



City of Eloy, Arizona



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2015

628 North Main Street – Eloy, Arizona 85131

City of Eloy, Arizona



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

Prepared by the Finance Department
Brian M. Wright, Finance Director

CITY OF ELOY, ARIZONA

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INTRODUCTORY SECTION

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628 North Main Street, AZ 85122, (520) 466-9201, (520) 466-3760 Fax, (520) 466-7455 TDD

December 11, 2015

To the Honorable Mayor, Members of the City Council and Citizens of Eloy, Arizona:

State Statutes require that cities and towns publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Eloy, Arizona (the City), for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City of Eloy. Consequently, management assumes full responsibility for the accuracy of the data, and the completeness and fairness of all of the information presented in this report. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Heinfeld, Meech & Co., P.C., certified public accounting firm. The goal of the independent audit is to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's statements for the fiscal

year ended June 30, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a boarder, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. 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 City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF ELOY

The City was incorporated in 1949 with an estimated population of 4,700. In 1965, the Toltec area was annexed increasing the City's incorporated area to 11 square miles. By the year 2000, the city limits had increased to 71 square miles. As of June 2015, the incorporated city limits is 113.28 square miles with a planning area of 511.45 square miles and has an estimated population of 16,531.

Located in central Pinal County, the City is along Interstate 10 (I-10) approximately halfway between the cities of Phoenix and Tucson. Historically, the City's economy has been largely dependent upon agriculture. The area is part of the Santa Cruz Basin which is one of Arizona's most fertile soil and agricultural areas. The economy has diversified, with over three-quarters of its businesses and nearly half its employment now in the industrial, wholesale/retail trade, and service sector.

The City operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and six Council Members. Council Members are elected to four-year staggered terms. The citizens elect the Mayor then the Council, from among its members, selects the Vice-Mayor. The City Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees, the hiring and removal of the City Manager, City Attorney, City Magistrate, and City Clerk. The City Manager is responsible for the implementation of the policies of the City Council. The City Manager appoints all other department heads except those mentioned above under the City Council responsibilities.

The City provides a full range of municipal services, including police protection, the construction and maintenance of streets and infrastructure; as well as recreational and cultural activities. The City's three enterprise funds provide water, wastewater, and solid waste disposal. The City also operates a library, a cemetery, and general aviation airport.

As with all cities in the State of Arizona, the City is required to comply with Article IX, Section 20(1) of the Arizona Constitution, which sets limits on the City's legal budget capacity. The City of Eloy currently operates under the Alternative Expenditure Limitation – Home Rule Option. This option allows the City Council to establish the budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. The voter must authorize this option every four years. The Citizens of Eloy last authorized it in August 2014.

The annual operating budget serves as the foundation for the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the City Council. The City's proposed operating budget is presented to the City Council for review throughout the budget cycle starting in January with final approval in June. The City Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. Budget amendments and Transfers requiring the approval of the City Council include the following: budget transfers between funds; transfers to fund additional personnel or increased expenditures as a result of personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments that involve transfers between line items or expenditure categories require approval by the City Manager.

