ 33,670,970</u> | <u>\$ 43,208,583</u> | <u>\$ 9,537,613</u> |

See accompanying notes.

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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | Actual Amounts | Final Budget- |
| REVENUES | | | | |
| Taxes: | | | | |
| State-shared gas tax | \$ 4,390,537 | \$ 4,390,537 | \$ 4,507,237 | \$ 116,700 |
| County sales tax | 2,000,000 | 2,000,000 | 2,389,583 | 389,583 |
| Investment earnings | 254,000 | 254,000 | 261,309 | 7,309 |
| Miscellaneous | - | - | 184,420 | 184,420 |
| Total revenues | <u>6,644,537</u> | <u>6,644,537</u> | <u>7,342,549</u> | <u>698,012</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Streets/Transportation | 4,241,969 | 4,948,296 | 3,113,727 | 1,834,569 |
| Capital outlay | 4,147,403 | 3,413,200 | 3,465,580 | (52,380) |
| Debt service | - | - | 29,677 | (29,677) |
| Total expenditures | <u>8,389,372</u> | <u>8,361,496</u> | <u>6,608,984</u> | <u>1,752,512</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,744,835)</u> | <u>(1,716,959)</u> | <u>733,565</u> | <u>2,450,524</u> |
| OTHER FINANCING USES | | | | |
| Transfers in | - | - | 154,600 | 154,600 |
| Transfers out | <u>(515,152)</u> | <u>(515,152)</u> | <u>(351,947)</u> | <u>163,205</u> |
| Total other financing sources and uses | <u>(515,152)</u> | <u>(515,152)</u> | <u>(197,347)</u> | <u>317,805</u> |
| Net change in fund balance | <u>(2,259,987)</u> | <u>(2,232,111)</u> | <u>536,218</u> | <u>2,768,329</u> |
| Fund balance - beginning of year | <u>7,033,726</u> | <u>7,033,726</u> | <u>7,033,726</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 4,773,739</u> | <u>\$ 4,801,615</u> | <u>\$ 7,569,944</u> | <u>\$ 2,768,329</u> |

Proprietary Fund Financial Statements

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

| | Business-type Activities- Enterprise Funds | |
|----------------------------------------------------|-----------------------------------------------|----------------------|
| | Water | Wastewater |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 9,796 | \$ - |
| Investments | - | 8,939,886 |
| Receivables, net of uncollectibles | 10,846 | 1,463,500 |
| Due from other funds | - | 148,525 |
| Inventories | - | - |
| Total current assets | <u>20,642</u> | <u>10,551,911</u> |
| Noncurrent assets: | | |
| Capital assets-nondepreciable | - | 3,947,538 |
| Capital assets-depreciable | <u>386,081</u> | <u>83,033,604</u> |
| Total noncurrent assets | <u>386,081</u> | <u>86,981,142</u> |
| Total assets | <u>406,723</u> | <u>97,533,053</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pensions | <u>4,706</u> | <u>127,607</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 22,749 | 107,805 |
| Deposits held | 17,301 | 51,423 |
| Accrued wages and benefits | 666 | 21,493 |
| Accrued interest payable | - | 409,554 |
| Due to other funds | - | - |
| Compensated absences | - | 27,170 |
| Notes/Loans payable | - | 2,960,673 |
| Excise tax revenue obligations | - | 1,559,400 |
| Total current liabilities | <u>40,716</u> | <u>5,137,518</u> |
| Noncurrent liabilities: | | |
| Compensated absences | - | 33,208 |
| Notes/Loans payable | - | 32,564,435 |
| Excise tax revenue obligations | - | 3,469,825 |
| Closure and postclosure liability | - | - |
| Net pension liability | <u>50,030</u> | <u>1,008,274</u> |
| Total noncurrent liabilities | <u>50,030</u> | <u>37,075,742</u> |
| Total liabilities | <u>90,746</u> | <u>42,213,260</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to pensions | <u>5,583</u> | <u>127,512</u> |
| NET POSITION | | |
| Net investment in capital assets | 386,081 | 46,426,809 |
| Restricted for: | | |
| Debt service | - | 4,935,049 |
| Construction | - | 1,724,958 |
| Unrestricted | <u>(70,981)</u> | <u>2,233,072</u> |
| Total net position | <u>\$ 315,100</u> | <u>\$ 55,319,888</u> |

| Business-type Activities-Enterprise Funds | | | Governmental Activities Internal Service Funds |
|-------------------------------------------|--------------|---------------|---------------------------------------------------------|
| Sanitation | Golf Course | Total | |
| \$ 300 | \$ 93,028 | \$ 103,124 | \$ 897,297 |
| 8,268,235 | - | 17,208,121 | - |
| 806,061 | 1,003 | 2,281,410 | - |
| 120,469 | - | 268,994 | - |
| - | 27,777 | 27,777 | 282,229 |
| 9,195,065 | 121,808 | 19,889,426 | 1,179,526 |
| - | 283,000 | 4,230,538 | - |
| 4,688,878 | 1,137,204 | 89,245,767 | 283,508 |
| 4,688,878 | 1,420,204 | 93,476,305 | 283,508 |
| 13,883,943 | 1,542,012 | 113,365,731 | 1,463,034 |
| 315,980 | 16,143 | 464,436 | 115,799 |
| 37,362 | 21,243 | 189,159 | 606,490 |
| 122,353 | - | 191,077 | - |
| 48,703 | 5,267 | 76,129 | 23,563 |
| - | - | 409,554 | - |
| - | 14,039 | 14,039 | 278,802 |
| 90,674 | 7,258 | 125,102 | 32,267 |
| - | - | 2,960,673 | - |
| - | - | 1,559,400 | - |
| 299,092 | 47,807 | 5,525,133 | 941,122 |
| 110,824 | 8,871 | 152,903 | 39,436 |
| - | - | 32,564,435 | - |
| - | - | 3,469,825 | - |
| 3,104,498 | - | 3,104,498 | - |
| 2,234,530 | 132,816 | 3,425,650 | 861,927 |
| 5,449,852 | 141,687 | 42,717,311 | 901,363 |
| 5,748,944 | 189,494 | 48,242,444 | 1,842,485 |
| 292,288 | 17,058 | 442,441 | 109,605 |
| 4,688,878 | 1,420,204 | 52,921,972 | 283,508 |
| - | - | 4,935,049 | - |
| - | - | 1,724,958 | - |
| 3,469,813 | (68,601) | 5,563,303 | (656,765) |
| \$ 8,158,691 | \$ 1,351,603 | \$ 65,145,282 | \$ (373,257) |

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

| | Business-type Activities- Enterprise Funds | |
|--------------------------------------------------|-----------------------------------------------|----------------------|
| | Water | Wastewater |
| Operating revenues: | | |
| Service fees | \$ 210,595 | \$ 10,994,933 |
| Rental | - | - |
| Green fees | - | - |
| Miscellaneous | 329 | 126,631 |
| Total operating revenue | <u>210,924</u> | <u>11,121,564</u> |
| Operating expenses: | | |
| Personal services | 23,888 | 934,824 |
| Contractual services | 159,851 | 2,524,294 |
| Materials and supplies | 58,373 | 687,253 |
| Depreciation | 70,905 | 3,288,815 |
| Closure and postclosure costs | - | - |
| Other expenses | 371 | - |
| Total operating expenses | <u>313,388</u> | <u>7,435,186</u> |
| Operating income (loss) | <u>(102,464)</u> | <u>3,686,378</u> |
| Nonoperating revenues (expense): | | |
| Investment earnings | - | 148,525 |
| Interest expense | - | (1,629,596) |
| Total nonoperating revenues (expense) | <u>-</u> | <u>(1,481,071)</u> |
| Income (loss) before contributions and transfers | (102,464) | 2,205,307 |
| Developer fees | - | 2,493,748 |
| Contributions | - | 176,398 |
| Transfers in | - | 15,730 |
| Transfers out | <u>(28,055)</u> | <u>(748,879)</u> |
| Change in net position | (130,519) | 4,142,304 |
| Total net position-beginning of year | <u>445,619</u> | <u>51,177,584</u> |
| Total net position-end of year | <u>\$ 315,100</u> | <u>\$ 55,319,888</u> |

| Business-type Activities-Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|-------------------------------------------|---------------------|----------------------|-----------------------------------------------------------|
| Sanitation | Golf Course | Total | |
| \$ 7,239,583 | \$ 293,749 | \$ 18,738,860 | \$ 9,849,716 |
| - | 213,853 | 213,853 | - |
| - | 898,896 | 898,896 | - |
| 69,660 | 159 | 196,779 | 71,902 |
| <u>7,309,243</u> | <u>1,406,657</u> | <u>20,048,388</u> | <u>9,921,618</u> |
| 2,174,166 | 220,426 | 3,353,304 | 962,913 |
| 1,144,094 | 768,072 | 4,596,311 | 7,397,367 |
| 699,890 | 182,054 | 1,627,570 | 1,020,956 |
| 1,006,222 | 155,780 | 4,521,722 | 16,392 |
| 117,271 | - | 117,271 | - |
| - | 21,807 | 22,178 | - |
| <u>5,141,643</u> | <u>1,348,139</u> | <u>14,238,356</u> | <u>9,397,628</u> |
| <u>2,167,600</u> | <u>58,518</u> | <u>5,810,032</u> | <u>523,990</u> |
| 120,469 | - | 268,994 | 24,505 |
| - | - | (1,629,596) | - |
| <u>120,469</u> | <u>-</u> | <u>(1,360,602)</u> | <u>24,505</u> |
| 2,288,069 | 58,518 | 4,449,430 | 548,495 |
| - | - | 2,493,748 | - |
| - | - | 176,398 | - |
| - | - | 15,730 | - |
| <u>(542,515)</u> | <u>(140,891)</u> | <u>(1,460,340)</u> | <u>(577,190)</u> |
| 1,745,554 | (82,373) | 5,674,966 | (28,695) |
| <u>6,413,137</u> | <u>1,433,976</u> | <u>59,470,316</u> | <u>(344,562)</u> |
| <u>\$ 8,158,691</u> | <u>\$ 1,351,603</u> | <u>\$ 65,145,282</u> | <u>\$ (373,257)</u> |

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019

| | Business-type Activities- Enterprise Funds | |
|-------------------------------------------------------------------------|-----------------------------------------------|--------------------|
| | Water | Wastewater |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 214,163 | \$ 10,735,816 |
| Receipt (payments) from/to other funds | - | (148,525) |
| Payments to suppliers | (229,189) | (3,892,822) |
| Payments to employees | (25,958) | (998,824) |
| Net cash provided (used) by operating activities | <u>(40,984)</u> | <u>5,695,645</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers to other funds | (28,055) | (748,879) |
| Transfers from other funds | - | 15,730 |
| Net cash provided (used) by noncapital financing activities | <u>(28,055)</u> | <u>(733,149)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of capital assets | - | (100,760) |
| Contributions | - | 2,493,748 |
| Principal paid on capital debt | - | (4,486,917) |
| Interest paid on capital debt | - | (1,676,892) |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>(3,770,821)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | - | (6,939,880) |
| Interest and dividends received | - | 89,337 |
| Net cash provided (used) by investing activities | <u>-</u> | <u>(6,850,543)</u> |
| Net increase (decrease) in cash | (69,039) | (5,658,868) |
| Cash and cash equivalents at beginning of year | 78,835 | 5,658,868 |
| Cash and cash equivalents at end of year | <u>\$ 9,796</u> | <u>\$ -</u> |

See accompanying notes.

| Business-type Activities-Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|-------------------------------------------|------------------|---------------------|-----------------------------------------------------------|
| Sanitation | Golf Course | Total | |
| \$ 7,199,455 | \$ 1,405,654 | \$ 19,555,088 | \$ 10,028,756 |
| (120,469) | (53,590) | (322,584) | 278,802 |
| (1,838,073) | (965,981) | (6,926,065) | (8,361,438) |
| (2,356,847) | (225,847) | (3,607,476) | (1,025,381) |
| <u>2,884,066</u> | <u>160,236</u> | <u>8,698,963</u> | <u>920,739</u> |
| (542,515) | (140,891) | (1,460,340) | (577,190) |
| <u>-</u> | <u>-</u> | <u>15,730</u> | <u>-</u> |
| <u>(542,515)</u> | <u>(140,891)</u> | <u>(1,444,610)</u> | <u>(577,190)</u> |
| (1,233,785) | - | (1,334,545) | (66,404) |
| - | - | 2,493,748 | - |
| - | - | (4,486,917) | - |
| <u>-</u> | <u>-</u> | <u>(1,676,892)</u> | <u>-</u> |
| <u>(1,233,785)</u> | <u>-</u> | <u>(5,004,606)</u> | <u>(66,404)</u> |
| (8,268,235) | - | (15,208,115) | - |
| <u>120,469</u> | <u>-</u> | <u>209,806</u> | <u>24,505</u> |
| <u>(8,147,766)</u> | <u>-</u> | <u>(14,998,309)</u> | <u>24,505</u> |
| (7,040,000) | 19,345 | (12,748,562) | 301,650 |
| <u>7,040,300</u> | <u>73,683</u> | <u>12,851,686</u> | <u>595,647</u> |
| <u>\$ 300</u> | <u>\$ 93,028</u> | <u>\$ 103,124</u> | <u>\$ 897,297</u> |

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2019

| | Business-type Activities- Enterprise Funds | |
|-------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|
| | Water | Wastewater |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (102,464) | \$ 3,686,378 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Closure and postclosure costs | - | - |
| Depreciation expense | 70,905 | 3,288,815 |
| Provision for bad debt | - | 276,338 |
| (Increase) decrease in: | | |
| Accounts receivable | 1,889 | (706,153) |
| Inventory | - | - |
| Due from other funds | - | (148,525) |
| Deferred outflows of resources related to pensions | (414) | (27) |
| Increase (decrease) in: | | |
| Accounts payable | (10,594) | (681,275) |
| Deposits held | 1,350 | 44,067 |
| Accrued wages | 195 | 1,663 |
| Compensated absences | - | 2,937 |
| Net pension liabilities | (2,878) | (106,603) |
| Deferred inflows of resources related to pensions | 1,027 | 38,030 |
| Total adjustments | <u>61,480</u> | <u>2,009,267</u> |
| Net cash provided (used) by operating activities | <u>\$ (40,984)</u> | <u>\$ 5,695,645</u> |
| Schedule of Noncash Investing, Capital and Financing Activities | | |
| Contributed capital | \$ - | \$ 176,398 |
| Unrealized change in investments | - | 59,188 |

| <u>Business-type Activities-Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Fund</u> |
|--------------------------------------------------|--------------------|---------------------|--------------------------------------------------------------------|
| <u>Sanitation</u> | <u>Golf Course</u> | <u>Total</u> | |
| \$ 2,167,600 | \$ 58,518 | \$ 5,810,032 | \$ 523,990 |
| 117,271 | - | 117,271 | - |
| 1,006,222 | 155,780 | 4,521,722 | 16,392 |
| 16,771 | - | 293,109 | - |
| (72,191) | (1,003) | (777,458) | 107,138 |
| - | 1,365 | 1,365 | (1,262) |
| (120,469) | (53,590) | (322,584) | 278,802 |
| 7,844 | (762) | 6,641 | (4,954) |
| 5,911 | 4,587 | (681,371) | 58,147 |
| (54,368) | - | (8,951) | - |
| 833 | 821 | 3,512 | 3,510 |
| (26,248) | 2,666 | (20,645) | 6,500 |
| (256,678) | (12,664) | (378,823) | (104,972) |
| 91,568 | 4,518 | 135,143 | 37,448 |
| <u>716,466</u> | <u>101,718</u> | <u>2,888,931</u> | <u>396,749</u> |
| <u>\$ 2,884,066</u> | <u>\$ 160,236</u> | <u>\$ 8,698,963</u> | <u>\$ 920,739</u> |
| \$ - | \$ - | \$ 176,398 | \$ - |
| - | - | 59,188 | - |



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Fiduciary Funds



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CITY OF CASA GRANDE, ARIZONA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

| | Agency Funds | Part-Time Firemen's Pension |
|--------------------------------------|----------------|--------------------------------|
| ASSETS | | |
| Cash | \$ 332,937 | \$ 48,229 |
| Investments | - | 392,952 |
| Total assets | <u>332,937</u> | <u>441,181</u> |
| LIABILITIES | | |
| Other liabilities | <u>332,937</u> | <u>-</u> |
| Total liabilities | <u>332,937</u> | <u>-</u> |
| NET POSITION | | |
| Net position restricted for pensions | <u>\$ -</u> | <u>\$ 441,181</u> |

CITY OF CASA GRANDE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2019

| | Part-Time Firemen's Pension |
|--------------------------------|--------------------------------|
| ADDITIONS | |
| Investment earnings: | |
| Investment income | <u>\$ 20,222</u> |
| DEDUCTIONS | |
| Administrative expenses | <u>8,031</u> |
| Total deductions | <u>8,031</u> |
| Change in net position | 12,191 |
| Net position-beginning of year | <u>428,990</u> |
| Net position-end of year | <u>\$ 441,181</u> |

Notes to the Financial Statements



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CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

No separate financial statements were prepared for the Districts.

B. Government-Wide and Fund Financial Statements

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

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

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Generally, the effect of interfund activity is removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business- type activities are shown in the government-wide financial statements. Certain charges for interfund services provided and used, such as charges between the Enterprise Fund utility segments and various functional activities, were not eliminated if the charges approximated their exchange values. The “doubling up” effect of internal service fund activity is removed from the government-wide statements with the expenses shown in the various functions and segments on the Statement of Activities.

C. Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the combined financial statements. The City uses the following fund types:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the chief operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. City Ordinances or Federal and State Statutes specify the uses and limitations of each special revenue fund. The Highway Users Fund that accounts for the City's share of tax revenues legally restricted to the maintenance of the highways within the City's boundaries is presented as a major fund in the basic financial statement.

Debt Service Funds - Debt Service Funds account for the accumulation of resources for and the payment of general obligation long-term debt principal, interest and related costs.

Capital Project Funds - Capital Project Funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Capital Replacement/Recreation/Development Fund and Development Impact Fee Funds are major funds presented in the basic financial statements. This fund accounts for the replacement of fleet, recreation facilities construction and development of infrastructure.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

PROPRIETARY FUNDS

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

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

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

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

Golf Course Fund - accounts for the operations of the City's public golf course.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursement basis. The City has four internal services funds: Fleet Maintenance is used to account for the maintenance and operations of City owned vehicles, Facilities Maintenance is used to account for the maintenance and operations of City owned buildings, Risk Management is used for property and casualty insurance activities, and Health Benefit Trust used to account for the City's health insurance costs. Each cost center is charged their proportional share of the cost for these services.

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.

FIDUCIARY FUNDS

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

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

FIDUCIARY FUNDS (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The modified accrual basis of accounting is followed by the governmental funds. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

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.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

FIDUCIARY FUNDS (Continued)

The portion of property tax levies available on June 30, 2019, are recorded as receivable, net of allowance for un-collectibles. The balance of the tax levy not collected within 60 days after year-end are reflected as deferred revenue.

Notes receivables are recorded as revenue as installments are received. The balances of these receivables are reflected as deferred revenue. Direct loans made through Community Development Block Grants are reflected as a reserve in fund balance.

All proprietary and pension funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

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

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, 2019.
- All funds are subject to the comprehensive appropriated budget.
- Encumbrances used by the City during the budget year. All appropriations lapse at fiscal year-end unless re-appropriated as a carry-over. Invoices for goods and services received on or before June 30 must be paid within 60 days of the fiscal year-end.
- The budget for the City is adopted on a basis consistent with generally accepted accounting principles.
- Under State statutes, certain annual expenditure limitations must be adhered to.
- Several supplemental appropriations were necessary during the year.
- Expenditures may not exceed budgeted appropriations at the total budget level.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents, and Investments

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

The City adheres to the Arizona Revised Statutes (A.R.S. §35-323) that governs the investment of City funds. Eligible investments include certificate of deposits in eligible depositories, interest bearing accounts in qualified banks, repurchase agreements, pooled investments by the State Treasurer, bonds of the U.S. Government that are guaranteed as to principal and interest, and bonds of the state, city, town or school district. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

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

Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. In accordance with GASB Codification the City records all its investments at fair value as defined in the statement. The Part-time Firemen's Pension investments are valued from quoted market prices at year-end.

G. Inventory

Inventories for governmental and proprietary funds consist primarily of expendable supplies. Governmental funds maintain inventories using the consumption method of accounting. All inventories are valued at cost, which approximates market, using the first-in/first-out method. Physical inventories are conducted at year-end for financial statements purposes.

H. Capital Assets

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

Assets contributed (donated) to those funds, donated works of art and similar items, and assets received in service concession arrangements should be reported at acquisition value rather than fair value.

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

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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

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

| | |
|------------------------------------------|----------------|
| Buildings | 40 years |
| Sewer Systems | 20 to 50 years |
| Street Systems | 20 to 30 years |
| Building and Facility Improvements | 20 years |
| Streetlights and Traffic Control Devices | 20 years |
| Other Improvements and Landscaping | 15 years |
| Vehicles | 3 to 15 years |
| Equipment | 5 to 10 years |
| Furniture and Fixtures | 5 to 10 years |
| Computers/ Software | 3 years |

I. Deferred outflows and inflows of resources

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

J. Postemployment benefits

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

ASRS and PSPRS net OPEB asset (liabilities) have not been recorded, or further disclosed at June 30, 2019 in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, due to the relative insignificance to the City's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated absences

Different measurement focuses for governmental and proprietary funds were considered when determining the compensated absences liability. Because the measurement focus for proprietary funds is the determination of net income, current and long-term liabilities are recorded in the accounting records. The measurement focus for governmental funds is the flow of financial resources; expenditures for vacation time are accrued as current liabilities only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

New employees hired between November 1, 2015 and June 30, 2019 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 year or 224 to 375 hours per year 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.

L. Long-term Obligations

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

Interfund transactions are categorized as loans, reimbursements, interfund services provided and used or transfers. Loans between funds are reported in the balance sheet of the borrowing and lending funds as a liability and receivable, respectively. Reimbursements are expenditures or expenses of one fund but are attributable to another fund. An example of this type of transaction is when one fund purchases a supply in which another fund uses, thus reimbursing the original funds expenditure/ expense. An interfund service is revenue to the fund providing the service and expenditure to the fund receiving the service. Other interfund transactions are classified as transfers. Transfers usually reflect ongoing operating subsidies between funds.

N. Fund Equity

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

O. Fund Balance Policies

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

Non-spendable fund balance includes amounts that cannot be spent because it is not in a spendable form such as inventory or prepaid items. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors and laws and regulations of other governments. Committed fund balance is self-imposed limitations imposed at the highest level of decision-making authority, the City Council.

Council approval through the adoption of an Ordinance is required to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by the City Council. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within fund balance committed is spent first and then assigned resources are used. For fund balance details by classification, see the Fund Balance Details by Classification note disclosure.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Expenditures over Appropriations

The Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the Capital Replacement/Recreation/Development fund, Development Impact Fees fund, Municipal Airport Special Revenue Fund, Redevelopment/Downtown Revitalization Special Revenue fund, Senior Services fund, Grants and Subsidies Special Revenue fund, Rodeo Grounds Special Revenue fund, Grande Sports Special Revenue fund, CDBG Special Revenue fund, Tribal Housing Special Revenue fund, and the General Obligation Bond Debt Service fund each report an excess of expenditures over appropriations for the year ended June 30, 2019.

Q. Change in Accounting Principle

For the year ended June 30, 2019, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement No. 88 requires disclosure of information related to long-term debt. Implementing GASB Statement No. 88 did not have a material effect on the City's financial statements.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the City's cash in bank totaled \$7,288,151 and the bank balance was \$8,235,171. Federal Depository Insurance covered the City's deposits at June 30, 2019, to the extent of \$250,000. The City had cash on hand of \$5,925. Deposits of \$7,985,171 were collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name. Casa Grande does not have a deposit policy for custodial credit risk.

In addition, the City holds Certificates of Deposit with Western State Bank totaling \$251,442 at June 30, 2019.

Investments

The City's policy is to invest unrestricted cash in the Local Government Investment Pool 7 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool pursuant to ARS 35-311. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2019, the City's funds invested with the State Treasurer totaled \$35,946,305.

The City also holds \$76,648,032 invested with PFM Asset Management, LLC, \$1,024,382 with Zions Bank, and \$440,694 with TD Ameritrade. The accounts are invested in U.S. Treasury securities, U.S. Government bonds, certificates of deposit and corporate debt securities.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

| | Governmental Activities | Business Activities | Fiduciary Fund | Total |
|-----------------------------------------|----------------------------|------------------------|-------------------|-----------------------|
| Cash and cash equivalents | \$ 42,804,320 | \$ 103,124 | \$ 359,223 | \$ 43,266,667 |
| Investments | 57,690,225 | 17,208,121 | 414,895 | 75,313,241 |
| Restricted cash and cash equivalents | 679,113 | - | - | 679,113 |
| | <u>\$ 101,173,658</u> | <u>\$ 17,311,245</u> | <u>\$ 774,118</u> | <u>\$ 119,259,021</u> |

Interest Rate Risk

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

| 2019 Investment Type | Amount | Remaining Maturity (In Months) | | | |
|-------------------------------------------------------|-----------------------|--------------------------------|----------------------|----------------------|------------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| U.S. Treasury Notes | \$ 37,403,754 | \$ 3,187,708 | \$ 12,896,524 | \$ 21,319,522 | \$ - |
| Supra-National Agency Bond | 5,132,659 | - | 4,093,808 | 1,038,852 | - |
| Federal Agency Collateralized Mortgage Obligations | 1,779,740 | 796 | - | 1,778,944 | - |
| Federal Agency Notes | 4,386,162 | - | 1,443,093 | 2,943,068 | - |
| Corporate Note | 16,513,007 | 2,068,653 | 7,695,968 | 6,748,386 | - |
| Certificate of Deposit | 8,408,328 | 2,812,373 | 5,595,954 | - | - |
| Cash | 1,023,743 | 1,023,743 | - | - | - |
| Money Market | 679,113 | 679,113 | - | - | - |
| Mutual Funds | 440,694 | 440,694 | - | - | - |
| State Investment Pool 7 (LGIP) | 35,946,305 | 35,946,305 | - | - | - |
| | <u>\$ 111,713,503</u> | <u>\$ 46,159,385</u> | <u>\$ 31,725,347</u> | <u>\$ 33,828,771</u> | <u>\$ -</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

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

| 2019 Investment Type | Amount | Rating Agency | Rating |
|----------------------------------------------------|-----------------------|---------------|--------|
| U.S. Treasury Notes | \$ 37,403,754 | S&P | AA+ |
| Supra-National Agency Bond | 5,132,659 | S&P | AAA |
| Federal Agency Collateralized Mortgage Obligations | 1,779,739 | S&P | AA+ |
| Federal Agency Notes | 4,386,162 | S&P | AA+ |
| Corporate Note | 150,130 | S&P | AAA |
| Corporate Note | 734,377 | S&P | AA+ |
| Corporate Note | 1,122,395 | S&P | AA |
| Corporate Note | 831,198 | S&P | AA- |
| Corporate Note | 2,931,312 | S&P | A+ |
| Corporate Note | 5,509,424 | S&P | A |
| Corporate Note | 2,850,129 | S&P | A- |
| Corporate Note | 2,384,041 | S&P | BBB+ |
| Certificate of Deposit | 2,689,982 | S&P | AA- |
| Certificate of Deposit | 1,433,620 | S&P | A+ |
| Certificate of Deposit | 1,472,352 | S&P | A |
| Certificate of Deposit | 2,812,373 | S&P | A-1 |
| Cash | 1,023,743 | Unrated | |
| Money Market | 679,113 | Unrated | |
| Mutual Funds | 440,694 | Unrated | |
| State Investment Pool 7 (LGIP) | 35,946,305 | Unrated | |
| | <u>\$ 111,713,503</u> | | |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019:

| Investments By Fair Value Level | Amount | Fair Value Measurement Using | | |
|----------------------------------------------------|-----------------------|------------------------------|----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| U.S. Treasury Notes | \$ 37,403,754 | \$ - | \$ 37,403,754 | \$ - |
| Supra-National Agency Bond | 5,132,659 | - | 5,132,659 | - |
| Federal Agency Collateralized Mortgage Obligations | 1,779,738 | - | 1,779,738 | - |
| Federal Agency Notes | 4,386,162 | - | 4,386,162 | - |
| Corporate Note | 16,513,007 | - | 16,513,007 | - |
| Certificate of Deposit | 8,408,328 | - | 8,408,328 | - |
| Cash | 1,023,743 | 1,023,743 | - | - |
| Money Market | 679,113 | 679,113 | - | - |
| Total Investments by Fair Value Level | <u>\$ 75,326,504</u> | <u>\$ 1,702,856</u> | <u>\$ 73,623,648</u> | <u>\$ -</u> |
| External Investment Pool Measured at Fair Value | | | | |
| State Investment Pool 7 (LGIP) | <u>\$ 35,946,305</u> | | | |
| Total Investments Measured at Fair Value | <u>111,272,809</u> | | | |
| Investments Measured at Amortized Costs | | | | |
| Mutual Funds | <u>440,694</u> | | | |
| Total Investments | <u>\$ 111,713,503</u> | | | |

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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:

| 2019 Issuer | Reported Amount | Concentration |
|----------------------------------------------------|-----------------------|---------------|
| U.S. Treasury Notes | \$ 37,403,754 | 33.5% |
| Supra-National Agency Bond | 5,132,659 | 4.6% |
| Federal Agency Collateralized Mortgage Obligations | 1,779,738 | 1.6% |
| Federal Agency Notes | 4,386,162 | 3.9% |
| Corporate Note | 16,513,007 | 14.8% |
| Certificate of Deposit | 8,408,328 | 7.5% |
| Cash | 1,023,743 | 0.9% |
| Money Market | 679,113 | 0.6% |
| Mutual Funds | 440,694 | 0.4% |
| State Investment Pool 7 (LGIP) | 35,946,305 | 32.2% |
| | <u>\$ 111,713,503</u> | <u>100%</u> |

NOTE 3 CASH WITH FISCAL AGENT/RESTRICTED INVESTMENTS

The City has restricted the following for capital infrastructure in the Community Facilities Fund.

| Fund Type | Description of Designated Capital | Balance at 6/30/2019 |
|---------------|-----------------------------------------|-------------------------|
| Capital - CFD | Infrastructure | <u>\$ 293,606</u> |

Excise tax restricted in the Debt Service Fund.

| Fund Type | Description of Designated Capital | Balance at 6/30/2019 |
|--------------|-----------------------------------------|-------------------------|
| Debt Service | Excise Tax | <u>\$ 3,040</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

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

| Fund Type | Description of Designated Capital | Balance at 6/30/2019 |
|---------------|-----------------------------------|----------------------|
| Capital - CFD | Sewer Line | <u>\$ 361,467</u> |

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

| Fund Type | Description of Designated Capital | Balance at 6/30/2019 |
|--------------|-----------------------------------|----------------------|
| Debt Service | GO Bonds | <u>\$ 21,000</u> |

NOTE 4 RECEIVABLES

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

| | General Fund | Highway User Fund | Capital Replacement Recreation Development Fund | Non-Major Governmental Funds | Total Governmental Funds |
|----------------------------|---------------------------------------|-----------------------------------|-------------------------------------------------|-------------------------------------|-----------------------------------------|
| Receivables: | | | | | |
| Intergovernmental Accounts | <u>\$ 4,012,468</u> <u>830,447</u> | <u>\$ 896,598</u> <u>6,582</u> | <u>\$ 365,682</u> <u>-</u> | <u>\$ 644,185</u> <u>533,715</u> | <u>\$ 5,918,933</u> <u>1,370,744</u> |
| Total receivables | <u>\$ 4,842,915</u> | <u>\$ 903,180</u> | <u>\$ 365,682</u> | <u>\$ 1,177,900</u> | <u>\$ 7,289,677</u> |

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

| | Water Fund | Wastewater Fund | Sanitation Fund | Internal Service Fund | Total |
|-----------------|------------------|---------------------|---------------------|-----------------------|---------------------|
| Receivables: | | | | | |
| Accounts | <u>\$ 10,846</u> | <u>5,370,175</u> | <u>\$ 3,224,247</u> | <u>\$ -</u> | <u>\$ 8,605,268</u> |
| Less: | | | | | |
| Allowance | <u>-</u> | <u>(3,906,310)</u> | <u>(2,416,602)</u> | <u>-</u> | <u>(6,322,912)</u> |
| Net receivables | <u>\$ 10,846</u> | <u>\$ 1,463,865</u> | <u>\$ 807,645</u> | <u>\$ -</u> | <u>\$ 2,282,356</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 RECEIVABLES (Continued)

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

| | |
|-------------------------------------------|-------------------|
| Uncollectibles related to wastewater | \$ 276,338 |
| Uncollectibles related to sanitation | <u>16,771</u> |
| Total uncollectibles for the current year | <u>\$ 293,109</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, 2019 these loans outstanding totaled \$315,175.

NOTE 6 PROPERTY TAXES

Arizona Revised Statutes require that property taxes be levied on or before the third Monday in August. Taxes are levied and collected by the Pinal City Treasurer on real and personal property. Real property taxes, payable in two installments, are due November 1 and May 1. Personal property taxes are billed throughout the year. Interest and penalties are assessed if a taxpayer fails to pay the tax within a period of time specified by law. Taxes are considered a lien against real property at the date of levy.

The primary tax levy is limited to a 2% increase over the previous year's maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year. The primary levy is further limited in that the primary tax from all jurisdictions may not exceed 1% of the homeowner's market value of the home. Secondary taxes are levied to retire voter approved general obligation bonds.

The City's 2018-2019 maximum primary levy limit was \$4,269,559. The primary tax levy was \$3,572,996. The City's secondary tax levy was \$2,130,500.

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, 2019, are \$272,355 and \$226,585, respectively.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2019 follows: The beginning balances have been restated according to the prior period restatement.

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|----------------------------------------------|-----------------------|-----------------------|------------------------|-----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 19,663,528 | \$ 1,752,841 | \$ - | \$ 21,416,369 |
| Construction in progress | 6,251,356 | 26,111,878 | (24,000,469) | 8,362,765 |
| Total capital assets not being depreciated | 25,914,884 | 27,864,719 | (24,000,469) | 29,779,134 |
| Capital assets, being depreciated: | | | | |
| Buildings | 76,595,426 | 20,242,368 | - | 96,837,794 |
| Improvements | 242,075,476 | 5,413,127 | - | 247,488,603 |
| Heavy machinery & equipment | 33,559,064 | 4,593,775 | (377,511) | 37,775,328 |
| Total capital assets being depreciated | 352,229,966 | 30,249,270 | (377,511) | 382,101,725 |
| Less accumulated depreciation for: | | | | |
| Buildings | (33,498,759) | (2,320,195) | - | (35,818,954) |
| Improvements | (154,301,855) | (10,576,892) | - | (164,878,747) |
| Heavy machinery & equipment | (21,666,081) | (2,286,855) | 377,511 | (23,575,425) |
| Total accumulated depreciation | (209,466,695) | (15,183,942) | 377,511 | (224,273,126) |
| Total capital assets, being depreciated, net | 142,763,271 | 15,065,328 | - | 157,828,599 |
| Governmental activities capital assets, net | <u>\$ 168,678,155</u> | <u>\$ 42,930,047</u> | <u>\$ (24,000,469)</u> | <u>\$ 187,607,733</u> |
| Business-Type Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,216,809 | \$ - | \$ - | \$ 4,216,809 |
| Construction in progress | 981,413 | 123,451 | (1,091,135) | 13,729 |
| Total capital assets not being depreciated | 5,198,222 | 123,451 | (1,091,135) | 4,230,538 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 129,338,933 | 1,315,663 | - | 130,654,596 |
| Machinery and equipment | 13,702,446 | 1,162,965 | - | 14,865,411 |
| Total capital assets being depreciated | 143,041,379 | 2,478,628 | - | 145,520,007 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (42,647,335) | (3,399,875) | - | (46,047,210) |
| Machinery and equipment | (9,105,182) | (1,121,848) | - | (10,227,030) |
| Total accumulated depreciation | (51,752,517) | (4,521,723) | - | (56,274,240) |
| Total capital assets, being depreciated, net | 91,288,862 | (2,043,095) | - | 89,245,767 |
| Business-Type activities capital assets, net | <u>\$ 96,487,084</u> | <u>\$ (1,919,644)</u> | <u>\$ (1,091,135)</u> | <u>\$ 93,476,305</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 7 CAPITAL ASSETS (Continued)

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

| | |
|----------------------------|----------------------|
| Governmental activities: | |
| General government | \$ 402,302 |
| Public safety | 2,181,612 |
| Streets/Transportation | 468,559 |
| Public Works | 9,450,564 |
| Culture and recreation | 1,549,995 |
| Economic Development | 1,114,518 |
| Internal Service | <u>16,392</u> |
| Total depreciation expense | <u>\$ 15,183,942</u> |
| Business-type activities: | |
| Water | \$ 70,905 |
| Wastewater | 3,288,816 |
| Sanitation | 1,006,222 |
| Golf Course | <u>155,780</u> |
| Total depreciation expense | <u>\$ 4,521,723</u> |

NOTE 8 PENSIONS

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

At June 30, 2019, the City reported the following aggregate amounts related to pensions) for all plans to which it contributes:

| Statement of Net Position and Statement of Activities | Governmental Activities | Business-type Activities | Total |
|-------------------------------------------------------|-------------------------|--------------------------|---------------|
| Net pension liability | \$ 66,047,333 | \$ 3,425,650 | \$ 69,472,983 |
| Deferred outflows of resources | 13,184,711 | 464,436 | 13,649,147 |
| Deferred inflows of resources | 3,742,564 | 442,441 | 4,185,005 |
| Pension expense | 7,563,730 | 43,180 | 7,606,910 |

The City reported \$6,238,876 of pension contributions as expenditures in the fund statements related to all pension plans to which it contributes.

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2019 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

A. Arizona State Retirement System

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

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

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

*with actuarially reduced benefits.

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019 active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.8 percent (11.18 percent for retirement, 0.46 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2019, were \$1,598,604, \$65,774, and \$23,475, respectively.

During fiscal year 2019, the City paid for ASRS pension as follows:

71.9 percent from the General Fund, 6.6 percent from the HURF Fund, 0.1 percent from the Water Fund, 4.7 percent from the Wastewater Fund, 11.3 percent from the Sanitation Fund, 0.4 percent from the Golf Fund, and 5 percent from other funds.

Pension Liability – At June 30, 2019, the City reported a liability of \$20,092,695 for its proportionate share of the ASRS' net pension liability. The net liability was measured as of June 30, 2018. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The City's proportion measured as of June 30, 2018, was 0.144068 percent, which was a decrease of 0.00588 percent from its proportion measured as of June 30, 2018.

The net pension liability measured as of June 30, 2019, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County's net asset and net liabilities as a result of these changes is not known.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2019, the City recognized pension expense of \$1,598,603. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 553,537 | \$ 110,768 |
| Changes of assumptions or other inputs | 531,689 | 1,781,493 |
| Net difference between projected and actual earnings on pension plan investments | - | 483,182 |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 78,859 | 263,091 |
| City contributions subsequent to the measurement date | 1,598,603 | - |
| Total | <u>\$ 2,762,688</u> | <u>\$ 2,638,534</u> |

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense as follows:

| | |
|---------------------|-------------|
| Year ending June 30 | |
| 2020 | \$ (11,376) |
| 2021 | (513,434) |
| 2022 | (732,951) |
| 2023 | (216,688) |
| 2024 | - |
| Thereafter | - |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

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

| | |
|-----------------------------|-----------------------------------------------------------------------|
| ASRS | |
| Actuarial valuation date | June 30, 2017 |
| Actuarial roll forward date | June 20, 2018 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.5% |
| Projected salary increases | 2.7 - 7.2% for pensions/not applicable for OPEB |
| Inflation | 2.3% |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rates | 2012 GLTD for long-term disability |
| Healthcare cost trend rate | Not Applicable |

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

The long-term expected rate of return on ASRS 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 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 geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected geometric real rate of return |
|--------------|-------------------|--------------------------------------------------|
| Equity | 50% | 5.50% |
| Fixed Income | 30% | 3.83% |
| Real estate | 20% | 5.85% |
| Total | 100% | |

Discount Rate – At June 30, 2018, the discount rate used to measure ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

| ASRS | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% increase (8.5%) |
|------------------------------------------------------------|-----------------------|------------------------------------|-----------------------|
| City's proportionate share of the net pension liability | \$ 28,642,599 | \$ 20,092,695 | \$ 12,949,388 |

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

B. Public Safety Personnel Retirement System

Plan Descriptions – City police department employees and City fire fighter employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

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, 2019

NOTE 8 PENSIONS (Continued)

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

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

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

| | PSPRS Police | PSPRS Fire |
|-------------------------------------|-----------------|---------------|
| Inactive employees or beneficiaries | | |
| currently receiving benefits | 46 | 25 |
| Inactive employees entitled to | | |
| by not yet receiving benefits | 19 | 5 |
| Active employees | 67 | 52 |
| Total | 132 | 82 |

Contributions - 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, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | PSPRS Police | PSPRS Fire |
|----------------------------------|-----------------|----------------|
| Active members - Pension | 7.65% - 11.65% | 7.65% - 11.65% |
| City | | |
| Pension | 51.27% | 42.52% |
| Health insurance premium benefit | 0.48% | 0.44% |

In addition, the City was required by statute to contribute at the actuarially determined rate of 39.12 percent for Police and 28.38 percent for Fire for the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

The City's contributions to the plans for the year ended June 30, 2019, were:

| | PSPRS Police | PSPRS Fire |
|-------------------------------------|-----------------|---------------|
| Pension | | |
| Contributions made | \$ 2,626,195 | \$ 2,014,077 |
| Health Insurance Premium Benefit | | |
| Annual OPEB cost contributions made | 24,587 | 20,842 |

During fiscal year 2019, the City paid for PSPRS pension contributions as follows: 100 percent from the General Fund.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Pension Liability- At June 30, 2019, the City reported a PSPRS net pension liabilities of \$49,324,483.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2018, reflects changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including an investment rate of return of 7.4 percent, the same as the prior year, a wage inflation of 3.5 percent, the same as the prior year, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011.

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

PSPRS

| | |
|----------------------------|----------------------------------------------------------------------------------------------|
| Actuarial valuation date | June 30, 2018 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.40% |
| Wage inflation | 3.5% for pensions/not applicable for OPEB |
| Price inflation | 2.5% for pensions/not applicable for OPEB |
| Cost-of-living adjustment | Included for pensions/not applicable for OPEB |
| Mortality rates | RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience. |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

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

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

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

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

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Changes in the Net Pension Liability

PSPRS - Police

| | Increase (Decrease) | | |
|----------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------|------------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2018 | \$ 51,510,954 | \$ 20,449,207 | \$ 31,061,747 |
| Changes for the year: | | | |
| Service Cost | 998,926 | - | 998,926 |
| Interest on the total liability | 3,764,862 | - | 3,764,862 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience in the measurement of the liability | (669,456) | - | (669,456) |
| Changes of assumptions or other inputs | - | - | - |
| Contributions - employer | - | 2,731,284 | (2,731,284) |
| Contributions - employee | - | 494,033 | (494,033) |
| Net investment income | - | 1,508,301 | (1,508,301) |
| Benefit payments, including refunds of employee contributions | (2,267,800) | (2,267,800) | - |
| Hall/Parker settlement | - | (779,034) | 779,034 |
| Administrative expense | - | (23,656) | 23,656 |
| Other changes | - | 233 | (233) |
| Net changes | 1,826,532 | 1,663,361 | 163,171 |
| Balances at June 30, 2019 | \$ 53,337,486 | \$ 22,112,568 | \$ 31,224,918 |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

Changes in the Net Pension Liability (Continued)

| PSPRS - Fire | Increase (Decrease) | | |
|----------------------------------------------------------------------------------------------|---------------------|---------------|---------------|
| | Plan | | |
| | Total | Fiduciary | Net |
| | Pension | Net | Pension |
| | Liability | Position | Liability |
| | (a) | (b) | (a) - (b) |
| Balances at June 30, 2018 | \$ 34,835,493 | \$ 17,901,377 | \$ 16,934,116 |
| Changes for the year: | | | |
| Service Cost | 986,910 | - | 986,910 |
| Interest on the total liability | 2,549,509 | - | 2,549,509 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience in the measurement of the liability | 358,294 | - | 358,294 |
| Changes of assumptions or other inputs | - | - | - |
| Contributions - employer | - | 1,920,207 | (1,920,207) |
| Contributions - employee | - | 387,117 | (387,117) |
| Net investment income | - | 1,270,182 | (1,270,182) |
| Benefit payments, including refunds of employee contributions | (1,752,251) | (1,752,251) | - |
| Hall/Parker settlement | - | (772,667) | 772,667 |
| Administrative expense | - | (20,032) | 20,032 |
| Other changes | - | (55,542) | 55,542 |
| Net changes | 2,142,462 | 977,014 | 1,165,448 |
| Balances at June 30, 2019 | \$ 36,977,955 | \$ 18,878,391 | \$ 18,099,564 |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

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

| | 1% Decrease (6.40%) | Current Discount Rate (7.40%) | 1% increase (8.40%) |
|-----------------------------|------------------------|-------------------------------------|------------------------|
| PSPRS - Police | | | |
| Total pension liability | \$ 60,570,728 | \$ 53,337,486 | \$ 47,450,095 |
| Plan fiduciary net position | 22,112,568 | 22,112,568 | 22,112,568 |
| Net pension liability | \$ 38,458,160 | \$ 31,224,918 | \$ 25,337,527 |
| PSPRS - Fire | | | |
| Total pension liability | \$ 42,248,346 | \$ 36,977,955 | \$ 32,688,539 |
| Plan fiduciary net position | 18,878,391 | 18,878,391 | 18,878,391 |
| Net pension liability | \$ 23,369,955 | \$ 18,099,564 | \$ 13,810,148 |

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

Expense - For the year ended June 30, 2019, the City recognized \$7,405,316 of PSPRS pension expense.

Deferred Outflows/Inflows of Resources - At June 30, 2019, 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 | \$ 136,801 | \$ 1,124,453 |
| Changes of assumptions or other inputs | 2,167,039 | - |
| Net difference between projected and actual earnings on pension plan investments | 89,295 | - |
| City contributions subsequent to the measurement date | 2,626,195 | - |
| Total | \$ 5,019,330 | \$ 1,124,453 |
| PSPRS - Fire | | |
| Differences between expected and actual experience | \$ 1,199,036 | \$ 416,933 |
| Changes of assumptions or other inputs | 2,525,598 | - |
| Net difference between projected and actual earnings on pension plan investments | 126,895 | - |
| City contributions subsequent to the measurement date | 2,014,077 | - |
| Total | \$ 5,865,606 | \$ 416,933 |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 PENSIONS (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

| | PSPRS Police |
|----------------------|-----------------|
| Year ending June 30, | |
| 2020 | \$ 891,161 |
| 2021 | 367,715 |
| 2022 | 27,680 |
| 2023 | (17,874) |
| 2023 | |
| Thereafter | - |

| | PSPRS Fire |
|----------------------|---------------|
| Year ending June 30, | |
| 2020 | \$ 880,367 |
| 2021 | 766,908 |
| 2022 | 553,721 |
| 2023 | 570,044 |
| 2024 | 466,073 |
| Thereafter | 197,483 |

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 2019 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, 2019

NOTE 10 CAPITAL LEASES

Leases at June 30, 2019, 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. | \$ 288,644 |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------|

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 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. | 1,870,000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

| | |
|---------------------------------------------------------------------------------------------------------------------|-----------|
| Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.59%, due through April 2031. | 2,592,489 |
|---------------------------------------------------------------------------------------------------------------------|-----------|

| | |
|------------------------------------------------------------------------------------------------------------------------|----------------|
| Lease to finance Solar Panels. Payments are due semi-annually at an interest rate of 3.75%, due through February 2033. | <u>940,852</u> |
|------------------------------------------------------------------------------------------------------------------------|----------------|

| | |
|--------------------------------------------------------|----------------------------|
| Total Governmental Activities Capital Lease Obligation | <u><u>\$ 5,691,985</u></u> |
|--------------------------------------------------------|----------------------------|

The future minimum lease payments by year are:

| Fiscal Year Ending June 30, | Government Activities |
|------------------------------------------------|----------------------------|
| 2020 | \$ 899,476 |
| 2021 | 608,516 |
| 2022 | 615,758 |
| 2023 | 623,645 |
| 2024 | 631,155 |
| 2025-2029 | 2,762,954 |
| 2030-2034 | <u>831,773</u> |
| Total minimum lease payments | 6,973,278 |
| Less: amount representing interest | <u>(1,281,293)</u> |
| Present value of future minimum lease payments | 5,691,985 |
| Less: current portion | <u>(686,620)</u> |
| Noncurrent portion | <u><u>\$ 5,005,365</u></u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 10 CAPITAL LEASES (Continued)

Leased Capital Assets

The following is an analysis of the leased assets included in capital assets:

| | Cost | Accumulated Depreciation | Net Balance |
|--------------------------------|----------------------|-----------------------------|---------------------|
| Building and Improvements: | | | |
| Governmental Activities Assets | \$ 12,278,922 | \$ (4,759,858) | \$ 7,519,064 |
| Total Building and Improvement | <u>\$ 12,278,922</u> | <u>\$ (4,759,858)</u> | <u>\$ 7,519,064</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. The outstanding principal balance at June 30, 2019 is \$275,000.

Villago Community Facilities District issued General Obligation bonds to finance construction for the amounts 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. The outstanding principal balance for the Series 2006, 2008, and 2010 is \$305,000, \$415,000, and 1,810,000, respectively, at June 30, 2019.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 11 BOND DEBT (Continued)

In July 2009 the City issued \$19,000,000 of General Obligation bond debt to design and construct a new public safety facility. The 25-year bond has interest rates ranging from 4% to 5%. Principal payments ranging from \$370,000 to \$1,700,000 are paid annually on July 1, with payments beginning July 2010 and with interest paid semiannually on July and January 1. The outstanding principal balance at June 30, 2019 is \$205,000.