ECONOMIC CONDITIONS

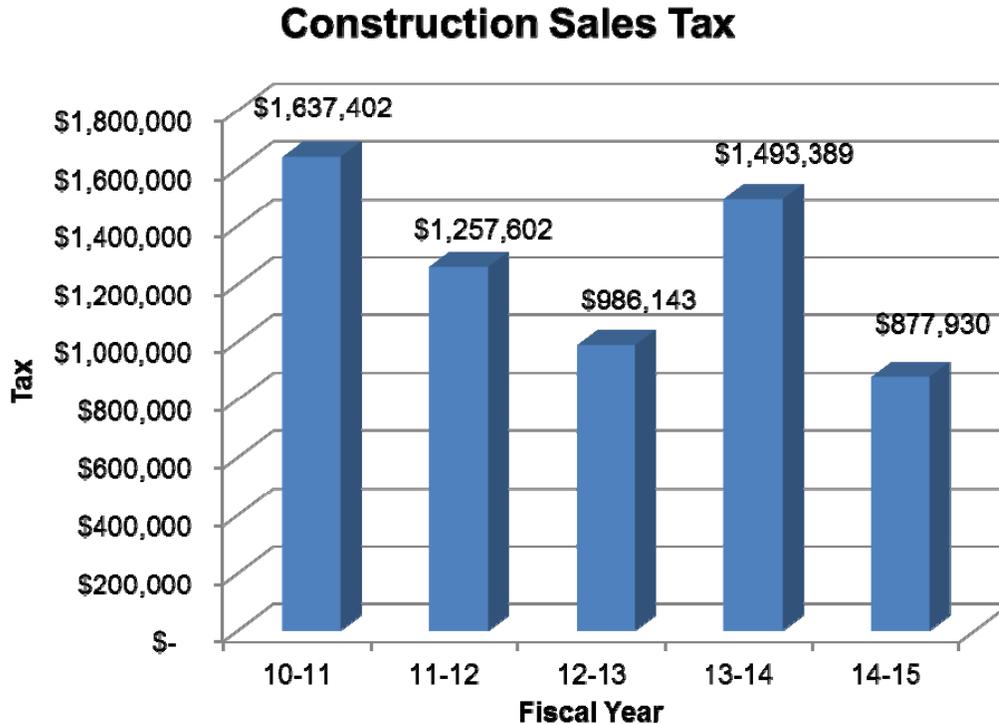
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The local economy of Eloy is a diverse combination of agriculture, manufacturing, commercial, private prisons, and service activities. Majority of the local tax bases is located along Interstate 10, which is supported by restaurants, truck stops and local business. Local indicators continue to point towards stagnant growth. Revenues in the General Fund decreased by 1% overall with the primary growth in intergovernmental revenues which grew by 7%. Local taxes, charges for services and permits/fees all decreased from the prior fiscal year.

The City, like most municipalities, is significantly dependent upon local sales taxes, which are subject to economic fluctuations. Local sales taxes, also known as city sales tax, comprised of 41% of general fund revenues. Local sales taxes are comprised of retail, construction, restaurant/bar, hotel/motel, and other taxing categories. Of those revenues, retail, construction and restaurant/bars comprised 62% of the total local sale tax revenues.

The local tax base is stable however; a few of the taxing categories are volatile. One those taxing category is retail tax. Retail tax has decrease 21% from the prior year. The major reason for this decrease was the elimination of the tax on food for home base consumption.

Construction sales tax is the other category. Since 2011, construction sales tax has decrease 54%. Much of this decline is due to the slowing of construction of housing along with the decline in economic development projects. In 2014-15, local sales collections were \$4,788,947 or \$724,278 less than that of the prior year. Much of this fluctuation was from retail and construction sales taxes.

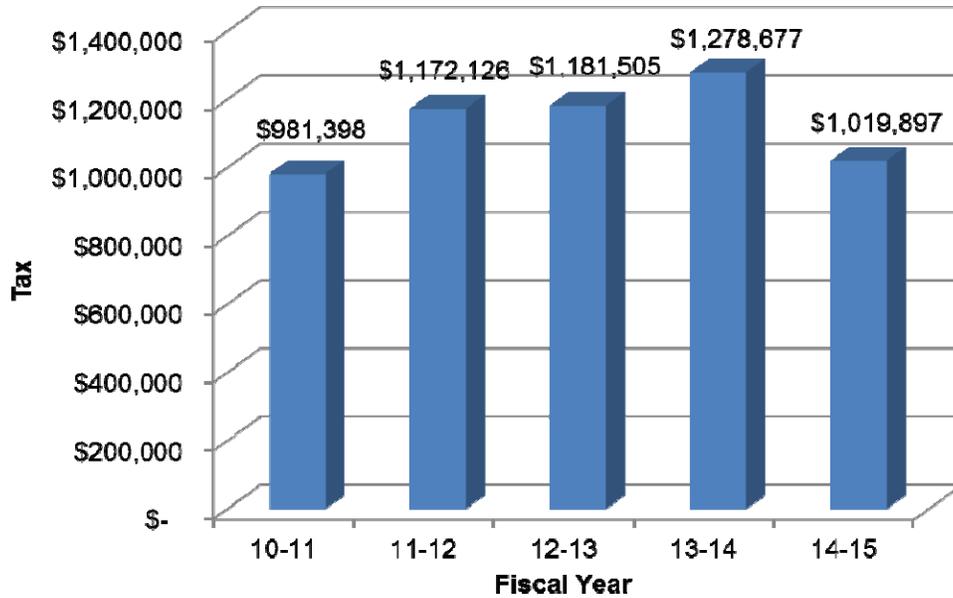


Construction Sales Tax represents one of the largest taxing sources from the City’s local tax base. It is also the most volatile and unstable tax.

The tax rate is 4.5% with 3.0% dedicated to one-time capital projects and 1.5% dedicated to Street Improvements. The City does not budget construction sales tax into the operations and maintenance of city services, but uses this one-time revenue source to fund capital projects or one-time expenses.

The graph to the right shows the fluctuations in construction sales tax collected from 2011-2015. In 2014-2015, construction sales tax was \$877,930 or 18.33% of overall tax collected.

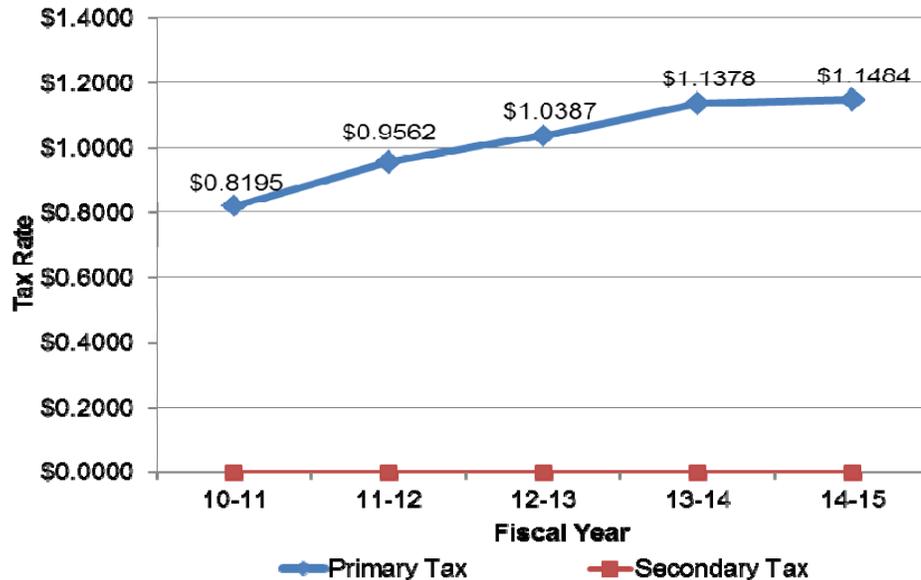
Retail Sales Tax



Retail sales tax is collected on items such as supplies, tools, clothing, materials, and etc. The tax rate for retail sales is 3%. In July 2015, Eloy's City Council approved the elimination of tax on food for home base consumption. This reduction had a negative impact on the retail tax collected of approximately \$250,000.

Since 2011, retail sales tax has increased 4% over the last five years. A few of the contributing factors is the continual residential growth in Robson Ranch subdivision and the I-10 corridor.

Property Tax



Property Tax is one of the most stable sources of revenue because it is not subject to the same fluctuations sometimes experienced with other excise taxes.

Eloy has a primary property tax rate but no secondary property tax rate. The primary property tax rate has increased from .11378 in 2013-2014 to 1.1484 in 2014-15 per \$100 of assessed valuation.