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, Series 2009, is \$14,455,000 at June 30, 2019. The outstanding principal balance for the Series 2016A and 2016B is \$13,260,000 and \$17,260,000, respectively, at June 30, 2019.

In January 2019, the City defeased \$2,555,000 of General Obligation Bonds, Series 2008, 2009, and 2016B using their own resources. Sufficient assets to pay all principal and interest in the defeased bonds had been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues defeased. The interest paid on the defeasance is included in interest expense. In-substance defeasances of \$2,555,000 was recorded in the Debt Service Fund as principal and interest payments, on the Statement of Revenue, Expenditures, and Changes in Fund Balance. The transaction resulted in a gain on early extinguishment of debt of \$106,940. The amount of the defeased bonds, Series 2009 and 2016B, still outstanding as of June 30, 2019 was \$1,045,000 and \$1,030,000.

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 |
| 2020 | \$ 1,515,000 | \$ 1,187,305 |
| 2021 | 1,300,000 | 1,154,696 |
| 2022 | 1,365,000 | 1,130,428 |
| 2023 | 1,460,000 | 1,084,644 |
| 2024 | 1,565,000 | 1,029,866 |
| 2025-2029 | 10,280,000 | 2,467,308 |
| 2030-2034 | 11,745,000 | 2,314,004 |
| 2035-2039 | 4,660,000 | 158,100 |
| Total | <u>\$ 33,890,000</u> | <u>\$ 10,526,351</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 12 EXCISE TAX REVENUE OBLIGATIONS

In 2012 the City issued \$9,355,000 of Excise Tax Revenue Refunding Bonds, Series 2012, with interest rates ranging from 2-5%. The proceeds were used to advance refund the Excise Tax Revenue Bonds, Series 2003 by placing new bond proceeds in an irrevocable trust to provide for future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the refunded bonds are not included in the government's financial statements. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of \$868,776. At June 30, 2019, there is no balance of defeased bond, Series 2003, still outstanding. The outstanding principal balance for the Series 2012 excise tax obligations is \$4,990,000 at June 30, 2019.

On December 28, 2017, the City issued \$7,710,000 of Excise Tax Revenue Refunding Bonds, Series 2017, with a fixed interest rate of 2.945%. The net proceeds of \$7,710,000 (after issuance costs of \$178,171) were used to advance refund various series of bonds with a total principal amount of \$7,175,000 and an average interest rate of 4.82%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities. The advance refunding was done in order to reduce debt payments. The transaction resulted in an economic gain of \$622,089. At June 30, 2019, there is no balance of defeased bond, Series 2009, still outstanding. The outstanding principal balance for the Series 2017 excise tax obligations is \$7,575,000 at June 30, 2019.

The 2012 excise 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 excise tax revenue obligation debt service requirements as of June 30, 2019:

| Fiscal year ending June 30, | Governmental Activities | | Business-Type Activities | |
|--------------------------------|-------------------------|---------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 1,120,600 | \$ 555,543 | \$ 1,559,400 | \$ 206,908 |
| 2021 | 1,181,200 | 492,852 | 1,623,800 | 144,532 |
| 2022 | 1,227,400 | 420,815 | 1,407,600 | 63,342 |
| 2023 | 1,175,000 | 346,138 | - | - |
| 2024 | 1,245,000 | 272,629 | - | - |
| 2025-2029 | 6,965,000 | 627,285 | - | - |
| Total | <u>\$ 12,914,200</u> | <u>\$ 2,715,262</u> | <u>\$ 4,590,800</u> | <u>\$ 414,782</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 13 WIFA FINANCING

In January 2009 the City of Casa Grande received financing from the Water Infrastructure Finance Authority (WIFA) of Arizona to finance a wastewater treatment plant expansion project which was completed in 2011. The original loan was authorized for a total of \$62,555,540; however, the balance disbursed to the City of Casa Grande at June 30, 2018 is \$59,095,269. The following schedule shows estimated payments based on the amount due of \$35,525,109.

| Fiscal Year Ending June 30, | Principal | Interest |
|--------------------------------|----------------------|---------------------|
| 2020 | \$ 2,960,673 | \$ 1,431,307 |
| 2021 | 3,079,959 | 1,312,021 |
| 2022 | 3,204,050 | 1,187,930 |
| 2023 | 3,333,142 | 1,058,838 |
| 2024 | 3,467,434 | 924,546 |
| 2024-2028 | 19,479,851 | 2,411,157 |
| | <u>\$ 35,525,109</u> | <u>\$ 8,325,799</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.

NOTE 14 CHANGES IN LONG-TERM OBLIGATIONS

| | Beginning Balance | Additions & transfers | Reductions & transfers | Ending Balance | Due Within One Year |
|---------------------------------------------------|-----------------------|--------------------------|---------------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 3,164,136 | \$ 1,647,804 | \$ (1,620,329) | \$ 3,191,611 | \$ 1,436,225 |
| General obligation bonds | 38,375,000 | - | (4,485,000) | 33,890,000 | 1,515,000 |
| Excise tax revenue obligations | 13,981,900 | - | (1,054,600) | 12,927,300 | 1,120,600 |
| Capital leases | 6,342,211 | - | (650,228) | 5,691,983 | 686,620 |
| Bonds premiums | 2,745,187 | - | (124,757) | 2,620,430 | - |
| Net pension liability | 66,598,584 | - | (551,251) | 66,047,333 | - |
| Governmental activities long-term liabilities | <u>\$ 131,207,018</u> | <u>\$ 1,647,804</u> | <u>\$ (8,486,165)</u> | <u>\$ 124,368,657</u> | <u>\$ 4,758,445</u> |
| Business-type activities | | | | | |
| Compensated absences | \$ 298,650 | \$ 144,720 | \$ (165,367) | \$ 278,003 | \$ 125,102 |
| Excise tax revenue obligations | 6,068,100 | - | (1,490,400) | 4,577,700 | 1,559,400 |
| Loan payable | 38,371,117 | - | (2,846,009) | 35,525,108 | 2,960,673 |
| Bond premiums | 602,033 | - | (150,508) | 451,525 | - |
| Postclosure liability | 2,987,227 | 117,271 | - | 3,104,498 | - |
| Net pension liability | 3,804,473 | - | (378,823) | 3,425,650 | - |
| Business-type activities long-term liabilities | <u>\$ 52,131,600</u> | <u>\$ 261,991</u> | <u>\$ (5,031,107)</u> | <u>\$ 47,362,484</u> | <u>\$ 4,645,175</u> |

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the year ended June 30, 2019, the City primarily paid for compensated absences from the General Fund.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 15 LONG-TERM DEBT

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

| Fiscal year ending June 30, | Governmental Activities | | Business-Type Activities | |
|--------------------------------|-------------------------|----------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 2,635,600 | \$ 1,742,848 | \$ 4,520,073 | \$ 1,638,215 |
| 2021 | 2,481,200 | 1,647,548 | 4,703,759 | 1,456,553 |
| 2022 | 2,592,400 | 1,551,243 | 4,611,650 | 1,251,272 |
| 2023 | 2,635,000 | 1,430,782 | 3,333,142 | 1,521,111 |
| 2024 | 2,810,000 | 1,302,495 | 7,074,571 | 1,247,116 |
| 2024-2028 | 17,245,000 | 3,094,593 | 15,872,714 | 1,626,314 |
| 2029-2033 | 11,745,000 | 2,314,004 | - | - |
| 2034-2038 | 4,660,000 | 158,100 | - | - |
| Total | <u>\$ 46,804,200</u> | <u>\$ 13,241,613</u> | <u>\$ 40,115,909</u> | <u>\$ 8,740,581</u> |

NOTE 16 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs in each period that the City operates the landfill. These costs will be paid from the Sanitation Fund (enterprise fund).

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$3,104,498 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 60.3 percent of the landfill's estimated capacity. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,042,506 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2019. The City expects to close the landfill in the year 2039, and the actual cost may be higher because of inflation, changes in technology, or changes in regulations.

According to State and federal laws and regulations, the City must comply with the local government financial test requirements that ensure that the City can meet the costs of landfill closure, postclosure, and corrective action when needed. The City is in compliance with all these requirements except the City has a operating deficit of greater than or equal to 5 percent of its total annual revenues for the year ended June 30, 2019. The City's operating deficit as a percentage of total annual revenues is 6.85% as of June 30, 2019.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 17 INSURANCE CLAIMS PAYABLE

The Employee Health Benefit Fund (an internal service fund) accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive, major medical, dental) to eligible employees and their dependents. Under this program, the Fund provides coverage for up to a maximum of \$200,000 for each claim, not to exceed an annual aggregate of \$5,298,065.

The Fund's insurance claims payable liability totaling \$347,000 at June 30, 2019, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates or describe methodology. Changes in the Fund's claims payable for the year ended June 30, 2019, were as follows:

| | 2019 |
|----------------------------------------------|-------------------|
| Claims payable, beginning of year | \$ 378,000 |
| Current-year claims and changes in estimates | 4,387,000 |
| Claim payments | 4,418,000 |
| Claims payable, end of year | <u>\$ 347,000</u> |

NOTE 18 CONSTRUCTION COMMITMENTS

As of June 30, 2019, the City had outstanding construction commitments and contractual commitments that will be financed from operating funds. The City's commitments are as follows:

| Project | Remaining Commitment |
|------------------------------------------|-------------------------|
| Carr McNatt Park Project | \$ 4,138,082 |
| Community Recreation Center Construction | 3,146,957 |
| South Operation Center Facility Upgrades | 47,654 |
| | <u>\$ 7,332,693</u> |

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 19 SUMMARY OF INTERFUND TRANSACTIONS

Interfund transactions as of June 30, 2019, were as follows:

| Fund | Receivable Amount | Payable Amount |
|------------------------|----------------------|---------------------|
| General Fund | \$ 1,075,177 | \$ - |
| HURF | - | 1,268,089 |
| Capital Replacement | 1,788,269 | - |
| Development Impact Fee | 586,508 | 1,122,288 |
| Non-Major Funds | 191,668 | 1,227,398 |
| Wastewater | 148,525 | - |
| Sanitation | 120,469 | - |
| Golf Course | - | 14,039 |
| Internal Service Fund | - | 278,802 |
| Total | <u>\$ 3,910,616</u> | <u>\$ 3,910,616</u> |

The interfund balances at June 30, 2019 are short-term loans to cover temporary cash deficits in various funds.

Transfers:

| Fund | Transfers Out | Transfers In |
|------------------------------|----------------------|----------------------|
| General Fund | \$ 673,551 | \$ 2,171,979 |
| Highway Users Fund | 351,947 | 154,600 |
| Capital Replacement | 3,557,473 | 10,709,522 |
| Development Impact Fee Funds | 7,752,414 | - |
| Non-Major Governmental Funds | 1,396,673 | 2,717,757 |
| Water Fund | 28,055 | - |
| Wastewater Fund | 748,879 | 15,730 |
| Sanitation Fund | 542,515 | - |
| Golf Course | 140,891 | - |
| Internal Service Funds | 577,190 | - |
| Total | <u>\$ 15,769,588</u> | <u>\$ 15,769,588</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 20 DEFICIT IN FUND BALANCE

Three funds have deficits in fund balance. The Municipal Airport operating fund has a deficit of \$483,016. The Municipal Airport is supported through fuel sales and hangar rentals which continue to be lower than expected. The deficit in this fund is expected to decrease as charges for services increase in the future. The Senior Services fund has a deficit of \$197,101. It is expected that these deficit balances will decrease as intergovernmental revenues increase. The Grande Sports World fund has a deficit of \$354,839. It is expected that these deficit balances will decrease as charges for service revenues increase.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 21 SALES TAX INCENTIVE AGREEMENT

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

Under the assigned agreement, 50% of the retail sales and construction activities uncommitted tax collected by the City from Promenade sales will be paid to Promenade CG Retail, LLC. The agreement applies to the portion of tax that is not a dedicated or special tax. The twenty-year agreement provides a maximum payment of \$19,950,000, including interest calculated at 7%. The agreement can be extended for an additional three years if the amount remaining unpaid after twenty years is \$3,000,000 or more (including accrued unpaid interest). Payments are made within forty-five days after the end of each calendar quarter. The first payment under the agreement was made in September 2008. As of June 30, 2019, \$8,976,476 has been paid.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 22 FUND BALANCE DETAILS BY CLASSIFICATION

| | General | Major Governmental Funds | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------------------|----------------------|--------------------------------|------------------------------------|--------------------------------|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventories | \$ - | \$ - | \$ 45,123 | \$ 45,123 |
| Prepaid items | 2,063,308 | - | - | 2,063,308 |
| Restricted for: | | | | |
| Highway Users Revenue Fund | - | 7,569,944 | - | 7,569,944 |
| Grants | - | - | 76,075 | 76,075 |
| Airport Improvement | - | - | 151,574 | 151,574 |
| Debt Services | - | - | 2,454,339 | 2,454,339 |
| Court Enhancement | - | - | 528,649 | 528,649 |
| Housing | - | - | 343,901 | 343,901 |
| CFD Capital Projects | - | - | 1,603,078 | 1,603,078 |
| Capital Replacement | - | 1,348,591 | - | 1,348,591 |
| Developer Impact Fees - Capital | - | 16,286,721 | - | 16,286,721 |
| Developer Agreements | 1,568,371 | | | 1,568,371 |
| Committed to: | | | | |
| Aesthetic Revitalization | 5,611,482 | - | - | 5,611,482 |
| Parks Development | - | - | 1,057,263 | 1,057,263 |
| Rodeo Grounds | - | - | 1,145 | 1,145 |
| Redevelopment | - | - | 488,790 | 488,790 |
| Youth Services | - | - | 442,509 | 442,509 |
| Assigned to: | | | | |
| General Fund Reserves | 14,870,455 | - | - | 14,870,455 |
| Capital Replacement | - | 22,507,732 | - | 22,507,732 |
| Unassigned | 19,094,967 | - | (1,080,079) | 18,014,888 |
| Total fund balances | <u>\$ 43,208,583</u> | <u>\$ 47,712,988</u> | <u>\$ 6,112,367</u> | <u>\$ 97,033,938</u> |

The General Fund has unassigned funds consisting of a stabilization arrangement in the amount of \$14,870,455. The stabilization arrangement is used to set aside resources to for use in response to economic or natural disasters, City Court JCEF use, aesthetic revitalization within City limits, or economic development efforts. The amount of the Stabilization Arrangement for contingencies is equal to 50% of General Fund Budget total expenditures.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 23 RESTATEMENT

The net position for the Governmental Activities has been restated as of July 1, 2018 due to a correction of an error in recording the financial impact of a developer agreement. The effect on fiscal year 2019 is as follows:

| | Governmental Activities |
|---------------------------------------------------------------|----------------------------|
| Net position as previously reported at June 30, 2018 | \$ 162,447,468 |
| Restatement for contributed capital from developer agreements | 1,275,441 |
| Net position as restated, July 1, 2018 | <u>\$ 163,722,909</u> |

The fund balance for the Special Revenue Community Development Block Grant (CDBG) Fund has been restated as of July 1, 2018 due to a correction of an error in recording financial activity related to deferred revenues for the loans receivable. The effect on the fiscal year 2019 is as follows:

| | Special Revenue CDBG Fund |
|----------------------------------------------------------|------------------------------|
| Fund balance as previously reported at June 30, 2018 | \$ 427,149 |
| Restatement due to deferred revenues on loans receivable | (384,968) |
| Fund balance as restated, July 1, 2018 | <u>\$ 42,181</u> |

NOTE 24 SUBSEQUENT EVENTS

COVID-19 Outbreak

On January 30, 2020 the World Health Organization announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

CITY OF CASA GRANDE, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 24 SUBSEQUENT EVENTS (Continued)

Early Defeasance on Bonds Payable

The City was issued certificates of defeasance for the City's general obligation bonds which were originally issued for the community facilities district for the Mission Royale and Villago districts. These certificates are an early defeasance of debt that the City owes in installments. The funds were classified as restricted cash at year end June 30, 2019 and were applied to the partial redemption on July 9, 2019. The Mission Royale certificate was a partial redemption of \$190,000 of principal on its 2005 series bonds at a cost of defeasance of approximately \$29,000. The Villago certificate was a partial redemption of \$50,000 and \$30,000 of principal on its 2006 and 2008 series bonds, respectively. The total redemption of all Villago series bonds totaled \$80,000 with a cost of defeasance of approximately \$29,000.



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Required Supplementary Information



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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, 2019

| Arizona Retirement System | Reporting Fiscal Year (Measurement Date) | | | | | 2014 through 2010 Information not available |
|------------------------------------------------------------------------------------------------|---------------------------------------------|----------------|----------------|----------------|----------------|---------------------------------------------------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | |
| City's proportion of the net pension liability | 0.144070% | 0.143480% | 0.147785% | 0.145976% | 0.147102% | |
| City's proportionate share of the net pension liability | \$ 20,092,695 | \$ 22,351,387 | \$ 23,853,177 | \$ 22,737,813 | \$21,766,069 | |
| City's covered payroll | \$ 14,458,275 | \$ 13,928,321 | \$ 13,863,447 | \$ 11,457,463 | \$12,967,224 | |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 138.97% | 160.47% | 172.06% | 198.45% | 167.85% | |
| Plan fiduciary net position as a percentage of the total pension liability | 73.40% | 69.92% | 67.06% | 68.35% | 69.49% | |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN
June 30, 2019

| PSPRS - Police | Reporting Fiscal Year (Measurement Date) | | | | | 2014 through 2010 |
|---------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | |
| Total pension liability | | | | | | Information not available |
| Service cost | \$ 998,926 | \$ 1,293,070 | \$ 1,071,458 | \$ 1,005,609 | \$ 1,015,910 | |
| Interest on the total pension liability | 3,764,862 | 3,458,358 | 3,272,521 | 3,199,872 | 2,707,371 | |
| Changes on benefit terms | - | 601,523 | 1,657,105 | - | 863,565 | |
| Differences between expected and actual experience in the measurement of the pension liability | (669,456) | 222,393 | (873,099) | (909,542) | (573,850) | |
| Changes of assumptions or other inputs | - | 1,607,956 | 1,728,627 | - | 4,417,506 | |
| Benefit payments, including refunds of employee contributions | (2,267,800) | (2,274,512) | (2,813,757) | (1,993,041) | (2,309,869) | |
| Net change in total pension liability | \$ 1,826,532 | \$ 4,908,788 | \$ 4,042,855 | \$ 1,302,898 | \$ 6,120,633 | |
| Total pension liability - beginning | 51,510,954 | 46,602,166 | 42,559,311 | 41,256,413 | 35,135,780 | |
| Total pension liability - ending (a) | <u>\$ 53,337,486</u> | <u>\$ 51,510,954</u> | <u>\$ 46,602,166</u> | <u>\$ 42,559,311</u> | <u>\$ 41,256,413</u> | |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 2,731,284 | \$ 2,661,381 | \$ 2,318,393 | \$ 1,632,224 | \$ 1,604,579 | |
| Contributions - employee | 494,033 | 751,939 | 726,673 | 559,645 | 539,514 | |
| Net investment income | 1,508,301 | 2,233,060 | 105,517 | 598,261 | 1,965,995 | |
| Benefit payments, including refunds of employee contributions | (2,267,800) | (2,274,512) | (2,813,757) | (1,993,041) | (2,309,869) | |
| Hall/Parker settlement | (779,034) | - | - | - | - | |
| Administrative expense | (23,656) | (20,159) | (15,582) | (14,978) | | |
| Other changes | 233 | (17,598) | (100,587) | (101,064) | (782,663) | |
| Net change in plan fiduciary net position | \$ 1,663,361 | \$ 3,334,111 | \$ 220,657 | \$ 681,047 | \$ 1,017,556 | |
| Plan fiduciary net position - beginning | 20,449,207 | 17,115,096 | 16,894,439 | 16,213,392 | 15,195,836 | |
| Plan fiduciary net position - ending (b) | <u>\$ 22,112,568</u> | <u>\$ 20,449,207</u> | <u>\$ 17,115,096</u> | <u>\$ 16,894,439</u> | <u>\$ 16,213,392</u> | |
| City's net pension liability (asset) - ending (a) - (b) | <u>\$ 31,224,918</u> | <u>\$ 31,061,747</u> | <u>\$ 29,487,070</u> | <u>\$ 25,664,872</u> | <u>\$ 25,043,021</u> | |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (Continued)
June 30, 2019

| PSPRS - Police | Reporting Fiscal Year (Measurement Date) | | | | | 2014 through 2010 |
|----------------------------------------------------------------------------|---------------------------------------------|----------------|----------------|----------------|----------------|---------------------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | |
| Plan fiduciary net position as a percentage of the total pension liability | 41.46% | 39.70% | 36.73% | 39.70% | 39.30% | Information not available |
| Covered payroll | \$ 5,011,868 | \$ 5,886,278 | \$ 5,587,082 | \$ 5,733,423 | \$ 5,532,769 | |
| City's net pension liability (asset) as a percentage of covered payroll | 623.92% | 548.42% | 530.87% | 521.48% | 476.65% | |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (Continued)
June 30, 2019

| PSPRS - Fire | Reporting Fiscal Year (Measurement Date) | | | | | 2014 through 2010 |
|---------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | |
| Total pension liability | | | | | | Information not available |
| Service cost | \$ 986,910 | \$ 986,609 | \$ 775,382 | \$ 872,432 | \$ 817,489 | |
| Interest on the total pension liability | 2,549,509 | 2,276,137 | 1,967,441 | 1,899,792 | 1,586,947 | |
| Changes on benefit terms | - | 347,560 | 1,771,605 | - | 346,208 | |
| Differences between expected and actual experience in the measurement of the pension liability | 358,294 | 487,783 | 680,418 | (825,229) | 288,360 | |
| Changes of assumptions or other inputs | - | 1,462,032 | 1,122,239 | - | 1,859,876 | |
| Benefit payments, including refunds of employee contributions | (1,752,251) | (1,159,629) | (1,114,667) | (958,739) | (923,381) | |
| Net change in total pension liability | \$ 2,142,462 | \$ 4,400,492 | \$ 5,202,418 | \$ 988,256 | \$ 3,975,499 | |
| Total pension liability - beginning | 34,835,493 | 30,435,001 | 25,232,583 | 24,244,327 | 20,268,828 | |
| Total pension liability - ending (a) | <u>\$ 36,977,955</u> | <u>\$ 34,835,493</u> | <u>\$ 30,435,001</u> | <u>\$ 25,232,583</u> | <u>\$ 24,244,327</u> | |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 1,920,207 | \$ 1,472,557 | \$ 1,329,591 | \$ 968,712 | \$ 991,261 | |
| Contributions - employee | 387,117 | 514,482 | 521,437 | 618,303 | 555,093 | |
| Net investment income | 1,270,182 | 1,915,054 | 88,738 | 494,059 | 1,538,450 | |
| Benefit payments, including refunds of employee contributions | (1,752,251) | (1,159,629) | (1,114,667) | (958,739) | (923,381) | |
| Hall/Parker Settlement | (772,667) | - | - | - | - | |
| Administrative expense | (20,032) | (17,345) | (13,169) | (12,443) | - | |
| Other changes | (55,542) | 191 | 33,117 | 16,979 | (331,791) | |
| Net change in plan fiduciary net position | \$ 977,014 | \$ 2,725,310 | \$ 845,047 | \$ 1,126,871 | \$ 1,829,632 | |
| Plan fiduciary net position - beginning | 17,901,377 | 15,176,067 | 14,331,020 | 13,204,149 | 11,374,517 | |
| Plan fiduciary net position - ending (b) | <u>\$ 18,878,391</u> | <u>\$ 17,901,377</u> | <u>\$ 15,176,067</u> | <u>\$ 14,331,020</u> | <u>\$ 13,204,149</u> | |
| City's net pension liability (asset) - ending (a) - (b) | <u>\$ 18,099,564</u> | <u>\$ 16,934,116</u> | <u>\$ 15,258,934</u> | <u>\$ 10,901,563</u> | <u>\$ 11,040,178</u> | |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
AGENT PENSION PLAN (Concluded)
June 30, 2019

| PSPRS - Fire | Reporting Fiscal Year (Measurement Date) | | | | | 2014 through 2010 |
|-------------------------------------------------------------------------------|---------------------------------------------|----------------|----------------|----------------|----------------|------------------------------|
| | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) | |
| Plan fiduciary net position as a percentage of the total pension liability | 51.05% | 51.39% | 49.86% | 56.80% | 54.46% | Information not available |
| Covered payroll | \$ 4,322,029 | \$ 4,491,279 | \$ 4,592,896 | \$ 4,163,395 | \$ 4,315,244 | |
| City's net pension liability (asset) as a percentage of covered payroll | 402.19% | 395.11% | 380.79% | 260.01% | 242.63% | |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
June 30, 2019

| | Reporting Fiscal Year | | | | | | 2013 through 2010 |
|------------------------------------------------------------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|------------------------------|
| Arizona Retirement System | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | |
| Statutorily required contribution | \$ 1,598,604 | \$ 1,575,952 | \$ 1,501,473 | \$ 1,504,184 | \$ 1,246,572 | \$ 1,387,493 | Information not available |
| City's contributions in relation to the statutorily required contribution | 1,598,604 | 1,575,952 | 1,501,473 | 1,504,184 | 1,246,572 | 1,387,493 | |
| City's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| City's covered payroll | \$ 14,298,784 | \$ 14,458,275 | \$ 13,928,321 | \$ 13,863,447 | \$ 11,457,463 | \$ 12,967,224 | |
| City's contributions as a percentage of covered payroll | 11.18% | 10.90% | 10.78% | 10.85% | 10.88% | 10.70% | |
| PSPRS - Police | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 through 2010 |
| Statutorily required contribution | \$ 2,626,195 | \$ 2,441,782 | \$ 2,657,066 | \$ 2,341,546 | \$ 1,825,522 | \$ 1,664,257 | Information not available |
| City's contributions in relation to the statutorily required contribution | 2,626,195 | 2,441,782 | 2,657,066 | 2,341,546 | 1,825,522 | 1,664,257 | |
| City's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| City's covered payroll | \$ 5,122,284 | \$ 5,011,868 | \$ 5,886,278 | \$ 5,587,082 | \$ 5,733,423 | \$ 5,532,769 | |
| City's contributions as a percentage of covered payroll | 51.27% | 48.72% | 45.14% | 41.91% | 31.84% | 30.08% | |
| PSPRS - Fire | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 through 2010 |
| Statutorily required contribution | \$ 2,014,077 | \$ 1,704,176 | \$ 1,278,667 | \$ 1,248,349 | \$ 924,690 | \$ 920,873 | Information not available |
| City's contributions in relation to the statutorily required contribution | 2,014,077 | 1,704,176 | 1,278,667 | 1,248,349 | 924,690 | 920,873 | |
| City's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| City's covered payroll | \$ 4,736,776 | \$ 4,322,029 | \$ 4,491,279 | \$ 4,592,896 | \$ 4,163,395 | \$ 4,315,244 | |
| City's contributions as a percentage of covered payroll | 42.52% | 39.43% | 28.47% | 27.18% | 22.21% | 21.34% | |

See accompanying notes.

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT PENSION PLAN SCHEDULES
June 30, 2019

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

| | |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent-of-pay, closed |
| Remaining amortization period as of the 2017 actuarial valuation | 18 years for underfunded 19 years for overfunded |
| Asset valuation method | 7-year smoothed market value; 80%/120% market corridor |
| Actuarial assumptions: | |
| Investment rate of return | PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 8.5% to 7.5%. In 2013 the actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85% |
| Projected salary increases | In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5 to 7.4%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS. |
| Wage growth | In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS. |
| Retirement age | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011. |
| Mortality | In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of PR-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females) |

CITY OF CASA GRANDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF AGENT PENSION PLAN SCHEDULES
June 30, 2019

NOTE 2 FACTORS THAT AFFECT TRENDS

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

Other Supplementary Information

**Combining Find Financial Statements
Non-Major Government Funds**

CITY OF CASA GRANDE, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

| | Special Revenue | | | |
|------------------------------------------------------------------------|----------------------|---------------------|--------------------|--------------------|
| | Municipal Airport | Parks Develop. | Redevelop- ment | Senior Services |
| ASSETS | | | | |
| Cash | \$ 263 | \$ 1,039,776 | \$ 487,345 | \$ - |
| Investments | - | - | - | - |
| Receivables (less allowance for uncollectibles) | 41,284 | 544 | 1,602 | 8,340 |
| Due from other governments | - | - | - | 66,966 |
| Due from other funds | - | 16,954 | - | - |
| Inventory | 45,123 | - | - | - |
| Restricted assets: cash and cash equivalents | - | - | - | - |
| Total assets | <u>\$ 86,670</u> | <u>\$ 1,057,274</u> | <u>\$ 488,947</u> | <u>\$ 75,306</u> |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | \$ 51,110 | \$ 11 | \$ 157 | \$ 24,190 |
| Deposits held | 3,370 | - | - | - |
| Accrued wages and benefits | 4,993 | - | - | 2,597 |
| Due to other funds | 510,213 | - | - | 168,204 |
| Total liabilities | <u>569,686</u> | <u>11</u> | <u>157</u> | <u>194,991</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue | - | - | - | 77,416 |
| FUND BALANCES | | | | |
| Nonspendable | 45,123 | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | 1,057,263 | 488,790 | - |
| Unassigned | (528,139) | - | - | (197,101) |
| Total fund balances | <u>(483,016)</u> | <u>1,057,263</u> | <u>488,790</u> | <u>(197,101)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 86,670</u> | <u>\$ 1,057,274</u> | <u>\$ 488,947</u> | <u>\$ 75,306</u> |

| Special Revenue | | | | | | |
|-------------------|-----------------------|------------------|-------------------|----------------------|-------------------|-------------------|
| Youth Services | Grants & Subsidies | Rodeo Grounds | Grande Sports | Court Enhancement | CDBG | Housing |
| \$ 394,367 | \$ - | \$ 1,145 | \$ - | \$ 527,881 | \$ 31,381 | \$ 108,647 |
| - | - | - | - | - | - | - |
| - | - | - | 138,690 | - | 326,027 | 17,228 |
| 45,217 | 165,614 | - | - | 3,677 | 77,580 | - |
| 2,925 | - | - | - | - | - | 1,521 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 442,509</u> | <u>\$ 165,614</u> | <u>\$ 1,145</u> | <u>\$ 138,690</u> | <u>\$ 531,558</u> | <u>\$ 434,988</u> | <u>\$ 127,396</u> |
| \$ - | \$ 18,768 | \$ - | \$ 60,870 | \$ 2,427 | \$ 50,385 | \$ 25 |
| - | - | - | - | - | - | - |
| - | 4,632 | - | - | 482 | 1,721 | - |
| - | 66,139 | - | 432,659 | - | - | - |
| <u>-</u> | <u>89,539</u> | <u>-</u> | <u>493,529</u> | <u>2,909</u> | <u>52,106</u> | <u>25</u> |
| - | - | - | - | - | 357,324 | 10,009 |
| - | - | - | - | - | - | - |
| - | 76,075 | - | - | 528,649 | 25,558 | 117,362 |
| 442,509 | - | 1,145 | - | - | - | - |
| - | - | - | (354,839) | - | - | - |
| <u>442,509</u> | <u>76,075</u> | <u>1,145</u> | <u>(354,839)</u> | <u>528,649</u> | <u>25,558</u> | <u>117,362</u> |
| <u>\$ 442,509</u> | <u>\$ 165,614</u> | <u>\$ 1,145</u> | <u>\$ 138,690</u> | <u>\$ 531,558</u> | <u>\$ 434,988</u> | <u>\$ 127,396</u> |

CITY OF CASA GRANDE, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

| | Special Revenue | | Debt Service | |
|------------------------------------------------------------------------|-------------------|-------------------|------------------|------------------------|
| | Tribal Housing | Home | Debt Service | General Obligations |
| ASSETS | | | | |
| Cash | \$ 146,534 | \$ - | \$ 1,259 | \$ - |
| Investments | - | - | - | 2,201,057 |
| Receivables (less allowance for uncollectibles) | - | - | - | - |
| Due from other governments | 20,520 | 114,052 | 32,267 | 112,964 |
| Due from other funds | - | - | - | 158,991 |
| Inventory | - | - | - | - |
| Restricted assets: cash and cash equivalents | - | - | - | 21,000 |
| Total assets | <u>\$ 167,054</u> | <u>\$ 114,052</u> | <u>\$ 33,526</u> | <u>\$ 2,494,012</u> |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | \$ - | \$ 30,789 | \$ - | \$ - |
| Deposits held | - | - | - | - |
| . | - | 719 | - | - |
| Due to other funds | - | 48,617 | - | - |
| Total liabilities | <u>-</u> | <u>80,125</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>88,700</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 167,054 | 33,927 | 33,526 | 2,405,312 |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>167,054</u> | <u>33,927</u> | <u>33,526</u> | <u>2,405,312</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 167,054</u> | <u>\$ 114,052</u> | <u>\$ 33,526</u> | <u>\$ 2,494,012</u> |

| Debt Service | Capital Improvements | | Total Nonmajor Governmental Funds |
|------------------|----------------------|-------------------------------|-----------------------------------|
| Excise Bonds | Airport Improvements | Community Facilities District | |
| \$ 12,461 | \$ 151,574 | \$ 938,465 | \$ 3,841,098 |
| - | - | - | 2,201,057 |
| - | - | - | 533,715 |
| - | - | 5,328 | 644,185 |
| - | - | 11,277 | 191,668 |
| - | - | - | 45,123 |
| 3,040 | - | 655,073 | 679,113 |
| <u>\$ 15,501</u> | <u>\$ 151,574</u> | <u>\$ 1,610,143</u> | <u>\$ 8,135,959</u> |
| \$ - | \$ - | \$ 5,500 | \$ 244,232 |
| - | - | - | 3,370 |
| - | - | - | 15,144 |
| - | - | 1,565 | 1,227,397 |
| - | - | 7,065 | 1,490,143 |
| - | - | - | 533,449 |
| - | - | - | 45,123 |
| 15,501 | 151,574 | 1,603,078 | 5,157,616 |
| - | - | - | 1,989,707 |
| - | - | - | (1,080,079) |
| <u>15,501</u> | <u>151,574</u> | <u>1,603,078</u> | <u>6,112,367</u> |
| <u>\$ 15,501</u> | <u>\$ 151,574</u> | <u>\$ 1,610,143</u> | <u>\$ 8,135,959</u> |

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019

| | Special Revenue | | | |
|--------------------------------------------------------------|----------------------|---------------------|--------------------|---------------------|
| | Municipal Airport | Parks Develop. | Redevelop- ment | Senior Services |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Sales Tax | - | - | - | - |
| Intergovernmental revenues | - | - | - | 67,893 |
| Charges for services | 515,068 | 380 | - | 22,593 |
| Investment earnings | - | 16,954 | - | - |
| Contributions and donations | - | - | - | 4,967 |
| Rental and sale of city property | 238,711 | 8,764 | 35,930 | - |
| Miscellaneous | 1,980 | - | 27 | - |
| Total revenues | <u>755,759</u> | <u>26,098</u> | <u>35,957</u> | <u>95,453</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 5,890 | - | 335 | 1,571 |
| Public safety | - | - | - | - |
| Culture and recreation | - | - | - | 298,326 |
| Economic development | 687,343 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Bond costs | - | - | - | - |
| Total expenditures | <u>693,233</u> | <u>-</u> | <u>335</u> | <u>299,897</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>62,526</u> | <u>26,098</u> | <u>35,622</u> | <u>(204,444)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (81,521) | - | - | (34,398) |
| Total other financing sources and uses | <u>(81,521)</u> | <u>-</u> | <u>-</u> | <u>(34,398)</u> |
| Net change in fund balances | (18,995) | 26,098 | 35,622 | (238,842) |
| Fund balances - beginning of year | (464,021) | 1,031,165 | 453,168 | 41,741 |
| Restatement | - | - | - | - |
| Fund balances - beginning of year - restated | <u>(464,021)</u> | <u>1,031,165</u> | <u>453,168</u> | <u>41,741</u> |
| Fund balances - end of year | <u>\$ (483,016)</u> | <u>\$ 1,057,263</u> | <u>\$ 488,790</u> | <u>\$ (197,101)</u> |

| Special Revenue | | | | | | |
|-------------------|-----------------------|------------------|------------------|----------------------|-----------|------------|
| Youth Services | Grants & Subsidies | Rodeo Grounds | Grande Sports | Court Enhancement | CDBG | Housing |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 366,554 | - | - | - | - | - | - |
| - | 686,748 | - | - | - | 387,689 | - |
| - | - | - | 495,212 | 189,084 | 18,541 | 4,221 |
| 2,925 | - | - | - | - | - | 1,521 |
| - | - | - | - | - | - | - |
| - | - | 1,007 | - | - | - | - |
| - | - | - | - | - | - | 500 |
| 369,479 | 686,748 | 1,007 | 495,212 | 189,084 | 406,230 | 6,242 |
| - | 61,963 | 4,151 | - | - | 298 | - |
| - | 462,125 | - | - | 93,900 | 5,000 | - |
| 110,000 | 4,379 | 23,803 | 326,518 | - | - | - |
| - | - | - | - | - | 254,133 | 24,668 |
| - | 100,038 | - | - | - | 163,422 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 110,000 | 628,505 | 27,954 | 326,518 | 93,900 | 422,853 | 24,668 |
| 259,479 | 58,243 | (26,947) | 168,694 | 95,184 | (16,623) | (18,426) |
| - | - | - | 500,000 | - | - | - |
| - | - | - | (1,280,754) | - | - | - |
| - | - | - | (780,754) | - | - | - |
| 259,479 | 58,243 | (26,947) | (612,060) | 95,184 | (16,623) | (18,426) |
| 183,030 | 17,832 | 28,092 | 257,221 | 433,465 | 427,149 | 135,788 |
| - | - | - | - | - | (384,968) | - |
| 183,030 | 17,832 | 28,092 | 257,221 | 433,465 | 42,181 | 135,788 |
| \$ 442,509 | \$ 76,075 | \$ 1,145 | \$ (354,839) | \$ 528,649 | \$ 25,558 | \$ 117,362 |

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)
Year Ended June 30, 2019

| | Special Revenue | | Debt Service | |
|--------------------------------------------------------------|-------------------|------------------|------------------|------------------------|
| | Tribal Housing | Home | Debt Service | General Obligations |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 2,486,023 |
| Sales Tax | - | - | - | - |
| Intergovernmental revenues | 301,034 | 218,691 | - | - |
| Charges for services | - | 1,146 | - | - |
| Investment earnings | - | - | - | 81,349 |
| Contributions and donations | - | - | - | - |
| Rental and sale of city property | - | - | - | - |
| Miscellaneous | - | - | 70,576 | - |
| Total revenues | <u>301,034</u> | <u>219,837</u> | <u>70,576</u> | <u>2,567,372</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 165,000 | - | - | 501 |
| Public safety | 111 | - | - | - |
| Culture and recreation | - | - | - | - |
| Planning and economic development | 23,033 | 164,810 | - | - |
| Capital outlay | 165,941 | - | - | - |
| Debt service: | | | | |
| Principal | - | - | 649,267 | 3,413,060 |
| Interest and fiscal charges | - | - | 241,484 | 1,325,147 |
| Bond costs | - | - | - | 41,393 |
| Total expenditures | <u>354,085</u> | <u>164,810</u> | <u>890,751</u> | <u>4,780,101</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(53,051)</u> | <u>55,027</u> | <u>(820,175)</u> | <u>(2,212,729)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 541,613 | - |
| Transfers out | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>541,613</u> | <u>-</u> |
| Net change in fund balances | <u>(53,051)</u> | <u>55,027</u> | <u>(278,562)</u> | <u>(2,212,729)</u> |
| Fund balances - beginning of year | 220,105 | (21,100) | 312,088 | 4,618,041 |
| Prior period adjustment | - | - | - | - |
| Fund balances - beginning of year - restated | <u>220,105</u> | <u>(21,100)</u> | <u>312,088</u> | <u>4,618,041</u> |
| Fund balances - end of year | <u>\$ 167,054</u> | <u>\$ 33,927</u> | <u>\$ 33,526</u> | <u>\$ 2,405,312</u> |

| Debt Service | Capital Improvements | | Total |
|--------------------|-------------------------|-------------------------|-----------------------------------|
| Excise Bonds | Airport Improvements | Community Facilities | Nonmajor Governmental Funds |
| \$ - | \$ - | \$ 437,745 | \$ 2,923,768 |
| - | - | - | 366,554 |
| - | - | - | 1,662,055 |
| - | - | - | 1,246,245 |
| 3,336 | - | 12,802 | 118,887 |
| - | - | - | 4,967 |
| - | - | - | 284,412 |
| - | - | - | 73,083 |
| <u>3,336</u> | <u>-</u> | <u>450,547</u> | <u>6,679,971</u> |
| - | - | 20,401 | 260,110 |
| - | - | - | 561,136 |
| - | - | - | 763,026 |
| - | - | - | 1,153,987 |
| - | 26,608 | - | 456,009 |
| 1,054,427 | - | 135,000 | 5,251,754 |
| 615,843 | - | 174,032 | 2,356,506 |
| - | - | - | 41,393 |
| <u>1,670,270</u> | <u>26,608</u> | <u>329,433</u> | <u>10,843,921</u> |
| <u>(1,666,934)</u> | <u>(26,608)</u> | <u>121,114</u> | <u>(4,163,950)</u> |
| 1,676,144 | - | - | 2,717,757 |
| - | - | - | (1,396,673) |
| <u>1,676,144</u> | <u>-</u> | <u>-</u> | <u>1,321,084</u> |
| 9,210 | (26,608) | 121,114 | (2,842,866) |
| 6,291 | 178,182 | 1,481,964 | 9,340,201 |
| - | - | - | (384,968) |
| <u>6,291</u> | <u>178,182</u> | <u>1,481,964</u> | <u>8,955,233</u> |
| <u>\$ 15,501</u> | <u>\$ 151,574</u> | <u>\$ 1,603,078</u> | <u>\$ 6,112,367</u> |



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Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND LEGAL AND OTHER MAJOR GOVERNMENTAL
FUNDS



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CITY OF CASA GRANDE, ARIZONA
GENERAL FUND
SCHEDULE OF EXPENDITURES - LEGAL LEVEL BUDGET COMPLIANCE
Year Ended June 30, 2019

| EXPENDITURES | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|------------------|---------------|----------------|-------------------------------|
| | Original | Final | | |
| Current: | | | | |
| General Government | | | | |
| Mayor and Council | | | | |
| Personnel services | \$ 156,452 | \$ 156,452 | \$ 164,193 | \$ (7,741) |
| Other expenditures | 380,399 | 380,399 | 376,788 | 3,611 |
| City Manager | | | | |
| Personnel services | 793,869 | 793,869 | 743,014 | 50,855 |
| Other expenditures | 241,647 | 241,647 | 192,742 | 48,905 |
| Attorney | | | | |
| Personnel services | 822,698 | 822,698 | 881,494 | (58,796) |
| Other expenditures | 73,063 | 73,063 | 58,844 | 14,219 |
| Clerk | | | | |
| Personnel services | 330,833 | 330,833 | 311,704 | 19,129 |
| Other expenditures | 163,356 | 153,356 | 124,154 | 29,202 |
| Finance/Information technology | | | | |
| Personnel services | 1,900,591 | 1,900,591 | 1,753,127 | 147,464 |
| Other expenditures | 1,720,647 | 1,720,647 | 1,341,083 | 379,564 |
| Human Resources | | | | |
| Personnel services | 472,024 | 472,024 | 246,245 | 225,779 |
| Other expenditures | 219,149 | 219,149 | 168,138 | 51,011 |
| Administrative Services | | | | |
| Personnel services | 60,476 | 60,476 | (7,849) | 68,325 |
| Other expenditures | 3,505,989 | 3,500,989 | 1,451,511 | 2,049,478 |
| Public Safety | | | | |
| Police | | | | |
| Personnel services | 12,162,395 | 12,162,395 | 11,286,803 | 875,592 |
| Other expenditures | 1,666,382 | 1,666,382 | 1,539,486 | 126,896 |
| Fire | | | | |
| Personnel services | 7,980,991 | 7,980,991 | 8,248,121 | (267,130) |
| Other expenditures | 1,740,146 | 1,740,146 | 1,535,692 | 204,454 |
| Court | | | | |
| Personnel services | 564,608 | 564,608 | 539,139 | 25,469 |
| Other expenditures | 166,308 | 166,308 | 154,666 | 11,642 |
| Animal Control | | | | |
| Personnel services | 340,709 | 340,709 | 283,721 | 56,988 |
| Other expenditures | 175,832 | 175,832 | 179,978 | (4,146) |
| Communications | | | | |
| Personnel services | 1,592,772 | 1,592,772 | 1,477,498 | 115,274 |
| Other expenditures | 389,438 | 389,438 | 379,632 | 9,806 |
| Public Works | | | | |
| Personnel services | 1,198,847 | 1,198,847 | 912,243 | 286,604 |
| Other expenditures | 149,109 | 149,109 | 126,903 | 22,206 |
| Culture and Recreation | | | | |
| Personnel services | 3,871,937 | 3,871,937 | 3,460,324 | 411,613 |
| Other expenditures | 2,864,514 | 2,869,514 | 2,460,312 | 409,202 |
| Planning and Economic Development | | | | |
| Personnel services | 1,883,124 | 1,883,124 | 1,649,708 | 233,416 |
| Other expenditures | 510,426 | 510,426 | 247,804 | 262,622 |
| Capital outlay | 138,500 | 138,500 | 115,750 | 22,750 |
| Transfers out | 2,415,117 | 2,415,117 | 673,551 | 1,741,566 |
| Total expenditures | \$ 50,652,348 | \$ 50,642,348 | \$ 43,076,519 | \$ 7,565,829 |

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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|-----------------------|-----------------------|----------------------|----------------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 1,788,269 | \$ 1,788,269 |
| Rental and sale of city property | - | - | 39,159 | 39,159 |
| Construction sales tax | 2,175,000 | 2,175,000 | 2,806,063 | 631,063 |
| Other revenues | - | - | 15,489 | 15,489 |
| Total revenues | <u>2,175,000</u> | <u>2,175,000</u> | <u>4,648,980</u> | <u>2,473,980</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | (235,000) | - | 975 | (975) |
| Culture and recreation | - | - | 902 | (902) |
| Capital outlay | 45,258,451 | 45,163,451 | 26,499,562 | 18,663,889 |
| Total expenditures | <u>45,023,451</u> | <u>45,163,451</u> | <u>26,501,439</u> | <u>18,662,012</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(42,848,451)</u> | <u>(42,988,451)</u> | <u>(21,852,459)</u> | <u>21,135,992</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 10,709,522 | 10,709,522 |
| Transfers out | - | - | (3,557,473) | (3,557,473) |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>7,152,049</u> | <u>7,152,049</u> |
| Net change in fund balance | (42,848,451) | (42,988,451) | (14,700,410) | 28,288,041 |
| Fund balance - beginning of year | <u>38,556,733</u> | <u>38,556,733</u> | <u>38,556,733</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (4,291,718)</u> | <u>\$ (4,431,718)</u> | <u>\$ 23,856,323</u> | <u>\$ 28,288,041</u> |

CITY OF CASA GRANDE, ARIZONA
DEVELOPMENT IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 2,936,364 | \$ 2,936,364 | \$ 3,927,488 | \$ 991,124 |
| Investment earnings | 17,000 | 17,000 | 878,559 | 861,559 |
| Total revenues | <u>2,953,364</u> | <u>2,953,364</u> | <u>4,806,047</u> | <u>1,852,683</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 600 | 600 | 573,530 | (572,930) |
| Culture and recreation | 23,201 | 23,201 | 23,201 | - |
| Capital outlay | 10,659,000 | 10,519,000 | 2,865,847 | 7,653,153 |
| Total expenditures | <u>10,682,801</u> | <u>10,542,801</u> | <u>3,462,578</u> | <u>7,080,223</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,729,437)</u> | <u>(7,589,437)</u> | <u>1,343,469</u> | <u>8,932,906</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(7,752,414)</u> | <u>(7,752,414)</u> |
| Net change in fund balance | <u>(7,729,437)</u> | <u>(7,589,437)</u> | <u>(6,408,945)</u> | <u>1,180,492</u> |
| Fund balance - beginning of year | <u>22,695,666</u> | <u>22,695,666</u> | <u>22,695,666</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 14,966,229</u> | <u>\$ 15,106,229</u> | <u>\$ 16,286,721</u> | <u>\$ 1,180,492</u> |



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Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS



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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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charge for service | \$ 577,100 | \$ 577,100 | \$ 515,068 | \$ (62,032) |
| Rental and sale of city property | 257,836 | 257,836 | 238,711 | (19,125) |
| Miscellaneous | 900 | 900 | 1,980 | 1,080 |
| Total revenues | <u>835,836</u> | <u>835,836</u> | <u>755,759</u> | <u>(80,077)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 5,890 | (5,890) |
| Planning and Economic Development | 686,827 | 806,826 | 687,343 | 119,483 |
| Capital outlay | 148,825 | 28,825 | - | 28,825 |
| Total expenditures | <u>835,652</u> | <u>835,651</u> | <u>693,233</u> | <u>142,418</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>184</u> | <u>185</u> | <u>62,526</u> | <u>62,341</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(133,947)</u> | <u>(133,947)</u> | <u>(81,521)</u> | <u>52,426</u> |
| Net change in fund balance | (133,763) | (133,762) | (18,995) | 114,767 |
| Fund balance - beginning of year | <u>(464,021)</u> | <u>(464,021)</u> | <u>(464,021)</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (597,784)</u> | <u>\$ (597,783)</u> | <u>\$ (483,016)</u> | <u>\$ 114,767</u> |

CITY OF CASA GRANDE, ARIZONA
 PARKS DEVELOPMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charge for service | \$ - | \$ - | \$ 380 | \$ 380 |
| Rental and sale of City property | 46,000 | 46,000 | 8,764 | (37,236) |
| Investment earnings | - | - | 16,954 | 16,954 |
| Total revenues | <u>46,000</u> | <u>46,000</u> | <u>26,098</u> | <u>(19,902)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>1,050,000</u> | <u>1,050,000</u> | <u>-</u> | <u>1,050,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,004,000)</u> | <u>(1,004,000)</u> | <u>26,098</u> | <u>1,030,098</u> |
| Fund balance - beginning of year | <u>1,031,165</u> | <u>1,031,165</u> | <u>1,031,165</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 27,165</u> | <u>\$ 27,165</u> | <u>\$ 1,057,263</u> | <u>\$ 1,030,098</u> |