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

In 2014-2015, the City continued to invest in programs and infrastructure that makes Eloy a better community. The following are some of the efforts and accomplishments during the year:

General Administration

- Redesigned the official City website and implemented a City Facebook page
- Obtained Foreign Trade Zone Designation for Sunshine Industrial Park
- Developed and adopted a Financial Investment Policy
- Partnered with Pinal Hispanic Council to open the Eloy Veterans Center

Community Development

- Designed new community signage
- Adopted the 2012 International Building Codes
- Adopted and Implemented the revised Development Fees to comply with State law
- Issued 74 residential building permits

Parks and Recreation

- Renovated the Main Street Recreation Center
- Replaced playground equipment and ramada's at Jones Park
- Constructed decorative block fence at the Eloy Memorial Park
- Afterschool Program participation increased to 300 or a 20% increase

Police

- Obtain grant funding for the purchase of body cameras for police officers
- Purchase 4 new police vehicles and 1 new animal control truck
- Initiated "Coffee with a Cop" program for citizens to engage with local officers
- 6 animal were adopted while 35 were turned over to a no kill shelters for adoption

Airport

- Developed and Adopted a master drainage plan for the Airport
- Obtained a grant for design and construction of 3 new taxi-lanes at Airport
- Remodel the pilot lounge at Airport

Public Works

- Implemented GIS program and purchase new image plotter
- Expanded Sewer Main on Shedd Road
- Double Chip Seal 11,400 linear feet of roads in the Toltec area
- Reconstructed Shedd Road and Giles Street
- Slurry Sealed 16.6 miles of streets throughout Eloy
- Negotiated new contract with Right-Away Disposal for sanitation and implementing curbside residential recycling

FUTURE ECONOMIC OUTLOOK

The City's responsiveness to emerging economic challenges and its careful long-range planning have been key factors in Eloy's fiscal health. The City will continue to use General Fund one-time revenue to fund capital projects along with constructing, repairing and maintaining city road ways. The City will be undertaking strategic planning to set newly revised long-term plans for the City during the City's budgeting sessions.

The City is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility. For FY 15-16, the City will continue on investing in the very elements of our operation that provide the highest return on investment for the future – our employees, our infrastructure, and continued delivery of quality community services.

A few of the strategies are:

- Employee performance merit and step increases have been budgeted for FY 15-16, along with continuing to fund all employee healthcare benefits and 70% of dependents benefits.
- The FY 15-16 budget includes more than \$1.1 million for street projects to Main Street, Toltec Road, Sunshine Boulevard, Alsdorf Road and 11th Street.
- The FY 15-16 budget includes more than \$1.3 million in capital related projects and equipment for Parks, Police, and Water.
- The Water and Wastewater Departments have received a combined \$5.4 million, from the Water Infrastructure Finance Authority of Arizona (WIFA), to replace water mains, reconstruction Pump Station 1, rehabilitation of the reservoir at Pump Station 2, closure of the sludge basin, and the rehabilitation of lift stations.
- The City will be instituting curbside recycling starting on November 1, 2015. This will be the City's first recycling program.
- The City received a grant, from ADOT, for design and construction of three (3) new taxi-lanes, which will allow for future expansion of T-Hangers at the Airport.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eloy for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the third year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

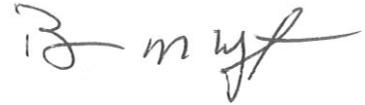
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated staff of the Finance Department and to the many members of other departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their leadership and support for maintaining the highest standards of professionalism in the management of the City of Eloy's finances.