CITY OF CASA GRANDE, ARIZONA
REDEVELOPMENT/DOWNTOWN REVITALIZATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Rental and sale of city property | \$ 28,800 | \$ 28,800 | \$ 35,930 | \$ 7,130 |
| Other revenues | - | - | 27 | 27 |
| Total revenues | <u>28,800</u> | <u>28,800</u> | <u>35,957</u> | <u>7,157</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | <u>-</u> | <u>-</u> | <u>335</u> | <u>(335)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>28,800</u> | <u>28,800</u> | <u>35,622</u> | <u>6,822</u> |
| Fund balance - beginning of year | <u>453,168</u> | <u>453,168</u> | <u>453,168</u> | <u>453,168</u> |
| Fund balance - end of year | <u>\$ 481,968</u> | <u>\$ 481,968</u> | <u>\$ 488,790</u> | <u>\$ 459,990</u> |

CITY OF CASA GRANDE, ARIZONA
SENIOR SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 135,263 | \$ 135,263 | \$ 67,893 | \$ (67,370) |
| Charges for services | 21,500 | 21,500 | 22,593 | 1,093 |
| Contributions and donations | 7,500 | 7,500 | 4,967 | (2,533) |
| Total revenues | <u>164,263</u> | <u>164,263</u> | <u>95,453</u> | <u>(68,810)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | - | - | 1,571 | (1,571) |
| Culture and recreation: | 336,013 | 336,013 | 298,326 | 37,687 |
| Total expenditures | <u>336,013</u> | <u>336,013</u> | <u>299,897</u> | <u>36,116</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(171,750)</u> | <u>(171,750)</u> | <u>(204,444)</u> | <u>(32,694)</u> |
| OTHER FINANCING USES | | | | |
| Transfers in | 128,000 | 128,000 | - | (128,000) |
| Transfers out | - | - | (34,398) | 34,398 |
| Total other financing sources and uses | <u>128,000</u> | <u>128,000</u> | <u>(34,398)</u> | <u>(93,602)</u> |
| Net change in fund balance | (43,750) | (43,750) | (238,842) | (195,092) |
| Fund balance - beginning of year | <u>41,741</u> | <u>41,741</u> | <u>41,741</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (2,009)</u> | <u>\$ (2,009)</u> | <u>\$ (197,101)</u> | <u>\$ 195,092</u> |

CITY OF CASA GRANDE, ARIZONA
YOUTH SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| City sales taxes | \$ 265,000 | \$ 265,000 | \$ 366,554 | \$ 101,554 |
| Investment earnings | - | - | 2,925 | 2,925 |
| Total revenues | <u>265,000</u> | <u>265,000</u> | <u>369,479</u> | <u>104,479</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation: | <u>110,000</u> | <u>110,000</u> | <u>110,000</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>155,000</u> | <u>155,000</u> | <u>259,479</u> | <u>104,479</u> |
| Fund balance - beginning of year | <u>183,030</u> | <u>183,030</u> | <u>183,030</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 338,030</u> | <u>\$ 338,030</u> | <u>\$ 442,509</u> | <u>\$ 104,479</u> |

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------|--------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 6,744,638 | \$ 7,634,500 | \$ 686,748 | \$ (6,947,752) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | 5,797,389 | 7,500,000 | 61,963 | 7,438,037 |
| Public safety: | 1,121,101 | 596,400 | 462,125 | 134,275 |
| Culture and recreation: | 3,500 | - | 4,379 | (4,379) |
| Capital outlay | 245,832 | 54,950 | 100,038 | (45,088) |
| Total expenditures | 7,167,822 | 8,151,350 | 628,505 | 7,522,845 |
| Excess (deficiency) of revenues over (under) expenditures | (423,184) | (516,850) | 58,243 | 575,093 |
| Fund balance - beginning of year | 17,832 | 17,832 | 17,832 | - |
| Fund balance - end of year | \$ (405,352) | \$ (499,018) | \$ 76,075 | \$ 575,093 |

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------|-----------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Rental and sale of city property | \$ 4,600 | \$ 4,600 | \$ 1,007 | \$ (3,593) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | - | - | 4,151 | (4,151) |
| Culture and recreation: | 4,600 | 4,600 | 23,803 | (19,203) |
| Total expenditures | 4,600 | 4,600 | 27,954 | (23,354) |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (26,947) | (26,947) |
| Fund balance - beginning of year | 28,092 | 28,092 | 28,092 | - |
| Fund balance - end of year | \$ 28,092 | \$ 28,092 | \$ 1,145 | \$ (26,947) |

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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|------------------|-------------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES | | | | |
| Charges for services | \$ 194,700 | \$ 194,700 | \$ 495,212 | \$ 300,512 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation: | 298,309 | 298,309 | 326,518 | (28,209) |
| Excess (deficiency) of revenues over (under) expenditures | (103,609) | (103,609) | 168,694 | 272,303 |
| OTHER FINANCING USES | | | | |
| Transfers in | 1,304,634 | 1,304,634 | 500,000 | (804,634) |
| Transfers out | (1,304,634) | (1,304,634) | (1,280,754) | (23,880) |
| Total other financing uses | - | - | (780,754) | (828,514) |
| Net change in fund balance | (103,609) | (103,609) | (612,060) | (508,451) |
| Fund balance - beginning of year | 257,221 | 257,221 | 257,221 | - |
| Fund balance - end of year | \$ 153,612 | \$ 153,612 | \$ (354,839) | \$ (508,451) |

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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|------------------|------------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES | | | | |
| Charges for services | \$ 165,000 | \$ 165,000 | \$ 189,084 | \$ 24,084 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety: | 201,137 | 193,437 | 93,900 | 99,537 |
| Capital outlay | 62,900 | 62,900 | - | 62,900 |
| Total expenditures | 264,037 | 256,337 | 93,900 | 162,437 |
| Excess (deficiency) of revenues over (under) expenditures | (99,037) | (91,337) | 95,184 | 186,521 |
| Fund balance - beginning of year | 433,465 | 433,465 | 433,465 | - |
| Fund balance - end of year | \$ 334,428 | \$ 342,128 | \$ 528,649 | \$ 186,521 |

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|---------------------|---------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 1,130,224 | \$ 850,800 | \$ 387,689 | \$ (463,111) |
| Charges for services | 68,220 | 62,000 | 18,541 | (43,459) |
| Total revenues | <u>1,198,444</u> | <u>912,800</u> | <u>406,230</u> | <u>(506,570)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | - | - | 298 | (298) |
| Public safety: | 5,000 | - | 5,000 | (5,000) |
| Planning and Economic Development: | 1,148,219 | 897,575 | 254,133 | 643,442 |
| Capital outlay | 280,000 | 250,000 | 163,422 | 86,578 |
| Total expenditures | <u>1,433,219</u> | <u>1,147,575</u> | <u>422,853</u> | <u>724,722</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(234,775)</u> | <u>(234,775)</u> | <u>(16,623)</u> | <u>218,152</u> |
| Fund balance - beginning of year - restated | <u>42,181</u> | <u>42,181</u> | <u>42,181</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (192,594)</u> | <u>\$ (192,594)</u> | <u>\$ 25,558</u> | <u>\$ 218,152</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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for service | \$ 157,000 | \$ 157,000 | \$ 4,221 | \$ (152,779) |
| Investment earnings | - | - | 1,521 | 1,521 |
| Other revenues | - | - | 500 | 500 |
| Total revenues | <u>157,000</u> | <u>157,000</u> | <u>6,242</u> | <u>(150,758)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Planning and Economic Development: | <u>257,000</u> | <u>257,000</u> | <u>24,668</u> | <u>232,332</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(100,000)</u> | <u>(100,000)</u> | <u>(18,426)</u> | <u>81,574</u> |
| Fund balance - beginning of year | <u>135,788</u> | <u>135,788</u> | <u>135,788</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ 35,788</u> | <u>\$ 35,788</u> | <u>\$ 117,362</u> | <u>\$ 81,574</u> |

CITY OF CASA GRANDE, ARIZONA
 TRIBAL HOUSING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------|-------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 482,514 | \$ 80,000 | \$ 301,034 | \$ 221,034 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | 455,000 | 280,000 | 165,000 | 115,000 |
| Planning and Economic Development: | 60,000 | 60,000 | 23,033 | 36,967 |
| Public safety: | 57,025 | - | 111 | (111) |
| Capital outlay | 170,489 | - | 165,941 | (165,941) |
| Total expenditures | 742,514 | 340,000 | 354,085 | (14,085) |
| Excess (deficiency) of revenues over (under) expenditures | (260,000) | (260,000) | (53,051) | (206,949) |
| Fund balance - beginning of year | 220,105 | 220,105 | 220,105 | - |
| Fund balance - end of year | \$ (39,895) | \$ (39,895) | \$ 167,054 | \$ 206,949 |

CITY OF CASA GRANDE, ARIZONA
HOME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|---------------------|---------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 524,793 | \$ 275,000 | \$ 218,691 | \$ (56,309) |
| Charges for services | - | - | 1,146 | 1,146 |
| Total revenues | <u>524,793</u> | <u>275,000</u> | <u>219,837</u> | <u>(55,163)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Planning and Economic Development: | <u>664,793</u> | <u>415,000</u> | <u>164,810</u> | <u>250,190</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(140,000)</u> | <u>(140,000)</u> | <u>55,027</u> | <u>195,027</u> |
| Fund balance - beginning of year | <u>(21,100)</u> | <u>(21,100)</u> | <u>(21,100)</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (161,100)</u> | <u>\$ (161,100)</u> | <u>\$ 33,927</u> | <u>\$ 195,027</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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|------------------|------------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES | | | | |
| Miscellaneous revenues | \$ 62,676 | \$ 62,676 | \$ 70,576 | \$ 7,900 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal retirement | 650,227 | 650,227 | 649,267 | 960 |
| Interest | 241,387 | 241,387 | 241,484 | (97) |
| Total expenditures | 891,614 | 891,614 | 890,751 | 863 |
| Excess (deficiency) of revenues over (under) expenditures | (828,938) | (828,938) | (820,175) | 8,763 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 891,613 | 891,613 | 541,613 | (350,000) |
| Total other financing sources and uses | 891,613 | 891,613 | 541,613 | (350,000) |
| Net change in fund balance | 62,675 | 62,675 | (278,562) | (341,237) |
| Fund balance - beginning of year | 312,088 | 312,088 | 312,088 | - |
| Fund balance - end of year | \$ 374,763 | \$ 374,763 | \$ 33,526 | \$ (341,237) |

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 2,222,250 | \$ 2,222,250 | \$ 2,486,023 | \$ 263,773 |
| Investment earnings | - | - | 81,349 | 81,349 |
| Total revenues | <u>2,222,250</u> | <u>2,222,250</u> | <u>2,567,372</u> | <u>345,122</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | - | - | 501 | (501) |
| Debt Service | | | | |
| Principal retirement | 4,550,000 | 4,550,000 | 3,413,060 | 1,136,940 |
| Interest and fiscal charges | 1,174,300 | 1,174,300 | 1,325,147 | (150,847) |
| Bond costs | - | - | 41,393 | (41,393) |
| Total expenditures | <u>5,724,300</u> | <u>5,724,300</u> | <u>4,780,101</u> | <u>944,199</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,502,050)</u> | <u>(3,502,050)</u> | <u>(2,212,729)</u> | <u>1,289,321</u> |
| Net change in fund balance | (3,502,050) | (3,502,050) | (2,212,729) | 1,289,321 |
| Fund balance - beginning of year | <u>4,618,041</u> | <u>4,618,041</u> | <u>4,618,041</u> | - |
| Fund balance - end of year | <u>\$ 1,115,991</u> | <u>\$ 1,115,991</u> | <u>\$ 2,405,312</u> | <u>\$ 1,289,321</u> |

CITY OF CASA GRANDE, ARIZONA
 EXCISE TAX DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------|-------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 3,336 | \$ 3,336 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal retirement | 1,054,600 | 1,054,600 | 1,054,427 | 173 |
| Interest | 615,843 | 615,843 | 615,843 | - |
| Total expenditures | 1,670,443 | 1,670,443 | 1,670,270 | 173 |
| Excess (deficiency) of revenues over (under) expenditures | (1,670,443) | (1,670,443) | (1,666,934) | 3,509 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,670,443 | 1,670,443 | 1,676,144 | 5,701 |
| Net change in fund balance | - | - | 9,210 | 9,210 |
| Fund balance - beginning of year | 6,291 | 6,291 | 6,291 | - |
| Fund balance - end of year | \$ 6,291 | \$ 6,291 | \$ 15,501 | \$ 9,210 |

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, 2019

| | Budgeted Amounts | | | Variance with |
|--------------------------------------------------------------|------------------|--------------|----------------|----------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES | | | | |
| Intergovernmental revenues | \$ 4,000,000 | \$ 4,000,000 | \$ - | \$ (4,000,000) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Planning and Economic Development: | 4,000,000 | 4,000,000 | - | 4,000,000 |
| Capital outlay | 845,000 | 845,000 | 26,608 | 818,392 |
| Total expenditures | 4,845,000 | 4,845,000 | 26,608 | 4,818,392 |
| Excess (deficiency) of revenues over (under) expenditures | (845,000) | (845,000) | (26,608) | 818,392 |
| Fund balance - beginning of year | 178,182 | 178,182 | 178,182 | - |
| Fund balance - end of year | \$ (666,818) | \$ (666,818) | \$ 151,574 | \$ 818,392 |

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------------------------------|------------------------|------------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property tax | \$ 575,414 | \$ 575,414 | \$ 437,745 | \$ (137,669) |
| Contributions and donations | 29,800 | 29,800 | - | (29,800) |
| Investment earnings | 10,100 | 10,100 | 12,802 | 2,702 |
| Total revenues | <u>615,314</u> | <u>615,314</u> | <u>450,547</u> | <u>(164,767)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | 38,815 | 38,815 | 20,401 | 18,414 |
| Capital outlay | 12,035,400 | 12,035,400 | - | 12,035,400 |
| Debt Service | | | | |
| Principal retirement | 265,000 | 265,000 | 135,000 | 130,000 |
| Interest | <u>174,032</u> | <u>174,032</u> | <u>174,032</u> | <u>-</u> |
| Total expenditures | <u>12,513,247</u> | <u>12,513,247</u> | <u>329,433</u> | <u>12,183,814</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(11,897,933)</u> | <u>(11,897,933)</u> | <u>121,114</u> | <u>12,019,047</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(75,700)</u> | <u>(75,700)</u> | <u>-</u> | <u>75,700</u> |
| Net change in fund balance | (11,973,633) | (11,973,633) | 121,114 | 12,094,747 |
| Fund balance - beginning of year | <u>1,481,964</u> | <u>1,481,964</u> | <u>1,481,964</u> | <u>-</u> |
| Fund balance - end of year | <u>\$ (10,491,669)</u> | <u>\$ (10,491,669)</u> | <u>\$ 1,603,078</u> | <u>\$ 12,094,747</u> |

Other Supplementary Information

SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL

PROPRIETARY FUNDS



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CITY OF CASA GRANDE, ARIZONA
WATER ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | | Variance with |
|----------------------------------|-------------------|-------------------|-------------------|------------------|
| | Original | Final | Actual Amounts | Final Budget |
| OPERATING REVENUES: | | | | |
| Service fees | \$ 279,285 | \$ 279,285 | \$ 210,595 | \$ (68,690) |
| Miscellaneous | - | - | 329 | 329 |
| Total operating revenues | <u>279,285</u> | <u>279,285</u> | <u>210,924</u> | <u>(68,361)</u> |
| OPERATING EXPENSES: | | | | |
| Personnel services | 41,715 | 41,715 | 23,888 | 17,827 |
| Contractual | 244,194 | 244,194 | 159,851 | 84,343 |
| Materials and supplies | 64,500 | 64,500 | 58,373 | 6,127 |
| Depreciation | 61,764 | 61,764 | 70,905 | (9,141) |
| Other expenses | - | - | 371 | (371) |
| Total operating expenses | <u>412,173</u> | <u>412,173</u> | <u>313,388</u> | <u>98,785</u> |
| Operating income (expense) | <u>(132,888)</u> | <u>(132,888)</u> | <u>(102,464)</u> | <u>(30,424)</u> |
| Income (loss) before transfers | (132,888) | (132,888) | (102,464) | 30,424 |
| Transfers out | <u>(50,907)</u> | <u>(50,907)</u> | <u>(28,055)</u> | <u>22,852</u> |
| Net change in Fund Balance | (183,795) | (183,795) | (130,519) | 53,276 |
| Fund Balance - beginning of year | <u>445,619</u> | <u>445,619</u> | <u>445,619</u> | <u>-</u> |
| Fund Balance - end of year | <u>\$ 261,824</u> | <u>\$ 261,824</u> | <u>\$ 315,100</u> | <u>\$ 53,276</u> |

CITY OF CASA GRANDE, ARIZONA
WASTEWATER/DEVELOPMENT ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| OPERATING REVENUES: | | | | |
| Service fees | \$ 11,466,955 | \$ 11,466,955 | \$ 10,994,933 | \$ (472,022) |
| Miscellaneous | 30,095 | 30,095 | 126,631 | 96,536 |
| Total operating revenues | <u>11,497,050</u> | <u>11,497,050</u> | <u>11,121,564</u> | <u>(375,486)</u> |
| OPERATING EXPENSES: | | | | |
| Personnel services | 1,160,293 | 1,160,293 | 934,824 | 225,469 |
| Contractual | 3,413,921 | 3,413,921 | 2,524,294 | 889,627 |
| Materials and supplies | 4,273,140 | 4,273,140 | 687,253 | 3,585,887 |
| Depreciation | 3,301,737 | 3,301,737 | 3,288,815 | 12,922 |
| Total operating expenses | <u>12,149,091</u> | <u>12,149,091</u> | <u>7,435,186</u> | <u>4,713,905</u> |
| Operating income (expense) | <u>(652,041)</u> | <u>(652,041)</u> | <u>3,686,378</u> | <u>4,338,419</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income | 12,000 | 12,000 | 148,525 | 136,525 |
| Debt Service - principal payments | (4,336,408) | (4,336,408) | - | 4,336,408 |
| Interest expense | (1,827,400) | (1,827,400) | (1,629,596) | 197,804 |
| Total nonoperating revenue (expense) | <u>(6,151,808)</u> | <u>(6,151,808)</u> | <u>(1,481,071)</u> | <u>4,670,737</u> |
| Income (loss) before contributions and transfers | (6,803,849) | (6,803,849) | 2,205,307 | 9,009,156 |
| Developer fees | 449,100 | 449,100 | 2,493,748 | 2,044,648 |
| Transfers in | - | - | 15,730 | 15,730 |
| Transfers out | <u>(643,511)</u> | <u>(643,511)</u> | <u>(748,879)</u> | <u>(105,368)</u> |
| Net change in Fund Balance | (6,998,260) | (6,998,260) | 4,142,304 | 11,140,564 |
| Fund Balance - beginning of year | <u>51,177,584</u> | <u>51,177,584</u> | <u>51,177,584</u> | <u>-</u> |
| Fund Balance - end of year | <u>\$ 44,179,324</u> | <u>\$ 44,179,324</u> | <u>\$ 55,319,888</u> | <u>\$ 11,140,564</u> |

CITY OF CASA GRANDE, ARIZONA
SANITATION ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| OPERATING REVENUES: | | | | |
| Service fees | \$ 6,989,146 | \$ 6,989,146 | \$ 7,239,583 | \$ 250,437 |
| Miscellaneous | 17,000.00 | 17,000.00 | 69,660 | 52,660 |
| Total operating revenues | <u>7,006,146</u> | <u>7,006,146</u> | <u>7,309,243</u> | <u>303,097</u> |
| OPERATING EXPENSES: | | | | |
| Personnel services | 2,828,949 | 2,828,949 | 2,174,166 | 654,783 |
| Contractual | 1,196,429 | 1,196,429 | 1,144,094 | 52,335 |
| Materials and supplies | 2,531,968 | 2,531,968 | 699,890 | 1,832,078 |
| Depreciation | 880,901 | 880,901 | 1,006,222 | (125,321) |
| Closure and postclosure costs | 130,000 | 130,000 | 117,271 | 12,729 |
| Total operating expenses | <u>7,568,247</u> | <u>7,568,247</u> | <u>5,141,643</u> | <u>2,426,604</u> |
| Operating income (expense) | <u>(562,101)</u> | <u>(562,101)</u> | <u>2,167,600</u> | <u>2,729,701</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income | <u>-</u> | <u>-</u> | <u>120,469</u> | <u>120,469</u> |
| Income (loss) before transfers | (562,101) | (562,101) | 2,288,069 | 2,850,170 |
| Transfers out | <u>(709,135)</u> | <u>(709,135)</u> | <u>(542,515)</u> | <u>166,620</u> |
| Net change in Fund Balance | (1,271,236) | (1,271,236) | 1,745,554 | 3,016,790 |
| Fund Balance - beginning of year | <u>6,413,137</u> | <u>6,413,137</u> | <u>6,413,137</u> | <u>-</u> |
| Fund Balance - end of year | <u>\$ 5,141,901</u> | <u>\$ 5,141,901</u> | <u>\$ 8,158,691</u> | <u>\$ 3,016,790</u> |

CITY OF CASA GRANDE, ARIZONA
GOLF COURSE ENTERPRISE FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| OPERATING REVENUES: | | | | |
| Service fees | \$ 246,000 | \$ 246,000 | \$ 293,749 | \$ 47,749 |
| Rental | 179,000 | 179,000 | 213,853 | 34,853 |
| Green fees | 845,000 | 845,000 | 898,896 | 53,896 |
| Miscellaneous | - | - | 159 | 159 |
| Total operating revenues | <u>1,270,000</u> | <u>1,270,000</u> | <u>1,406,657</u> | <u>136,657</u> |
| OPERATING EXPENSES: | | | | |
| Personnel services | 208,543 | 208,543 | 220,426 | (11,883) |
| Contractual | 755,659 | 755,659 | 768,072 | (12,413) |
| Materials and supplies | 198,750 | 198,750 | 182,054 | 16,696 |
| Depreciation | 170,991 | 170,991 | 155,780 | 15,211 |
| Other expense | - | - | 21,807 | (21,807) |
| Total operating expenses | <u>1,333,943</u> | <u>1,333,943</u> | <u>1,348,139</u> | <u>(14,196)</u> |
| Operating income (expense) | <u>(63,943)</u> | <u>(63,943)</u> | <u>58,518</u> | <u>122,461</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| City sales tax | <u>30,000</u> | <u>30,000</u> | <u>-</u> | <u>(30,000)</u> |
| Income (loss) before transfers | <u>(33,943)</u> | <u>(33,943)</u> | <u>58,518</u> | <u>92,461</u> |
| Transfers out | <u>(163,819)</u> | <u>(163,819)</u> | <u>(140,891)</u> | <u>22,928</u> |
| Net change in Fund Balance | <u>(197,762)</u> | <u>(197,762)</u> | <u>(82,373)</u> | <u>115,389</u> |
| Fund Balance - beginning of year | <u>1,433,976</u> | <u>1,433,976</u> | <u>1,433,976</u> | <u>-</u> |
| Fund Balance - end of year | <u>\$ 1,236,214</u> | <u>\$ 1,236,214</u> | <u>\$ 1,351,603</u> | <u>\$ 115,389</u> |

Other Supplementary Information

FIDUCIARY FUNDS



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CITY OF CASA GRANDE, ARIZONA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 ALL AGENCY FUNDS
 June 30, 2019

| | Donations Fund | RICO Fund | Flexible Spending Plan Fund | Total Agency Funds |
|----------------------------------|-------------------|--------------|--------------------------------------|--------------------------|
| ASSETS | | | | |
| Cash | \$ 503 | \$ 269,798 | \$ 62,636 | \$ 332,937 |
| Total assets | 503 | 269,798 | 62,636 | 332,937 |
| LIABILITIES | 503 | 269,798 | 62,636 | 332,937 |
| Total liabilities | 503 | 269,798 | 62,636 | 332,937 |
| NET POSITION | | | | |
| Held in trust for other purposes | \$ - | \$ - | \$ - | \$ - |

CITY OF CASA GRANDE, ARIZONA
COMBINING STATEMENT CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2019

| | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---------------------------|--------------------------|-------------------|---------------------|--------------------------|
| Donations Fund | | | | |
| Assets: | | | | |
| Cash | \$ 20,271 | \$ 76,321 | \$ (96,089) | \$ 503 |
| Liabilities: | | | | |
| Other Liabilities | (63,613) | 63,613 | - | - |
| Accounts Payable | 83,884 | 149,262 | (232,643) | 503 |
| | <u>20,271</u> | <u>212,875</u> | <u>(232,643)</u> | <u>503</u> |
| RICO Fund | | | | |
| Assets: | | | | |
| Cash | 259,556 | 38,753 | (28,511) | 269,798 |
| Liabilities: | | | | |
| Other Liabilities | 241,001 | 57,307 | (28,510) | 269,798 |
| Flexible Spending Fund | | | | |
| Assets: | | | | |
| Cash | 60,994 | 204,212 | (202,570) | 62,636 |
| Liabilities: | | | | |
| Other Liabilities | 18,658 | | (18,658) | - |
| Accounts Payable | 17,519 | 247,687 | (202,570) | 62,636 |
| | <u>36,177</u> | <u>247,687</u> | <u>-</u> | <u>62,636</u> |
| Totals - All Agency Funds | | | | |
| Assets: | | | | |
| Cash | 340,821 | 319,286 | (327,170) | 332,937 |
| Liabilities: | | | | |
| Other Liabilities | 196,046 | 120,920 | (47,168) | 269,798 |
| Accounts Payable | 101,403 | 396,949 | (435,213) | 63,139 |
| Total Liabilities | <u>\$ 297,449</u> | <u>\$ 517,869</u> | <u>\$ (482,381)</u> | <u>\$ 332,937</u> |

Statistical Section

| <u>Contents</u> | <u>Pages</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Financial Trends | 152-161 |
| 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 | 162-165 |
| These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes. | |
| Debt Capacity | 166-171 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Statistics | 172-177 |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Operating Information | 178-179 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |

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

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

| | June 30 | | | | |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental activities | | | | | |
| Net investment in Capital Assets | \$ 169,037,582 | \$ 163,072,110 | \$ 161,430,232 | \$ 157,440,959 | \$ 151,713,255 |
| Restricted | 66,259,746 | 68,817,721 | 37,158,304 | 40,395,789 | 23,313,575 |
| Unrestricted | 24,786,399 | 20,795,291 | 48,679,263 | 46,777,093 | 61,348,678 |
| Total governmental activities net position | <u>\$ 260,083,727</u> | <u>\$ 252,685,122</u> | <u>\$ 247,267,799</u> | <u>\$ 244,613,841</u> | <u>\$ 236,375,508</u> |
| Business-type activities | | | | | |
| Net investment in Capital Assets | \$ 46,698,154 | \$ 47,003,748 | \$ 49,361,435 | \$ 47,631,810 | \$ 51,371,884 |
| Restricted | 11,962,381 | 10,324,306 | 11,742,168 | 9,245,649 | 6,187,139 |
| Unrestricted | 5,103,985 | 7,429,067 | 3,708,031 | 5,504,681 | 5,253,457 |
| Total business-type activities net position | <u>\$ 63,764,520</u> | <u>\$ 64,757,121</u> | <u>\$ 64,811,633</u> | <u>\$ 62,382,140</u> | <u>\$ 62,812,480</u> |
| Primary government | | | | | |
| Net investment in Capital Assets | \$ 215,735,736 | \$ 210,847,017 | \$ 210,791,667 | \$ 205,072,769 | \$ 201,934,193 |
| Restricted | 78,222,127 | 78,350,244 | 48,900,472 | 49,641,438 | 29,500,714 |
| Unrestricted | 29,890,384 | 28,244,981 | 52,387,294 | 52,281,774 | 66,681,178 |
| Total primary government net position | <u>\$ 323,848,247</u> | <u>\$ 317,442,242</u> | <u>\$ 312,079,433</u> | <u>\$ 306,995,981</u> | <u>\$ 298,116,085</u> |

| June 30 | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 137,618,856 | \$ 111,804,545 | \$ 125,561,739 | \$ 108,270,856 | \$ 134,649,294 |
| 40,862,091 | 38,094,808 | 35,874,477 | 40,267,225 | 31,931,243 |
| 3,182,623 | 26,141,879 | 5,910,563 | 13,909,387 | 4,155,348 |
| <u>\$ 181,663,570</u> | <u>\$ 176,041,232</u> | <u>\$ 167,346,779</u> | <u>\$ 162,447,468</u> | <u>\$ 170,735,885</u> |
| | | | | |
| \$ 48,601,273 | \$ 49,202,991 | \$ 49,611,489 | \$ 51,297,595 | \$ 52,921,972 |
| 6,317,620 | 6,575,857 | 6,970,069 | 6,403,618 | 6,660,007 |
| (265,067) | 151,635 | 939,248 | 1,769,103 | 5,563,303 |
| <u>\$ 54,653,826</u> | <u>\$ 55,930,483</u> | <u>\$ 57,520,806</u> | <u>\$ 59,470,316</u> | <u>\$ 65,145,282</u> |
| | | | | |
| \$ 186,217,129 | \$ 161,007,536 | \$ 175,173,228 | \$ 159,568,451 | \$ 187,571,266 |
| 47,179,711 | 44,670,665 | 42,844,546 | 46,670,843 | \$ 38,591,250 |
| 2,917,556 | 26,293,514 | 6,849,811 | 15,678,490 | 9,718,651 |
| <u>\$ 236,314,396</u> | <u>\$ 231,971,715</u> | <u>\$ 224,867,585</u> | <u>\$ 221,917,784</u> | <u>\$ 235,881,167</u> |

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

| | June 30 | | | | |
|----------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental Activities: | | | | | |
| Expenses | | | | | |
| General government | \$ 6,961,775 | \$ 6,875,962 | \$ 6,943,378 | \$ 6,766,944 | \$ 7,010,252 |
| Public safety | 20,366,672 | 20,265,216 | 22,629,105 | 24,280,544 | 25,534,564 |
| Streets/Transportation | 12,007,921 | 12,554,956 | 13,442,435 | 12,494,463 | 13,511,907 |
| Public works | 2,335,926 | 2,067,097 | 2,542,009 | 3,205,901 | 2,666,121 |
| Culture and recreation | 6,828,387 | 7,103,723 | 7,247,394 | 7,273,320 | 7,859,818 |
| Economic development | 4,700,480 | 3,731,265 | 3,186,873 | 3,117,655 | 3,269,820 |
| Interest on long-term debt | 2,145,146 | 2,436,221 | 2,670,881 | 2,367,185 | 2,333,855 |
| Total expenses | <u>55,346,307</u> | <u>55,034,440</u> | <u>58,662,075</u> | <u>59,506,012</u> | <u>62,186,337</u> |
| Program Revenues | | | | | |
| Charges for services: | | | | | |
| General government | 153,150 | 215,969 | 173,396 | 342,086 | 304,629 |
| Public safety | 1,135,284 | 1,028,639 | 1,370,883 | 1,182,158 | 1,345,626 |
| Streets/Transportation | 1,144,798 | 1,213,808 | 1,369,817 | 1,112,963 | 960,368 |
| Public works | 9,736 | 12,018 | 26,595 | 60,757 | 33,133 |
| Culture and recreation | 469,536 | 771,516 | 601,627 | 443,652 | 502,803 |
| Development fees | 1,414,107 | 1,023,436 | 161,576 | 2,198,089 | 110,170 |
| Building permits | 494,055 | 342,553 | 290,999 | 988,908 | 846,542 |
| Development and engineering | 55,896 | 65,715 | 40,880 | 74,375 | 16,393 |
| Other economic development | 842,301 | 376,785 | 429,012 | 416,676 | 163,809 |
| Operating grants and contributions | 7,469,173 | 6,266,856 | 7,420,053 | 6,823,705 | 7,163,717 |
| Capital grants and contributions | 4,841,012 | 315,613 | 3,507,353 | 10,177,899 | 1,333,697 |
| Total program revenues | <u>18,029,048</u> | <u>11,632,908</u> | <u>15,392,191</u> | <u>23,821,268</u> | <u>12,780,887</u> |
| Total Governmental Activities Net Program Expense | <u>\$ (37,317,259)</u> | <u>\$ (43,401,532)</u> | <u>\$ (43,269,884)</u> | <u>\$ (35,684,744)</u> | <u>\$ (49,405,450)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Property taxes | 7,422,710 | 6,570,203 | 6,439,021 | 6,877,452 | 6,197,813 |
| Sales taxes | 19,776,002 | 18,973,408 | 18,901,163 | 19,242,309 | 19,650,998 |
| Franchise taxes | 1,947,031 | 2,196,398 | 2,201,312 | 2,248,227 | 2,248,466 |
| Shared revenues: | | | | | |
| State sales taxes | 2,382,825 | 2,590,692 | 3,795,352 | 3,975,626 | 4,227,755 |
| Urban revenue sharing | 4,106,244 | 2,897,028 | 4,099,428 | 4,961,423 | 5,413,854 |
| Auto-in-lieu | 2,034,181 | 1,992,071 | 2,137,645 | 2,129,894 | 2,259,469 |
| Investment earnings | 107,521 | 108,552 | 67,705 | 3,586 | 330,546 |
| Gain on early debt extinguishment | - | - | - | - | - |
| Miscellaneous | 625,779 | 81,130 | 121,530 | 49,172 | 112,756 |
| Transfers | (631,320) | 593,445 | 94,464 | 1,337,500 | 725,460 |
| Total general revenues and other changes in net position | <u>37,770,973</u> | <u>36,002,927</u> | <u>37,857,620</u> | <u>40,825,189</u> | <u>41,167,117</u> |
| Total Governmental Activities Change in Net Position | <u>\$ 453,714</u> | <u>\$ (7,398,605)</u> | <u>\$ (5,412,264)</u> | <u>\$ 5,140,445</u> | <u>\$ (8,238,333)</u> |

| June 30 | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 10,107,662 | \$ 11,103,379 | \$ 8,951,427 | \$ 9,203,693 | \$ 6,211,501 |
| 26,520,689 | 23,893,064 | 31,694,293 | 31,273,684 | 31,268,662 |
| 13,548,310 | 12,823,511 | 12,159,682 | 5,042,379 | 3,187,209 |
| 2,771,028 | 7,723,880 | 5,944,648 | 9,664,687 | 11,612,371 |
| 7,676,615 | 7,805,438 | 7,994,626 | 7,696,620 | 10,140,746 |
| 2,765,522 | 2,350,547 | 2,573,276 | 3,909,504 | 3,032,017 |
| 2,504,944 | 2,424,163 | 2,571,381 | 3,118,414 | 3,255,720 |
| 65,894,770 | 68,123,982 | 71,889,333 | 69,908,981 | 68,708,226 |
| 2,815,852 | 1,388,172 | 824,576 | 460,030 | 394,210 |
| 1,076,004 | 1,487,150 | 1,608,334 | 1,388,042 | 1,544,494 |
| 816,829 | - | - | - | - |
| 167,447 | 3,476,748 | 3,944,961 | 909,437 | 874,890 |
| 430,294 | 1,035,225 | 741,249 | 691,224 | 951,399 |
| 179,753 | 110,678 | 783,045 | 251,681 | 0 |
| 1,081,880 | 1,314,910 | 777,911 | 1,027,288 | 1,948,462 |
| 78,284 | - | - | - | - |
| 307,578 | 96,668 | 238,566 | 65,718 | 124,015 |
| 6,775,967 | 4,945,110 | 5,752,093 | 6,155,986 | 6,435,375 |
| 4,132,231 | 1,451,669 | 805,309 | 1,802,175 | 4,960,817 |
| 17,862,119 | 15,306,330 | 15,476,044 | 12,751,581 | 17,233,662 |
| \$ (48,032,651) | \$ (52,817,652) | \$ (56,413,289) | \$ (57,157,400) | \$ (51,474,564) |
| 6,366,087 | 6,410,163 | 6,472,519 | 6,970,676 | 6,862,999 |
| 21,795,890 | 22,909,814 | 23,402,408 | 25,292,113 | 27,193,495 |
| 2,358,731 | 2,388,109 | 2,449,704 | 2,502,845 | 2,343,033 |
| 4,438,843 | 4,602,342 | 4,734,258 | 5,246,154 | 5,595,095 |
| 5,879,820 | 5,847,942 | 6,295,760 | 6,754,555 | 6,718,257 |
| 2,447,783 | 2,638,312 | 2,666,254 | 3,172,178 | 3,378,251 |
| 174,864 | 775,075 | 444,399 | 746,889 | 4,388,415 |
| - | - | - | - | 106,940 |
| 282,850 | 329,338 | 665,351 | 380,656 | 456,445 |
| 78,030 | 1,297,300 | 1,371,224 | 1,192,023 | 1,444,610 |
| 43,822,898 | 47,198,395 | 48,501,877 | 52,258,089 | 58,487,540 |
| \$ (4,209,753) | \$ (5,619,257) | \$ (7,911,412) | \$ (4,899,311) | \$ 7,012,976 |

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

| | June 30 | | | | |
|-----------------------------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Business-type Activities: | | | | | |
| Expenses | | | | | |
| Water | \$ 159,718 | \$ 150,493 | \$ 190,786 | \$ 226,382 | \$ 286,210 |
| Golf course | 1,243,440 | 1,203,084 | 1,303,013 | 1,299,400 | 1,212,036 |
| Wastewater | 5,528,871 | 5,561,882 | 9,786,826 | 9,188,433 | 9,559,101 |
| Sanitation | 4,653,383 | 5,028,014 | 5,060,239 | 4,953,994 | 5,410,150 |
| Total expenses | <u>11,585,412</u> | <u>11,943,473</u> | <u>16,340,864</u> | <u>15,668,209</u> | <u>16,467,497</u> |
| Revenues | | | | | |
| Charges for services: | | | | | |
| Water | 162,094 | 167,772 | 185,176 | 173,935 | 181,120 |
| Golf course | 1,066,642 | 1,119,396 | 1,066,136 | 994,534 | 1,076,014 |
| Wastewater | 6,049,625 | 6,304,052 | 6,871,045 | 6,541,782 | 8,027,267 |
| Sanitation | 5,151,563 | 5,858,238 | 6,264,192 | 6,151,881 | 6,385,562 |
| Sales taxes | 26,657 | 28,802 | 29,539 | 25,737 | 29,098 |
| Investment earnings | 8,383 | 45,969 | 15,397 | 40,519 | 8,917 |
| Miscellaneous | 10,473 | 5,289 | 21,139 | 60,209 | 57,654 |
| Capital grants and contributions | 895,826 | - | 2,337,217 | 545,163 | 587,959 |
| Total revenues | <u>13,371,263</u> | <u>13,529,518</u> | <u>16,789,841</u> | <u>14,533,760</u> | <u>16,353,591</u> |
| Total Business-type Activities Net Program Expense | <u>\$ 1,785,851</u> | <u>\$ 1,586,045</u> | <u>\$ 448,977</u> | <u>\$ (1,134,449)</u> | <u>\$ (113,906)</u> |
| Other Changes in Net Position | | | | | |
| Transfers | 631,320 | (593,445) | (94,464) | (1,337,500) | (725,460) |
| Total Business-type Activities Change in Net Position | <u>\$ 2,417,171</u> | <u>\$ 992,600</u> | <u>\$ 354,513</u> | <u>\$ (2,471,949)</u> | <u>\$ (839,366)</u> |
| Total Primary Government Change in Net Position | <u>\$ 2,870,885</u> | <u>\$ (6,406,005)</u> | <u>\$ (5,057,751)</u> | <u>\$ 2,668,496</u> | <u>\$ (9,077,699)</u> |

| June 30 | | | | |
|----------------|----------------|----------------|----------------|---------------|
| 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 261,674 | \$ 224,960 | \$ 589,929 | \$ 285,818 | \$ 313,388 |
| 1,195,987 | 924,469 | 1,263,373 | 1,407,351 | 1,348,139 |
| 9,119,769 | 10,661,238 | 10,077,363 | 9,542,082 | 9,064,782 |
| 5,386,901 | 5,311,875 | 5,726,011 | 5,570,376 | 5,141,643 |
| 15,964,331 | 17,122,542 | 17,656,676 | 16,805,627 | 15,867,952 |
| 192,343 | 219,824 | 236,862 | 229,111 | 210,924 |
| 1,100,780 | 1,115,852 | 1,257,615 | 1,359,502 | 1,406,657 |
| 8,541,358 | 10,241,967 | 11,105,175 | 10,754,316 | 11,121,564 |
| 6,739,816 | 7,388,211 | 7,432,237 | 6,840,168 | 7,309,243 |
| 29,122 | 30,345 | 28,892 | 26,156 | - |
| 11,680 | 26,041 | 81,578 | 158,238 | 268,994 |
| 72,228 | 4,021 | 29,977 | - | - |
| 582,705 | 670,238 | 445,883 | 579,670 | 2,670,146 |
| 17,270,032 | 19,696,499 | 20,618,219 | 19,947,161 | 22,987,528 |
| \$ 1,305,701 | \$ 2,573,957 | \$ 2,961,543 | \$ 3,141,534 | \$ 7,119,576 |
| (78,030) | (78,030) | (1,371,224) | (1,192,023) | (1,444,610) |
| \$ 1,227,671 | \$ 2,495,927 | \$ 1,590,319 | \$ 1,949,511 | \$ 5,674,966 |
| \$ (2,982,082) | \$ (4,342,700) | \$ (7,104,136) | \$ (2,962,922) | \$ 12,687,942 |

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

| | 2010 | 2011* | 2012 | 2013 | 2014 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Reserved | \$ 3,815,142 | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 25,262,863 | - | - | - | - |
| Nonspendable | - | 7,411 | 6,023 | 6,264 | 6,281 |
| Restricted | - | 33,225 | 4,202,039 | 4,701,221 | 5,163,565 |
| Committed | - | 23,342,866 | - | - | - |
| Assigned | - | - | 19,251,625 | 14,550,404 | 13,384,358 |
| Unassigned | - | 1,247,242 | 502,264 | 5,281,667 | 6,892,105 |
| Total general fund | <u>\$ 29,078,005</u> | <u>\$ 24,630,744</u> | <u>\$ 23,961,951</u> | <u>\$ 24,539,556</u> | <u>\$ 25,446,309</u> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 39,966,314 | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 40,446,857 | - | - | - | - |
| Capital projects funds | 151,896 | - | - | - | - |
| Nonspendable | - | 57,949 | 60,783 | 66,983 | 93,031 |
| Restricted | - | 13,250,249 | 33,542,117 | 35,694,573 | 32,227,498 |
| Committed | - | 1,083,515 | 15,628,386 | 2,523,457 | - |
| Assigned | - | 50,374,649 | 13,156,163 | 27,643,540 | 29,168,940 |
| Unassigned | - | (378,345) | (385,290) | (576,410) | (576,846) |
| Total all other governmental funds | <u>\$ 80,565,067</u> | <u>\$ 64,388,017</u> | <u>\$ 62,002,159</u> | <u>\$ 65,352,143</u> | <u>\$ 60,912,623</u> |

*FY2011: Implementation of GASB-54 Fund Balance Classification

| 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| 1,647 | 2,063 | - | 1,006,102 | 2,063,308 |
| 5,572,411 | - | 1,670,016 | 1,482,581 | 1,568,371 |
| - | - | 4,654,417 | 5,232,779 | 5,611,482 |
| 11,631,345 | 20,453,537 | 20,494,239 | 13,094,976 | 14,870,455 |
| 12,631,345 | 9,911,709 | 5,343,256 | 13,667,378 | 19,094,967 |
| <u>\$ 29,836,748</u> | <u>\$ 30,367,309</u> | <u>\$ 32,161,928</u> | <u>\$ 34,483,816</u> | <u>\$ 43,208,583</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 36,281 | 59,867 | 40,286 | 170,140 | 45,123 |
| 35,291,890 | 37,376,941 | 36,647,161 | 38,784,644 | 30,362,872 |
| - | - | 1,164,600 | - | 1,989,707 |
| 29,084,496 | 45,538,029 | 42,075,694 | 39,202,559 | 22,507,732 |
| (593,322) | (635,129) | (750,466) | (531,017) | (1,080,079) |
| <u>\$ 63,819,345</u> | <u>\$ 82,339,708</u> | <u>\$ 79,177,275</u> | <u>\$ 77,626,326</u> | <u>\$ 53,825,355</u> |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------------------------------|---------------|-----------------|----------------|---------------|----------------|
| Revenues | | | | | |
| Taxes | \$ 29,088,943 | \$ 27,556,571 | \$ 27,524,503 | \$ 28,352,139 | \$ 28,304,305 |
| Licenses and permits | 656,902 | 546,628 | 494,921 | 1,263,721 | 1,055,340 |
| Intergovernmental revenues | 16,769,422 | 14,151,581 | 17,627,429 | 20,814,430 | 19,166,537 |
| Charges for services | 2,058,720 | 1,661,339 | 2,856,201 | 4,024,127 | 2,614,233 |
| Fines | 978,765 | 807,884 | 756,454 | 735,217 | 707,660 |
| Special assessments | 8,883 | - | - | - | - |
| Investment earnings | 107,521 | 108,549 | 67,707 | 3,586 | 339,728 |
| Rental and sale of city property | 2,106,527 | 1,489,826 | 502,054 | 537,055 | 536,601 |
| Other revenues | 514,473 | 349,597 | 1,599,077 | 477,857 | 968,313 |
| Total revenues | 52,290,156 | 46,671,975 | 51,428,346 | 56,208,132 | 53,692,717 |
| Expenditures | | | | | |
| General government | 8,055,272 | 8,026,262 | 7,932,235 | 7,473,914 | 7,801,503 |
| Public safety | 18,957,126 | 19,691,260 | 20,516,232 | 22,089,961 | 22,673,464 |
| Streets/Transportation | 2,521,337 | 2,770,032 | 3,287,682 | 2,717,802 | 2,645,606 |
| Public works | 2,192,317 | 1,959,265 | 1,913,991 | 2,040,691 | 1,350,102 |
| Culture and recreation | 5,792,331 | 5,847,772 | 5,939,441 | 6,041,037 | 6,413,990 |
| Planning and economic development | 3,550,938 | 2,652,964 | 2,467,005 | 2,424,452 | 2,526,552 |
| Capital outlay | 31,846,819 | 24,677,470 | 8,999,838 | 10,215,671 | 10,651,896 |
| Debt service | | | | | |
| Principal | 2,484,637 | 1,899,760 | 3,669,732 | 1,718,222 | 1,528,344 |
| Interest | 2,125,295 | 2,594,138 | 2,733,203 | 2,343,898 | 2,448,448 |
| Bond issuance costs | (472,067) | (66,000) | - | - | - |
| Total expenditures | 77,054,005 | 70,052,923 | 57,459,359 | 57,065,648 | 58,039,905 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 12,829,121 | 11,790,392 | 17,492,942 | 7,243,155 | 8,818,190 |
| Transfers out | (13,965,253) | (11,101,760) | (17,303,578) | (5,786,655) | (8,003,769) |
| Capital leases | - | - | 2,787,000 | 3,328,600 | - |
| Bond issuance | 37,800,000 | 2,200,000 | - | - | - |
| Payment to escrow agent | - | - | - | - | - |
| Sale of land | - | - | - | - | - |
| Total other financing sources (uses) | 36,663,868 | 2,888,632 | 2,976,364 | 4,785,100 | 814,421 |
| Net change in fund balances | \$ 11,900,020 | \$ (20,492,315) | \$ (3,054,649) | \$ 3,927,584 | \$ (3,532,767) |
| Debt service as a percentage of noncapital expenditures | 10.20% | 9.90% | 13.21% | 8.67% | 8.39% |

| 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------|---------------|----------------|---------------|-----------------|
| \$ 30,557,352 | \$ 29,707,719 | \$ 30,324,120 | \$ 32,272,000 | \$ 33,953,688 |
| 1,344,254 | 198,289 | 981,525 | 1,211,872 | 1,845,897 |
| 19,324,969 | 20,210,255 | 21,520,997 | 23,349,174 | 24,300,942 |
| 4,061,405 | 4,580,524 | 2,695,209 | 3,674,172 | 6,699,921 |
| 682,288 | 589,589 | 1,012,427 | 873,169 | 723,082 |
| - | - | - | - | - |
| 207,833 | 774,775 | 434,393 | 729,980 | 4,363,910 |
| 761,495 | 763,824 | 608,524 | 622,603 | 566,569 |
| 821,199 | 654,851 | 639,115 | 372,027 | 652,845 |
| 57,760,795 | 57,479,826 | 58,216,310 | 63,104,997 | 73,106,854 |
| 7,810,453 | 7,591,059 | 9,242,859 | 7,946,956 | 8,639,803 |
| 21,380,603 | 23,899,172 | 23,008,996 | 25,620,207 | 26,185,872 |
| 2,821,113 | 3,070,601 | 2,759,357 | 4,432,747 | 3,113,727 |
| 1,352,469 | 1,286,448 | 1,159,563 | 1,111,264 | 1,039,146 |
| 6,157,841 | 6,547,379 | 6,677,105 | 6,627,298 | 6,707,765 |
| 2,276,725 | 2,860,992 | 3,017,753 | 3,354,879 | 3,051,499 |
| 6,889,725 | 6,342,445 | 9,933,106 | 9,127,478 | 33,402,748 |
| 1,959,805 | 2,771,539 | 3,084,158 | 3,596,214 | 5,251,754 |
| 2,520,693 | 2,281,741 | 2,248,255 | 2,388,463 | 2,386,183 |
| - | (531,270) | - | 169,890 | 41,393 |
| 53,169,427 | 56,120,106 | 61,131,152 | 64,375,396 | 89,819,890 |
| 5,813,795 | 13,931,824 | 8,129,320 | 8,250,363 | 15,753,858 |
| (4,137,337) | (12,261,624) | (6,582,296) | (6,423,156) | (13,732,058) |
| - | - | - | - | - |
| 1,095,019 | 37,675,240 | - | 7,710,000 | - |
| 0 | (20,657,479) | - | (7,531,828) | - |
| - | - | - | - | - |
| 2,771,477 | 18,687,961 | 1,547,024 | 2,005,379 | 2,021,800 |
| \$ 7,362,845 | \$ 20,047,682 | \$ (1,367,817) | \$ 734,981 | \$ (14,691,236) |
| 9.68% | 10.15% | 10.42% | 10.83% | 13.54% |