Respectfully submitted,



Harvey Krauss
City Manager



Brian M. Wright
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

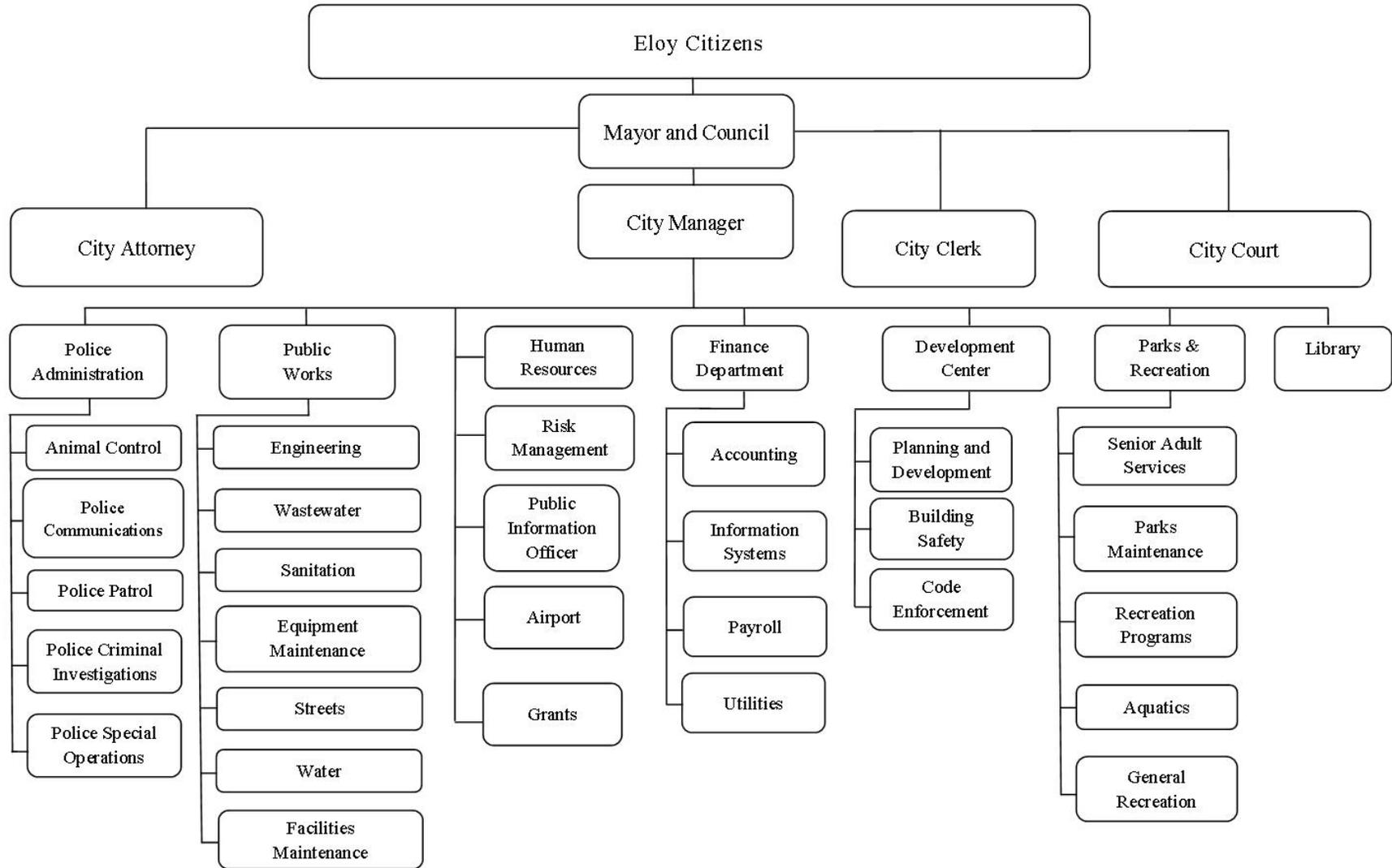
City of Eloy
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Eloy Organizational Chart



X

CITY OF ELOY



List of Elected and Principal Officials for Fiscal Year Ended June 30, 2015

City Council

Joel G. Belloc

Mayor

Micah Powell

Vice Mayor

J.W. Tidwell

Augustine Saucedo

J.R. Nagy

Andrew Rodriguez

JoAnne Galindo

City Manager

Harvey Krauss

Finance Director

Brian Wright

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Eloy, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Eloy, Arizona (City), as of and for the year ended June 30, 2015, 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.

Auditor's 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 auditor's 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Eloy, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability 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's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules 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 Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of City of Eloy, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Eloy, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 11, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

As management of the City of Eloy, 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 ending June 30, 2015. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The financial statements, which follow Management's Discussion and Analysis, provide those significant key financial highlights for 2015 as follow:

- Assets exceeded liabilities at the close of the most recent fiscal year by \$39,904,793 (net position). Of this amount, \$4,810,980 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- General revenues from governmental activities, excluding transfers, accounted for \$10,352,451 or 72% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,965,519 or 28% of total governmental activities revenues. The City had \$6,178,420 of program revenues and \$8,837 in general revenues related to business-type activities.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balances of \$19,671,373, a decrease of \$657,691 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$13,284,750 or 144% of the total general fund expenditures.
- As of June 30, 2015, the net capital assets were \$41,739,740, an increase of \$1,173,148 from the prior year. Governmental activities increased by \$1,496,322 while business-type activities decreased by \$323,174.
- General Fund revenues exceeded expenditures by \$1,977,634 before transfers. After transfers of \$735,120, a positive change in fund balance occurred in the amount of \$1,242,514. This positive change was due to local sales tax and intergovernmental revenue exceeding budget estimates along with conservative spending.
- Total business-type revenues exceeded total business-type expenses (excluding transfers and capital contributions) by \$242,242 due to rate and fee increases to the water and sewer funds.
- The current year net loss before transfers in the HURF Fund was \$1,032,009 due to the road improvements to Shedd Road, Algodon, Juniper, Bandelier, and Mateo Drive.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide reporting – while governments have traditionally focused reporting on groupings of funds (i.e. General Fund, Special Revenue Funds, Capital Project Funds, etc.), the new model also contains financial statements on a government-wide basis.

Fund financial statements – the reporting model maintains governmental, proprietary and fiduciary fund financial statements, but the focus is on major funds within each fund.

Focus of governmental activities – in the government-wide financial statements all activities, including the governmental activities, are reported using the economic resources measurement focus and accrual basis of accounting. The current financial resources focus and modified accrual basis of accounting are maintained for the governmental fund and financial statements.

Infrastructure reporting – the new model requires governments to report the value of infrastructure assets of governmental activities (roads, bridges, storm drainage systems, parks, street lighting, etc.). These assets are reported in the governmental-wide financial statements.

Changes in budgetary reporting – the reporting model requires the display of both the original adopted budget and the amended budget in the budgetary comparison schedules. These schedules are only required for the general fund and major special revenue funds, although they may be presented for other funds as additional information.

Required narrative analysis – The reporting model requires that the financial statements be accompanied by narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide Financial Statements

The government-wide financial statements (see pages 23-25) are designed to provide a broad overview of the City's finances in a manner similar to those used by private businesses. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

The activities of the City are broken into two columns on these statements – governmental activities and business-type activities. A total column for the City is also provided.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS

The *governmental activities* include the basic services of the City including general government, culture and recreation, public safety, airport, and public works. Taxes and general revenues generally support these activities.

The *business-type activities* include the private sector activities such as water, sewer, and sanitation. User charges and fees predominantly support these activities.

The *statement of net position* presents information on all of the City's assets and liabilities, both current and long-term, with the difference between the two reported as net position. The focus of net position is designed to be similar to the emphasis for businesses. Over time any increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's infrastructure condition should be considered.

The *statement of activities* presents information showing how the City's net position changed over the most recent fiscal year. Since full accrual is used for the government-wide financial statements, 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. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for most of the City's basic services. Unlike the governmental activities column on the government-wide financial statements, these fund financial statements (pages 28-35) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in looking at the City's near-term financing requirements.

Since the governmental fund financial statements focus on near-term spendable resources, while the government activities on the government-wide financial statements have a long-term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS

Fund Balance Reporting and Governmental Fund Type Definitions, also known as GASB 54, is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Clarifications of the governmental fund type definitions, in Note 2 (page 48-49), will reduce uncertainty about which resources can or should be reported in the respective fund types.

Proprietary funds – Proprietary funds are used to account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. Enterprise funds are used for activities that primarily serve customers outside the governmental unit for which fees are charged. The City has three enterprise funds: the sewer, water and sanitation funds. The basic proprietary fund financial statements can be found on pages 36-40 of this report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-74 of this report.