Schedule 6
City of Casa Grande
Sales Tax Revenue by Industry
Fiscal Years 2014 - 2019

| | Fiscal Year 2014 | | Fiscal Year 2015 | | Fiscal Year 2016 | |
|--------------------------------------------|-------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|--------------------------------|
| | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total |
| Construction | \$ 2,590,980 | 12.90% | \$ 2,963,203 | 13.48% | \$ 1,600,948 | 7.55% |
| Manufacture | 423,393 | 2.11% | 413,453 | 1.88% | 347,578 | 1.64% |
| Transportation/Communication/ Utilities | 2,279,738 | 11.35% | 2,349,392 | 10.68% | 2,376,943 | 11.22% |
| Wholesale Trade | 390,045 | 1.94% | 409,233 | 1.86% | 370,828 | 1.75% |
| Retail Trade | 9,453,064 | 47.06% | 10,748,122 | 48.88% | 11,024,238 | 52.02% |
| Restaurants/Bars | 1,411,036 | 7.02% | 1,516,426 | 6.90% | 1,646,747 | 7.77% |
| Insurance/Real Estate | 1,955,194 | 9.73% | 1,869,141 | 8.50% | 2,038,474 | 9.62% |
| Hotels/Lodging | 445,971 | 2.22% | 494,388 | 2.25% | 495,874 | 2.34% |
| Services | 577,454 | 2.87% | 645,623 | 2.94% | 741,768 | 3.50% |
| All Other | 561,765 | 2.80% | 578,911 | 2.63% | 550,108 | 2.60% |
| Total | <u>\$ 20,088,640</u> | <u>100.00%</u> | <u>\$ 21,987,890</u> | <u>100.00%</u> | <u>\$ 21,193,506</u> | <u>100.00%</u> |

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 2017 | | Fiscal Year 2018 | | Fiscal Year 2019 | |
|----------------------|------------------------|----------------------|------------------------|----------------------|------------------------|
| Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total |
| \$ 1,453,489 | 6.72% | \$ 2,321,209 | 10.28% | \$ 2,982,855 | 12.16% |
| 502,031 | 2.32% | 706,092 | 3.13% | 583,874 | 2.38% |
| 2,762,747 | 12.77% | 2,383,915 | 10.56% | 2,357,393 | 9.61% |
| 311,761 | 1.44% | 369,291 | 1.64% | 423,087 | 1.73% |
| 10,940,735 | 50.58% | 10,852,085 | 48.08% | 11,159,883 | 45.51% |
| 1,757,599 | 8.12% | 1,785,801 | 7.91% | 1,954,939 | 7.97% |
| 2,025,113 | 9.36% | 2,020,226 | 8.95% | 2,689,023 | 10.97% |
| 497,256 | 2.30% | 565,681 | 2.51% | 615,273 | 2.51% |
| 742,586 | 3.43% | 868,557 | 3.85% | 1,081,410 | 4.41% |
| 639,240 | 2.95% | 696,035 | 3.08% | 674,652 | 2.75% |
| <u>\$ 21,632,557</u> | <u>100.00%</u> | <u>\$ 22,568,892</u> | <u>100.00%</u> | <u>\$ 24,522,388</u> | <u>100.00%</u> |



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Schedule 7
City of Casa Grande
Direct and Overlapping Sales Tax Rates
As of June 30, 2019

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

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

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

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

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

| Fiscal Year | Governmental Activities | | | | Business-type Activities | |
|----------------|--------------------------------|-----------------------------------------|--------------------------------|-------------------|--------------------------------|--------------------------------------------------|
| | General Obligation Bonds | Excise Tax Revenue Obligations | Special Assessment Bonds | Capital Leases | General Obligation Bonds | Excise Tax/ GO Bond Revenue Obligations |
| 2010 | 28,664,999 | 21,249,788 | - | 2,598,870 | - | 12,735,032 |
| 2011 | 29,664,998 | 20,603,035 | - | 2,331,681 | - | 12,125,001 |
| 2012 | 28,800,000 | 18,358,670 | - | 4,846,117 | - | 11,266,335 |
| 2013 | 28,093,115 | 17,554,432 | - | 7,831,620 | - | 12,002,655 |
| 2014 | 27,385,814 | 16,824,237 | - | 7,470,835 | - | 11,187,135 |
| 2015 | 26,823,748 | 16,154,247 | - | 8,081,767 | - | 10,352,512 |
| 2016 | 44,193,352 | 15,351,500 | - | 7,537,984 | - | 9,495,085 |
| 2017 | 43,139,478 | 14,462,000 | - | 6,960,225 | - | 8,250,541 |
| 2018 | 38,375,000 | 13,981,900 | - | 6,342,211 | - | 6,068,100 |
| 2019 | 33,890,000 | 12,927,300 | - | 5,691,985 | - | 4,577,700 |

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) |
| 6,793 | 38,501,765 | 103,757,247 | 8.55% | 2,255.94 |
| - | 51,738,811 | 116,463,526 | 8.66% | 2,397.80 |
| - | 56,896,857 | 120,167,979 | 11.11% | 2,412.82 |
| - | 50,024,722 | 115,506,544 | 10.72% | 2,296.54 |
| - | 47,671,092 | 110,539,113 | 10.26% | 2,170.07 |
| - | 46,289,847 | 107,702,121 | 9.86% | 2,027.03 |
| - | 43,736,724 | 120,314,645 | 10.77% | 2,260.88 |
| - | 41,106,899 | 113,919,143 | 9.89% | 2,088.96 |
| - | 38,371,116 | 103,138,327 | 8.19% | 1,879.82 |
| | 35,525,109 | 92,612,094 | 5.42% | 1,660.55 |

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 |
|-------------|--------------------------|-----|----------------------------------------|--------------------------------------------------|------------------------------------|----------------------------------|
| 2010 | 2,430,000 | (1) | 249,681,000 | 0.97% | 807 | |
| 2010 | 26,234,999 | (2) | 3,680,064,800 | 0.71% | 470 | |
| 2011 | 4,555,000 | (1) | 235,284,000 | 1.94% | 1,469 | 320,000 |
| 2011 | 25,109,998 | (2) | 3,209,485,830 | 0.78% | 450 | 545,000 |
| 2012 | 4,235,000 | (1) | 313,880,004 | 1.35% | 1,366 | 100,000 |
| 2012 | 24,565,000 | (2) | 3,145,296,113 | 0.78% | 440 | 625,000 |
| 2013 | 4,135,000 | (1) | 269,324,094 | 1.54% | 782 | 105,000 |
| 2013 | 23,940,000 | (2) | 2,788,057,728 | 0.86% | 465 | 600,000 |
| 2014 | 4,030,000 | (1) | 279,975,183 | 1.44% | 762 | 110,000 |
| 2014 | 23,340,000 | (2) | 2,833,543,388 | 0.82% | 454 | 595,000 |
| 2015 | 3,920,000 | (1) | 292,667,259 | 1.34% | 742 | 120,000 |
| 2015 | 22,740,000 | (2) | 2,910,644,515 | 0.78% | 442 | 700,000 |
| 2016 | 3,195,000 | (1) | 307,634,017 | 1.04% | 604 | 125,000 |
| 2016 | 37,930,000 | (2) | 3,018,493,334 | 1.26% | 737 | 1,505,000 |
| 2017 | 3,070,000 | (1) | 324,524,692 | 0.95% | 429 | 125,000 |
| 2017 | 37,145,000 | (2) | 3,142,528,380 | 1.18% | 666 | 1,505,000 |
| 2018 | 2,940,000 | (1) | 349,336,106 | 0.84% | 410 | 135,000 |
| 2018 | 35,435,000 | (2) | 3,232,315,699 | 1.10% | 635 | 1,795,000 |
| 2019 | 2,805,000 | (1) | 367,212,764 | 0.76% | 392 | 410,000 |
| 2019 | 31,085,000 | (2) | 3,460,059,401 | 0.90% | 557 | 1,105,000 |

(a) Source: Pinal County Assessor's records

(b) Estimated population of Mission Royale CFD 6/30/19
Estimated population of Villago CFD 6/30/19

4,415
2,748

Source: City of Casa Grande Development Center

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

Population of Casa Grande

55,772

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

(2) General obligation bonds were issued by the City of Casa Grande in June, 2008, July, 2009, and June 2016.

Schedule 10
City of Casa Grande
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

| Governmental Unit | Bonded Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|------------------------------------------|-------------------------------|---------------------------------------|----------------------------------------------|
| Elementary School District #4 | \$ 34,455,000 | 83.26% | \$ 28,687,233 |
| Union High School District #82 | 17,060,000 | 65.97% | 11,254,482 |
| Central Arizona Community College | 73,535,000 | 15.31% | 11,258,209 |
| Mission Royale CFD | 275,000 | 100.00% | 275,000 |
| Villago CFD | 2,530,000 | 100.00% | 2,530,000 |
| Subtotal, overlapping debt | | | \$ 54,004,924 |
| City direct debt | 31,085,000 | 100.00% | 31,085,000 |
| Total direct and overlapping debt | | | <u><u>\$ 85,089,924</u></u> |

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

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Casa Grande. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Pinal County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

Schedule 11
City of Casa Grande
Legal Debt Margin Information
Last Ten Fiscal Years

| | |
|----------------------------------------------------------|----------------------|
| Net Secondary Assessed Valuation as of June 30, 2019 (a) | \$ 390,363,295 |
| Debt limit (6% of assessed value) | 23,421,798 |
| Debt applicable to limit: | |
| General obligation bonds | <u>4,405,000</u> |
| Legal 6% debt margin | <u>\$ 19,016,798</u> |
| | |
| Debt limit (20% of assessed value) | 78,072,659 |
| Debt applicable to limit: | |
| General obligation bonds | <u>26,680,000</u> |
| Legal 20% debt margin | <u>\$ 51,392,659</u> |

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

(a) Source: Pinal County Assessor's records

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

| Fiscal Year | Transaction | State | State | Franchise | Licenses & | Debt Service | | |
|-------------|------------------------------|------------------|-------------------|-----------|-----------------------------|--------------|-----------|----------|
| | Privilege (Sales) Tax (a)(b) | Shared Sales Tax | Shared Income Tax | | Permits/Fines & Forfeitures | Principal | Interest | Coverage |
| 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 | 19,133,652 | 4,227,755 | 5,413,854 | 2,248,466 | 1,727,402 | 1,385,000 | 1,403,535 | 11.74 |
| 2015 | 21,042,584 | 4,438,843 | 5,879,820 | 2,358,732 | 2,109,157 | 1,450,000 | 1,344,085 | 12.82 |
| 2016 | 19,831,193 | 4,602,342 | 5,847,942 | 2,338,107 | 2,773,868 | 1,510,000 | 1,279,740 | 12.69 |
| 2017 | 20,314,212 | 4,734,258 | 6,295,760 | 2,449,704 | 3,047,171 | 1,985,000 | 1,208,610 | 11.54 |
| 2018 | 22,028,873 | 5,246,154 | 6,754,555 | 2,502,845 | 2,085,041 | 2,445,000 | 1,199,500 | 10.60 |
| 2019 | 23,523,442 | 5,595,095 | 7,335,001 | 2,343,033 | 2,773,830 | 2,545,000 | 897,271 | 12.08 |

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

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

| Fiscal Year | Amount |
|--------------------|---------------|
| 2010 | 936,142 |
| 2011 | 946,029 |
| 2012 | 983,656 |
| 2013 | 954,988 |
| 2014 | 945,306 |
| 2015 | 1,074,812 |
| 2016 | 1,119,070 |
| 2017 | 1,094,074 |
| 2018 | 1,085,209 |
| 2019 | 1,280,472 |

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

Collected to June 30, 2019

| Fiscal Year | Tax Levy | Collections | Taxes Receivable | Percent of Tax Levy | Adjustments |
|----------------|-----------|-------------|---------------------|------------------------|-------------|
| 2010 | 5,969,189 | 5,959,190 | 9,999 | 99.83% | (19,969) |
| 2011 | 5,760,830 | 5,753,375 | 7,455 | 99.87% | (20,269) |
| 2012 | 5,455,201 | 5,446,761 | 8,439 | 99.85% | (24,944) |
| 2013 | 5,589,212 | 5,581,712 | 7,500 | 99.87% | (49,432) |
| 2014 | 5,349,732 | 5,341,573 | 8,159 | 99.85% | (24,693) |
| 2015 | 5,351,592 | 5,347,903 | 3,689 | 99.93% | (26,966) |
| 2016 | 5,487,409 | 5,481,241 | 6,168 | 99.89% | (23,491) |
| 2017 | 5,563,565 | 5,555,481 | 8,084 | 99.85% | (11,814) |
| 2018 | 5,636,188 | 5,526,226 | 109,961 | 98.05% | (8,678) |
| 2019 | 6,013,399 | 5,844,411 | 168,988 | 97.19% | (1,559) |

(a) Reflects collections made through June 30, 2019, 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 |
|----------------|--------------------------------------------------|----------------------------------------------------|------------------------------------------------|
| 2010 | 0.7135 | 0.6308 | 1.3443 |
| 2011 | 0.8110 | 0.6308 | 1.4418 |
| 2012 | 0.8988 | 0.6308 | 1.5296 |
| 2013 | 0.9489 | 0.6308 | 1.5797 |
| 2014 | 0.9999 | 0.6308 | 1.6307 |
| 2015 | 0.9999 | 0.6308 | 1.6307 |
| 2016 | 0.9999 | 0.6308 | 1.6307 |
| 2017 | 0.9999 | 0.6308 | 1.6307 |
| 2018 | 0.9999 | 0.6565 | 1.6564 |
| 2019 | 0.9905 | 0.6010 | 1.5915 |

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 2018-19 Net Secondary Assessed Valuation | As Percent of City's 2018-19 Net Secondary Assessed Valuation |
|-----------------------------|-----------------------------|----------------------------------------------------|---------------------------------------------------------------|
| Arizona Public Service Co. | Electric Utility | 12,122,108 | 3.11% |
| Wal-Mart Stores East LP | Retailer | 7,400,901 | 1.90% |
| Ehrmann Arizona Dairy LLC | Dairy Product Manufacturing | 5,669,941 | 1.45% |
| Abbott Manufacturing Inc | Manufacturing | 5,633,571 | 1.44% |
| Promenade CG Holdings LLC | Retailer | 5,543,664 | 1.42% |
| Frito Lay Sales Inc | Manufacturing | 4,864,784 | 1.25% |
| Hexcel Corporation | Manufacturing | 4,756,982 | 1.22% |
| Daisy Brand LLP | Dairy Product Manufacturing | 4,177,314 | 1.07% |
| Tractor Supply Company #111 | Retail Distribution Center | 3,973,024 | 1.02% |
| Southwest Gas Corporation | Gas Utility | 3,886,064 | 1.00% |
| Arizona Water Company | Water Utility | 3,347,114 | 0.86% |
| Promenade CG Retail LLC | Retailer | 3,027,219 | 0.78% |
| Frito-Lay Inc | Manufacturing | 2,675,194 | 0.69% |
| CADC Partners LLC | Real Estate Management | 2,516,819 | 0.64% |
| Daisy Brand LP | Dairy Product Manufacturing | 2,277,771 | 0.58% |
| Wal Mart Stores Inc | Retailer | 2,161,134 | 0.55% |
| TOTAL | | 74,033,604 | 18.97% |

(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 |
|----------------|------------|--------------------------------------------|-----------------------------|----------------------|----------------------|
| 2010 | 45,993 | 26,373 | 1,212,973,389 | 10,700 | 11.50% |
| 2011 | 48,571 | 27,690 | 1,344,930,990 | 10,700 | 11.50% |
| 2012 | 49,804 | 21,716 | 1,081,543,664 | 11,512 | 11.20% |
| 2013 | 50,296 | 21,419 | 1,077,290,024 | 10,852 | 9.10% |
| 2014 | 50,938 | 21,409 | 1,090,531,642 | 11,720 | 8.40% |
| 2015 | 51,478 | 20,983 | 1,080,162,874 | 12,752 | 6.80% |
| 2016 | 51,460 | 20,983 | 1,079,785,180 | 12,412 | 6.70% |
| 2017 | 54,534 | 21,130 | 1,152,303,420 | 12,694 | 5.20% |
| 2018 | 54,866 | 22,944 | 1,258,845,504 | 12,666 | 5.30% |
| 2019 | 55,772 | 30,644 | 1,709,077,168 | 12,100 | 4.80% |

Sources: Arizona Department of Commerce

U.S. Bureau of Labor Statistics

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

U.S. Census Bureau

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

| Employer | 2019 | | 2010 | |
|----------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|
| | Employees | Percentage of Total City Employment | Employees | Percentage of Total City Employment |
| Casa Grande Elementary School District | 847 | 18.47% | 1,050 | 22.30% |
| Casa Grande Regional Medical Center | - | 0.00% | 850 | 18.05% |
| Banner Casa Grande Medical Center | 624 | 13.61% | - | 0.00% |
| Wal-Mart Distribution Center | 752 | 16.40% | 569 | 12.09% |
| Wal-Mart Supermarket | 420 | 9.16% | 450 | 9.56% |
| Frito-Lay Inc. | 375 | 8.18% | 450 | 9.56% |
| City of Casa Grande | 450 | 9.81% | 439 | 9.32% |
| Abbott Laboratories/Ross Products | 420 | 9.16% | 400 | 8.50% |
| Hexcel Corporation | 350 | 7.63% | 350 | 7.43% |
| Casa Grande Valley Newspapers | 107 | 2.33% | 150 | 3.19% |
| National Vitamin Company, Inc. | 160 | 3.49% | - | 0.00% |
| Franklin Foods | 81 | 1.77% | - | 0.00% |
| | 4,586 | 100.00% | 4,708 | 100.00% |

Sources:

City of Casa Grande

Arizona Department of Administration/Office of Employment & Population Statistics

Schedule 18
City of Casa Grande
Authorized City Government Employee Positions by Function/Program
Last Ten Fiscal Years

| Fiscal Year | Function/Program | | | | | | Total |
|----------------|-----------------------|---------------------------------------|------|---------------------------|-----------------------------|-----------------|-------|
| | General Government | Police, City Attorney and Court | Fire | Culture and Recreation | Planning and Development | Public Works | |
| 2010 | 37.3 | 128.8 | 63.3 | 68.3 | 31.0 | 100.5 | 429.2 |
| 2011 | 37.3 | 125.8 | 62.3 | 67.3 | 31.0 | 97.8 | 421.5 |
| 2012 | 38.8 | 126.4 | 62.3 | 66.6 | 24.5 | 99.4 | 418.0 |
| 2013 | 38.3 | 135.3 | 62.3 | 51.0 | 21.5 | 102.0 | 410.4 |
| 2014 | 46.7 | 142.1 | 62.3 | 76.4 | 21.0 | 100.6 | 449.1 |
| 2015 | 46.7 | 141.9 | 62.3 | 75.5 | 21.0 | 100.8 | 448.2 |
| 2016 | 46.6 | 142.1 | 62.3 | 75.3 | 21.0 | 100.6 | 447.9 |
| 2017 | 47.2 | 142.8 | 62.3 | 68.7 | 21.0 | 101.8 | 443.8 |
| 2018 | 44.7 | 144.6 | 62.3 | 67.7 | 21.0 | 103.7 | 444.0 |
| 2019 | 50.0 | 145.8 | 62.0 | 70.6 | 21.0 | 104.5 | 453.9 |

Source: City Budget

Note: Information is based on authorized positions.

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

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------------------|---------|-----------|---------|---------|---------|---------|---------|----------|-----------|-----------|
| General government | | | | | | | | | | |
| Registered voters | 20,805 | 20,805 | 20,805 | 20,417 | 20,417 | 20,417 | 22,959 | 22,959 | 27,110 | 28,982 |
| Votes cast last primary election | 2,400 | 4,182 | 4,182 | 3,886 | 3,886 | 3,886 | 6,651 | 6,651 | 7,336 | 7,336 |
| Fire | | | | | | | | | | |
| Medical support calls | 4,289 | 4,849 | 4,941 | 5,155 | 5,400 | 5,710 | 5,840 | 5,612 | 6,594 | 6,603 |
| Total alarms | 5,703 | 6,397 | 6,515 | 6,685 | 6,951 | 7,356 | 7,717 | 7,498 | 9,400 | 9,997 |
| Inspections/investigations | 883 | 1,051 | 1,458 | 910 | 687 | 504 | 681 | 333 * | 564 | 906 |
| Public education contacts | 15,812 | 12,622 | 18,743 | 26,225 | 15,556 | 13,247 | 13,992 | 10,102 * | 16,035 | 15,864 |
| Police | | | | | | | | | | |
| Calls for service | 38,629 | 38,660 | 34,213 | 31,308 | 22,079 | 23,314 | 37,135 | 31,693 | 30,920 | 28,350 |
| Officer initiated | 25,932 | 42,343 | 30,648 | 46,880 | 29,117 | 20,569 | 28,683 | 25,761 | 43,042 | 24,160 |
| Patrolled miles | 983,100 | 1,005,416 | 974,867 | 991,778 | 696,743 | 640,119 | 745,208 | 964,325 | 1,010,722 | 1,017,201 |
| Traffic accidents | 974 | 942 | 938 | 874 | 843 | 912 | 904 | 812 | 1,181 | 1,021 |
| Traffic citations | 6,107 | 5,171 | 6,008 | 7,836 | 7,912 | 4,897 | 5,953 | 7,353 | 6,979 | 7,947 |
| Arrests (adult and juvenile) | 4,738 | 3,737 | 4,052 | 4,098 | 4,760 | 4,477 | 4,335 | 3,164 | 3,563 | 3,384 |
| Culture and recreation - library (a) (b) (c) | | | | | | | | | | |
| Items in collections | 113,480 | 114,257 | 117,108 | 454,700 | 645,613 | 330,220 | 350,182 | 269,535 | 92,821 | 339,022 |
| Total circulation transactions | 329,790 | 368,693 | 361,334 | 376,405 | 359,585 | 346,683 | 346,667 | 341,354 | 283,101 | 364,201 |
| Total circulation items | 98,937 | 70,820 | 69,376 | 129,695 | 124,944 | 99,057 | 104,590 | 104,057 | 266,916 | 151,607 |
| Economic development | | | | | | | | | | |
| Building permits - commercial | 90 | 95 | 63 | 94 | 63 | 94 | 75 | 58 | 78 | 81 |
| Building permits - residential | 369 | 291 | 259 | 264 | 698 | 438 | 761 | 523 | 631 | 730 |
| Self-help homes completed | 12 | 12 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Self-help homes started | 12 | 12 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing rehabilitations | 12 | 12 | 11 | 21 | 17 | 13 | 11 | 4 | 12 | 4 |
| Code enforcement cases | 1,317 | 2,104 | 1,203 | 1,206 | 1,349 | 1,241 | 1,448 | 2,162 | 2,305 | 4,589 |
| Planning cases | 90 | 121 | 110 | 133 | 152 | 135 | 100 | 124 | 117 | 106 |

Sources: Various City departments

* Data through 12-31-16

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

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

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

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

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fire stations | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Parks and recreation | | | | | | | | | | |
| Park areas | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Parkland acreage | 1,566 | 1,611 | 1,611 | 1,611 | 1,611 | 1,611 | 1,611 | 1,611 | 1,611 | 1,625 |
| Community centers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| Golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Playgrounds | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Other maintenance areas | 95 | 97 | 97 | 99 | 99 | 99 | 98 | 98 | 98 | 98 |
| Airport | | | | | | | | | | |
| T-hangers | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| T-shades | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Public works | | | | | | | | | | |
| Total number of streetlights** | 3,363 | 5,340 | 5,340 | 3,948 | 3,988 | 3,996 | 3,996 | 3,996 | 3,770 | 3,884 |
| Miles of streets (centerline)** | 410 | 410 | 414 | 409 | 403 | 396 | 401 | 406 | 410 | 410 |
| Miles of sewer** | 455 | 455 | 455 | 284 | 290 | 290 | 290 | 291 | 288 | 295 |
| Number of lift stations | 10 | 10 | 10 | 10 | 10 | 10 | 7 | 7 | 7 | 7 |
| Number of signalized intersections* | 39 | 41 | 41 | 41 | 42 | 43 | 45 | 45 | 45 | 45 |

* Includes ADOT signalized intersections

**Enhanced GIS information utilized beginning in FY2013

Sources: Various City departments



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Compliance Section



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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Casa Grande, Arizona (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Casa Grande's basic financial statements and have issued our report thereon dated June 5, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-002 thru 2019-007, and 2018-001 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

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

City of Casa Grande's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Henry + Horne, LLP". The signature is written in a cursive, flowing style.

Casa Grande, Arizona
June 5, 2020

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 (the City) 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's, Arizona major federal programs for the year ended June 30, 2019. The City of Casa Grande's, Arizona major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Casa Grande's, Arizona major federal programs 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's, Arizona 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 each 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 each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

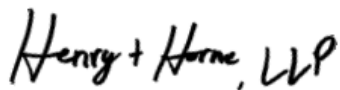
Management of the City of Casa Grande, Arizona, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Casa Grande, Arizona's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-008 and 2019-009, that we consider to be significant deficiencies.

City of Casa Grande's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Casa Grande's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Casa Grande, Arizona
June 5, 2020



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CITY OF CASA GRANDE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | Cluster Title | Pass-Through Grantor | Pass-Through Entity Identifying Number | Total Federal Expenditures | Amount Provided to Subrecipients |
|--------------------------------------------------------------------------------------------|---------------------------|---------------------------|------------------------------------------|-------------------------------------------------------------|----------------------------------|----------------------------------------|
| Department of Housing and Urban Development | | | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | | | | \$ 422,470 | * \$ 96,635 |
| Home Investments Partnerships Program | 14.239 | | | | 148,990 | |
| Total Department of Housing and Urban Development | | | | | <u>571,460</u> | <u>96,635</u> |
| Department of Justice | | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | | | | 2,676 | |
| Crime Victim Assistance | 16.575 | | | | 48,310 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | | | 21,391 | |
| Total Department of Justice | | | | | <u>72,377</u> | |
| Department of Transportation | | | | | | |
| State and Community Highway Safety | 20.600 | Highway Safety Cluster | Governor's Office of Highway Safety | 2018-PTS-004, 2019- PTS-010, 2019-AL-009, 2019-EM-003 | 69,981 | |
| National Priority Safety Programs | 20.616 | Highway Safety Cluster | Governor's Office of Highway Safety | 2019-CIOT-004 | 6,510 | |
| Total Highway Safety Cluster | | | | | <u>76,491</u> | |
| Total Department of Transportation | | | | | <u>76,491</u> | |
| National Endowment for the Humanities (NEH) | | | | | | |
| Grants to States | 45.310 | | State Library Administrative Agencies | 17156, 17157, 18051, 19961 | 2,667 | |

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | Cluster Title | Pass-Through Grantor | Pass-Through Entity Identifying Number | Total Federal Expenditures | Amount Provided to Subrecipients |
|--------------------------------------------------------------------------------------------------|---------------------------|---------------|-------------------------------------------|-----------------------------------------------|----------------------------------|----------------------------------------|
| Department of Health and Human Services | | | | | | |
| Special Programs for the Aging_ Title III, Part B_ Grants | | | | | | |
| for Supportive Services and Senior Centers Special Programs for the Aging_ Title III, Part C_ | 93.044 | Aging Cluster | Pinal-Gila Council for Senior Citizens | 019-0237 | 19,204 | |
| Nutrition Services | 93.045 | Aging Cluster | Pinal-Gila Council for Senior Citizens | 019-0237 | 88,404 | |
| Nutrition Services Incentive Program | 93.053 | Aging Cluster | Pinal-Gila Council for Senior Citizens | 019-0237 | 27,998 | |
| Total Aging Cluster | | | | | 135,606 | |
| Social Services Block Grant | 93.667 | | | | 16,065 | |
| Total Department of Health and Human Services | | | | | 151,671 | |
| Department of Homeland Security | | | | | | |
| Homeland Security Grant Program | 97.067 | | AZ Department of Homeland Security | 160300-02, 170427-01, 160309-02, 180426-01 | 289,765 * | |
| Total Expenditures of Federal Awards | | | | | <u>\$ 1,164,431</u> | <u>\$ 96,635</u> |

* Denotes major program



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CITY OF CASA GRANDE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Casa Grande under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Casa Grande, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Casa Grande.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



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CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X yes no

Type of auditors' report issued on compliance for each major programs listed below:

Community Development Block Grants
Homeland Security Grant Program

Unmodified
Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes X no

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|--------------|------------------------------------|
| 14.228 | Community Development Block Grants |
| 97.067 | Homeland Security Grant Program |

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

\$750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019-001 INADEQUATE SEGREGATION OF DUTIES WITHIN PAYROLL

CRITERIA

Management is responsible for providing adequate segregation of duties for financial processes within the organization.

CONDITION/CONTEXT

As a result of observation and internal control testing over payroll processes it was determined that the former Finance Director and two finance department staff members had full access to all read and edit rights within the City's ADP payroll system without any oversight of those duties for a period of time during the fiscal year ended June 30, 2019. Although the City did require certain forms to be properly approved before any rate changes were made, no review occurred subsequent to any changes being made and no periodic reviews of rate changes had been implemented. Additionally, the former Finance Director had been serving both her current role and the role of Human Resources Director, giving her custody of checks, bank reconciliations, and full access to the payroll system creating a lack of segregation of duties. Additionally, both finance department staff members had access to checks, bank reconciliations, and payroll reporting also creating a lack of segregation of duties.

EFFECT

Opportunity was created for the former Finance Director and two finance department staff members to make unauthorized changes within the payroll system without being prevented or detected. This could have effectively allowed the them to abuse their power as defined by generally accepted government auditing standards. Although abuse may have occurred, the audit did not identify such abuse while planning and performing our extended audit procedures.

CAUSE

Management did not have adequate review procedures in place to segregate the duties with a separate individual parallel to the Finance Director and finance staff members to detect and correct an inappropriate change in payroll information and no policy in place to determine the appropriate rights to be provided to users with access to the payroll system.

RECOMMENDATION

We recommend the City maintains segregation of payroll rights and duties between a member of the Finance Department and Human Resources on an ongoing basis. The member of Human Resources should perform a periodic review of changes within the payroll system to ensure required documentation is properly approved and retained for any identified changes made by the Finance Department.

Additionally, we recommend that the City prepare a formal policy identifying the appropriate positions requiring access to the payroll system and create additional roles within the payroll system with only the read and edit rights to complete those specific duties, while also reviewing the users assigned to these roles on an annual basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019-002 PRIOR PERIOD RESTATEMENT – INCORRECT BASIS OF ACCOUNTING

CRITERIA

Governmental Accounting Standards Board (GASB) Statement 33 and Statement 34 paragraph 79 requires governmental funds to be presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Management is responsible for developing internal controls to ensure separate accounting related systems and/or subledgers are reconciled to the general ledger.

CONDITION/CONTEXT

While performing our audit procedures over grants and the Uniform Guidance testing related to the CDBG major program selected, we identified accounting discrepancies over the proper revenue recognition for accounting of program income in the governmental fund statements. As a result of these discrepancies it was determined that in fiscal year 2018 the CDBG Fund was accounting for program income using the full accrual basis of accounting rather than the modified accrual basis of accounting as required by GAAP.

Additionally, the City uses a CIS billing system to maintain the direct loans provided to CDBG revolving loan fund recipients. The CIS billing system was not reconciled to the general ledger in fiscal year 2019.

EFFECT

Material adjustments were required to properly state deferred inflows of resources and program income within the CDBG fund, a governmental-type fund.

CAUSE

Management did not have adequate review or reconciliation procedures in place to detect and correct an inappropriate change in the basis accounting for the CDBG fund, and/or differences between the general ledger and subsidiary ledger related to the CDBG fund that is used to track revolving loan payments and loan balances.

RECOMMENDATION

We recommend that the City develop a review process to ensure all governmental funds are being accounted for under the modified accrual basis of accounting. We also recommend the City implements a monthly reconciliation process between the sub-ledger, CIS billing system, used to maintain revolving fund loans and the general ledger.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019-003 PRIOR PERIOD ADJUSTMENT – UNRECOGNIZED CAPITAL
CONTRIBUTIONS

CRITERIA

Governmental Accounting Standards Board (GASB) Statement 34 requires “donated” or “contributed capital assets” to be reported at estimated fair value at the time of acquisition.

CONDITION/CONTEXT

The City did not record, in its Statement of Governmental Activities and Net Position, the estimated fair value of capital assets that were contributed through the Villago Community Park developer agreement at the time the developer contributed the park to the City.

EFFECT

The current year’s Net Position was understated by the net effect of the contributed capital and related accumulated depreciation that should have been taken if the assets were capitalized and depreciated in prior years.

CAUSE

The City’s Finance Department should be kept informed of the agreements and benefits obtained by other departments within the City regarding various vendors and developers so that it has the information it needs in order to record all material financial matters.

RECOMMENDATION

We recommend that the City implement process’s and controls to better communicate between the Finance Department and planning/development departments to accurately capture and record all material developer contributions to the governmental capital assets.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019-004 BANK RECONCILIATIONS – DOCUMENTATION RETENTION AND
PERFORMANCE

CRITERIA

The City is required to retain documentation sufficient for reperformance of its processes and controls over financial reporting to accurately reflect its financial transactions. The City is also required to perform and monitor controls over its financial reporting processes to properly reflect its financial activities.

CONDITION/CONTEXT

Management was unable to reproduce details of its monthly bank reconciliations prior to June 30, 2019. As of the date of this audit report management has not reconciled its bank accounts to its general ledger since July 1, 2019.

EFFECT

There were material discrepancies in the general ledger due to a lack of bank reconciliations where management was unable to timely resolve in an effective and efficient manner. Also, the City is currently unable to reconcile various accounts in the general ledger due to the untimely bank reconciliations which could lead to problems with cashflows and fiscal management.

CAUSE

The lack of management's documentation retention and control oversight has led to a failure in reperforming the details for all its monthly bank reconciliations during the fiscal year 2019 other than June 2019. Additionally, the lack of controls and processes has caused the City to not have current reconciliations of its bank accounts for the period July 2019 through the date of this report.

RECOMMENDATION

We recommend that the City establish and perform procedures and controls to timely reconcile its cash in the depositories to the balance on the City's general ledger.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019-005 BANK RECONCILIATION - CIRCUMVENTING CONTROLS

CRITERIA

The City is required to implement and monitor processes and controls over financial reporting to accurately reflect its financial transactions.

CONDITION/CONTEXT

Management circumvented the processes and controls over the monthly bank reconciliation process by recording material unreconciled monthly timing differences to miscellaneous revenues.

EFFECT

Material adjustments were required to properly state cash and remove the activity posted to the miscellaneous revenues account. This could have effectively allowed the former Finance Director to abuse their power as defined by generally accepted government auditing standards. Although abuse may have occurred, the audit did not identify any such abuse while planning and performing our extended audit procedures.

CAUSE

Reconciling items have not been properly identified throughout the year, which can lead to the City not having the accrual based cash balance needed for making decisions. The current Generally Accepted Governmental Auditing Standards (GAGAS) "Yellow Book" paragraph 4.07 defines abuse as "behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances"

RECOMMENDATION

We recommend that the City properly reconcile its cash accounts to account for all activity throughout each month of the year and implement procedures to review all reconciliations prepared.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019–006 VALUATION OF UTILITY JUDGMENTS RECEIVABLE

CRITERIA

The City should reconcile the utility judgements receivable subledger to the general ledger to ensure the amounts are accurate. Also, an allowance should be estimated for any long-term outstanding accounts.

CONDITION/CONTEXT

The utility judgments receivable account balance did not match the year end subledger balance. Additionally, more than half of the judgments had not received payment in more than a year, indicating a need for an allowance for doubtful accounts for those judgements.

EFFECT

Significant audit adjustments were required to properly state assets and expenses during the year.

CAUSE

Proper reconciliation procedures were not followed, and collectability was not analyzed to ensure that financial statements were accurately reported as required by GAAP.

RECOMMENDATION

We recommend that the City reconcile judgments monthly as well as analyze the collectability of the amounts outstanding.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

FINDING 2019–007 RECONCILIATION OF SUBLEDGERS TO THE GENERAL LEDGER

CRITERIA

The City should reconcile all sub-ledgers to the general ledger monthly to ensure the amounts included in the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

CONDITION/CONTEXT

Several material accounts balances did not match the sub-ledgers, including CIS and ComDev, which indicated there were no reconciliations taking place.

EFFECT

Several material adjustments to miscellaneous expenses were required to properly state assets, liabilities, and revenues of the City.

CAUSE

Proper reconciliation procedures were not followed to ensure that financial statements were accurately reported as required by GAAP for the City.

RECOMMENDATION

We recommend that the City develop a month-end checklist of all sub-ledger reconciliations required and that management review the reconciliations to ensure they are properly stated as of the fiscal year end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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

REPEAT FINDING 2018–001 FINANCIAL STATEMENT CLOSING PROCESS

CRITERIA

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

CONDITION/CONTEXT

Amounts were not recognized in the appropriate reporting period at year end which indicated proper closing procedures were not followed.

EFFECT

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

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number: 2019-008

Repeat Finding: No

Federal Agency: Department of Housing and Urban Development and Department of Homeland Security

CFDA Number: 14.228 and 97.067

CFDA Title: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii and Homeland Security Grant Program

Federal Award ID: MC-32-0007 and 170427-01

Pass-Through Agency: None and Arizona Department of Homeland Security

Questioned Costs: N/A

Type of Finding: Significant deficiency in internal control over compliance

Compliance Requirement: Activities Allowed / Allowable Costs

CRITERIA

Management is responsible to design and implement internal controls to provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

CONDITION/CONTEXT

For 2 of 8 payroll transactions tested for CFDA 14.228 an appropriate level of management did not approve employee's time in the ADP payroll system. For 1 of 40 payroll transactions tested for CFDA 97.067 an appropriate level of management did not approve employee's time in the ADP payroll system.

EFFECT

There is the potential for an unallowable activity or cost to be charged to grants without an appropriate level of management reviewing and approving payroll transactions.

CAUSE

Management did not make certain that approval parameters within the ADP system would not allow payroll to be processed without proper approval.

RECOMMENDATION

We recommend that management enhance the approval parameters within the ADP system or implement additional controls over payroll processing to ensure payroll cannot be completed without proper approvals of all employees' time.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.

CITY OF CASA GRANDE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS (Continued)

Finding Number: 2019-009
Repeat Finding: No
Federal Agency: Department of Housing and Urban Development
CFDA Number: 14.228
CFDA Title: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
Federal Award ID: MC-32-0007
Pass-Through Agency: N/A
Questioned Costs: N/A
Type of Finding: Significant deficiency in internal control over compliance
Compliance Requirement: Program Income

CRITERIA

Management is responsible to design and implement internal controls to provide reasonable assurance that program income is properly determined and recorded in the accounting records.

CONDITION/CONTEXT

Management did not review payment records from the CIS billing system to ensure the principal and interest payments received from borrowers were properly recorded as program income in the general ledger.

EFFECT

Program income recorded in the accounting records did not agree to the principal and interest received from revolving loan payments.

CAUSE

Management did not make certain all reviews and reconciliations that were designed to be completed were continued after personnel changes occurred.

RECOMMENDATION

We recommend that management enhance documentation of month end responsibilities so that when personnel changes occur all duties designed to be performed are completed.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

We concur with the finding. See Corrective Action Plan.



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CITY OF CASA GRANDE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

The findings from the year ended June 30, 2018 schedule of findings and recommendations are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2018-001 FINANCIAL STATEMENT CLOSING PROCESS

CRITERIA

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

CONDITION/CONTEXT

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

EFFECT

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

CAUSE

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

RECOMMENDATION

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

Current Status: Uncorrected. Management had provided a plan of corrective action to be implemented during fiscal year 2019. The Finance Department experienced significant vacancies in its professional accounting staff. Of the three staff members responsible for professional accounting support, Casa Grande experienced vacancies of approximately 6 months in two of the positions: Accounting Manager and Senior Accountant. The vacancies impacted the organization's ability to complete the necessary policies, procedures and training for the corrective action. Casa Grande has one remaining vacancy in our professional accounting staff. This position is expected to be filled by the end of June 2020.

A month end and year-end checklist which addresses the required accruals, adjustments, reconciliations and general ledger detail reviews will be implemented during fiscal year 2020. Closing procedures will be completed and documented at year end to ensure that the recording and reporting of financial transactions is timely, accurate, and complete. Month-end closing meetings will be established going forward to provide support for staff and to make sure staff is accountable for timely completion of month-end and year-end procedures. Training for staff will

also be a focus on an ongoing basis so that the staff has the proper knowledge to accurately record and reconcile transactions.

Management takes the recommendations for accurate financial reporting seriously and intends to take appropriate action to ensure correction of all deficiencies going forward.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Rob Sweeney', with a large, stylized flourish at the end.

Rob Sweeney, Interim Finance Director
City of Casa Grande



The City of Casa Grande respectfully submits the following corrective action plan for the year ended June 30, 2019.

Henry & Horne, LLP
1115 E. Cottonwood Lane, Suite 100
Casa Grande, AZ 85122
Audit period: June 30, 2019

The finding from the June 30, 2019 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

FINDING 2019-001 INADEQUATE SEGREGATION OF DUTIES WITHIN PAYROLL

Recommendation: We recommend the City maintains segregation of payroll rights and duties between a member of the Finance Department and Human Resources on an ongoing basis. The member of Human Resources should perform a periodic review of changes within the payroll system to ensure required documentation is properly approved and retained for any identified changes made by the Finance Department.

Additionally, we recommend that the City prepare a formal policy identifying the appropriate positions requiring access to the payroll system and create additional roles within the payroll system with only the read and edit rights to complete those specific duties, while also reviewing the users assigned to these roles on an annual basis.

Action Taken: Management agrees that segregation of duties is important to maintain internal controls throughout the payroll processing cycle including a periodic review of changes made within the payroll system. Management has already taken steps to segregate duties between the Human Resource Department and the Finance Department for ongoing payroll processing, review of changes within the payroll system, distribution of payroll checks, and reconciliation of the payroll bank accounts. Further steps will be taken including preparing a formal policy regarding segregation of payroll system access, separating users and administrators of the system and limiting access for those with reconciliation duties. Payroll procedures will be documented segregating the roles of preparing, reviewing and approving, distributing, and reconciling payroll entries. We will also secure the check stock in a locked cabinet with access only by those with payroll processing duties. This policy and additional segregation procedures will be accomplished for the fiscal year 2020 audit period.

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESSES

FINDING 2019-002 PRIOR PERIOD ADJUSTMENT – INCORRECT BASIS OF ACCOUNTING

Recommendation: We recommend that the City develop a review process to ensure all governmental funds are being accounted for under the modified accrual basis of accounting. We also recommend the City implements a monthly reconciliation process between the sub-ledger, CIS billing system, used to maintain revolving fund loans and the general ledger.

Action Taken: Management agrees that reconciliation between the sub-ledger, CIS billing system, and the general ledger needs to occur monthly to correct discrepancies in a timely manner and maintain accurate financial information. Management will put a process in place to reconcile governmental funds on a monthly basis going forward. Management will also review that all governmental funds are being accounted for under the modified

accrual basis of accounting to ensure the accuracy of the financial statements. These duties will be assigned to an individual with adequate training. These actions will be in place for the fiscal year 2020 audit period.

FINDING 2019-003 PRIOR PERIOD ADJUSTMENT – UNRECOGNIZED CAPITAL CONTRIBUTIONS

Recommendation: We recommend that the City implement processes and controls to better communicate between the Finance Department and the Planning Department to accurately capture and record all material developer contributions to the governmental capital assets.

Action Taken: Communication between the Finance Department and the planning/development departments is essential to the accuracy of the financial and capital asset records. Such communications were essential in the closure of an outstanding issue. In one particular case, the City was unable to capture a developer's contributions to the governmental capital assets due to poor recordkeeping on the developer's part. The original developer did not keep track of costs associated with public amenities subject to the development agreement. Multiple years and developers later, the City and the current developer negotiated a value of the park amenities using period pricing of the improvements deeded to the City. The Casa Grande City Council, in October 2019, approved an amendment to the development agreement specifying the value of the improvements. City staff booked the park improvement asset value as of its acceptance date and depreciated its costs through the period ending June 2019. Going forward, we can strengthen the development agreement language to require the developer to timely inform the City of the value of public improvements being accepted by the City.

FINDING 2019-004 BANK RECONCILIATIONS – DOCUMENTATION RETENTION AND PERFORMANCE

Recommendation: We recommend that the City establish and perform procedures and controls to reconcile its cash in the depositories to the balance on the City's general ledger.

Action Taken: Management agrees that timely reconciliation of bank statements will insure sufficient cashflow and fiscal management. During FY 2020 documentation procedures have been improved to provide sufficient support for reperformance of reconciliation processes. This practice of complete documentation is currently being used on a consistent basis.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

FINDING 2019-005 BANK RECONCILIATION - CIRCUMVENTING CONTROLS

Recommendation: We recommend that the City properly reconcile its cash accounts to account for all activity throughout each month of the year and implement procedures to review all reconciliations prepared.

Action Taken: Management agrees with the recommendation to monitor the monthly bank reconciliation process. Monthly reconciliations will be required to ensure that adjustments necessary are recorded timely and any discrepancy can be easily identified and corrected. Also, a second review by the Finance Director, or his or her qualified staff member, of bank reconciliations and documentation supporting any adjusting entries made to reconcile cash will be implemented. The process for reconciliation and approval will be documented in a formal procedure. This procedure will be completed for the fiscal year 2020 audit period. All reconciliations for FY 2020 will be completed and will be reviewed by a second, qualified staff member.

FINDING 2019-006 VALUATION OF UTILITY JUDGMENTS RECEIVABLE

Recommendation: We recommend that the City reconcile judgments monthly as well as analyze the collectability of the amounts outstanding.

Action Taken: Management agrees that reviewing for collectability of judgements is important to ensure that the financial statements accurately reflect the amounts that can be collected. A formal policy of determining collectability of amounts outstanding will be established including a review by the city's attorney. This policy will be the guideline for review and adjustments on accounts using a fair and consistent basis. Using these policy

guidelines, the judgements will be reviewed on a regular basis to maintain the accuracy of the financial information according to generally accepted accounting principles. This policy will be established and a review of judgements will be completed at the end of fiscal year, 2020 and on an ongoing basis thereafter.

FINDING 2019-007 RECONCILIATION OF SUBLEDGERS TO THE GENERAL LEDGER

Recommendation: We recommend that the City develop a month-end checklist of all sub-ledger reconciliations required and that management review the reconciliations to ensure they are properly stated as of the fiscal year end.

Action Taken: Management agrees that reconciliation of subledgers to the general ledger should be included in the monthly checklist. This checklist will be part of the month end close and will be subject to a second review each month. This checklist will be established, and a reconciliation of all subledgers to the general ledger will occur for the fiscal year 2020 audit period and on an ongoing basis.

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESSES

FINDING 2018-001 FINANCIAL STATEMENT CLOSING PROCESS

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

Action Taken: Management agrees that proper closing procedures were not followed during fiscal year 2018 and 2019 years. This resulted in an unacceptable number of audit and reclass entries. The steps to be taken during fiscal year 2019 were not fully implemented resulting in a repeat finding during the financial audit.

An Interim Finance Director has been hired as well as new accounting staff. Vacancies in the department have been or will be filled, focusing on hiring and realigning current staff so that individuals assigned to these duties possess the requisite skill and experience. Month and year-end checklists which address the required accruals, adjustments, reconciliations and general ledger detail reviews are currently being established. Closing procedures will be completed and documented by year end to ensure that the recording and reporting of financial transactions is timely, accurate, and complete. Month end close meetings will be established in the future to provide support for staff and to make sure staff is accountable for timely completion of month end and year end closing procedures. Training of staff will also be a focus on an ongoing basis so that staff has the proper knowledge to accurately record and reconcile transactions. These improvements are in process currently and will be reflected in the accuracy of the financial statements for fiscal year 2020.

FINDINGS – FEDERAL AWARDS

SIGNIFICANT DEFICIENCIES

FINDING 2019-008 ACTIVITIES ALLOWED / ALLOWABLE COSTS FOR PAYROLL

Recommendation: We recommend that management enhance the approval parameters within the ADP system or implement additional controls over payroll processing to ensure payroll cannot be completed without proper approvals of all employees' time.

Action Taken: Management agrees that the payroll process requires controls regarding processing and approval. Approval levels for timekeeping will be reviewed and documented keeping segregation between employees and supervisors in mind. Appropriate levels of approval will be established for employee time charged to grants and federal funding according to the funding source requirements. System controls will be implemented as available, to ensure this level of approval is controlled during the payroll process. A formal policy will be established documenting these controls. The review of timekeeping approval levels and system controls along with the policy will be completed for the fiscal year 2020 audit period.

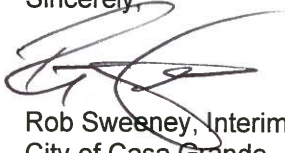
FINDING 2019-009 PROGRAM INCOME

Recommendation: We recommend that management enhance documentation of month end responsibilities so that when personnel changes occur all duties designed to be performed are completed.

Action Taken: Management agrees that enhanced documentation for month end responsibilities will ensure that even with personnel changes, necessary entries, reconciliations, and closing procedures are performed in a consistent, accurate, and timely manner. This documentation will include checklists of required postings and reconciliations. Checklists will be established for the fiscal year 2020 audit period. Detailed procedures and documentation of staff assignments will be established for the duties performed. These procedures will include daily, weekly, monthly and year end duties. These procedures will be documented on an ongoing basis and re-evaluated annually beginning with fiscal year 2021.

If there are questions regarding this plan, please call me at 520-421-8600.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rob Sweeney', is written over the printed name.

Rob Sweeney, Interim Finance Director
City of Casa Grande