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 or as required supplementary information after the notes. The City has chosen to present these budgetary statements as part of the required supplementary information after the notes. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information starting on page 76 of the financial statements.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis present a summary of the City's net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 21,220,827	\$ 21,335,835	\$ 4,207,697	\$ 3,356,845	\$ 25,428,524	\$ 24,692,680
Capital Assets	23,054,282	21,557,960	18,685,458	19,008,632	41,739,740	40,566,592
Total Assets	44,275,109	42,893,795	22,893,155	22,365,477	67,168,264	65,259,272
Pension Plan Items	1,681,916	-	154,235	-	1,836,151	-
Total Deferred Outflows	1,681,916	-	154,235	-	1,836,151	-
Current Liabilities	1,803,797	1,257,345	1,115,829	876,837	2,919,626	2,134,182
Noncurrent Liabilities	10,856,337	3,369,061	13,876,777	12,914,645	24,733,114	16,283,706
Total Liabilities	12,660,134	4,626,406	14,992,606	13,791,482	27,652,740	18,417,888
Pension Plan Items	1,180,772	-	266,110	-	1,446,882	-
Total Deferred Inflows	1,180,772	-	266,110	-	1,446,882	-
Net Position:						
Net Investments in Capital Assets	20,268,071	18,543,869	9,479,546	9,575,240	29,747,617	28,119,109
Restricted	4,629,220	4,489,679	716,976	715,299	5,346,196	5,204,978
Unrestricted	7,218,828	15,233,841	(2,407,848)	(1,716,544)	4,810,980	13,517,297
Total Net Position	\$ 32,116,119	\$ 38,267,389	\$ 7,788,674	\$ 8,573,995	\$ 39,904,793	\$ 46,841,384

The largest portion of the City's net position (75%) reflects its investment in capital assets (e.g. land, building, infrastructure, vehicles, and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported of net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,810,980 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The following are significant current year transactions, which had affected the change in net position.

- Completed 95 percent of the Shedd Road reconstruction project from Estrella Road to Giles with final completion anticipated by October 2015 for \$1,143,075.
- Completed double chip seal road work projects on Algodon, Juniper, Bandelier and Mateo Drive from Tonto Road to Shedd Road for \$232,852
- Purchase of a new Vacuum Truck for the Sewer Division for \$382,509.
- Recognition of \$9.0 million of net pension liabilities due to the implementation of GASB 68.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Position

The City's total revenue for the year ended June 30, 2015 was \$19,261,962. The total cost of all programs and services was \$17,782,483. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,243,265	\$ 1,181,715	\$ 4,935,155	\$ 4,505,098	\$ 6,178,420	\$ 5,686,813
Operating Grants and Contributions	2,065,313	1,963,469	-	-	2,065,313	1,963,469
Capital Grants and Contributions	656,941	1,378,869	-	6,170	656,941	1,385,039
General Revenue:						
City Sales Tax	4,801,113	5,516,526	-	-	4,801,113	5,516,526
Property Taxes	951,247	918,511	-	-	951,247	918,511
Franchise Taxes	144,163	141,905	-	-	144,163	141,905
Share of State Income Tax	2,013,285	1,853,736	-	-	2,013,285	1,853,736
Share of State Sales Tax	1,519,806	1,447,688	-	-	1,519,806	1,447,688
County of Auto Lieu Tax	831,046	774,269	-	-	831,046	774,269
Investment Income	37,981	49,941	8,837	1,726	46,818	51,667
Other Revenue	53,810	33,058	-	-	53,810	33,058
Total Revenues	\$ 14,317,970	\$ 15,259,687	\$ 4,943,992	\$ 4,512,994	\$ 19,261,962	\$ 19,772,681
EXPENSES						
Program Expenses:						
General Government	\$ 3,413,448	\$ 3,323,730	-	-	\$ 3,413,448	\$ 3,323,730
Public Safety	4,260,754	4,004,661	-	-	4,260,754	4,004,661
Public Works	2,380,812	2,221,837	-	-	2,380,812	2,221,837
Culture and Recreation	1,493,063	1,380,982	-	-	1,493,063	1,380,982
Community Development	1,021,468	1,119,187	-	-	1,021,468	1,119,187
Health and Welfare	191,679	260,682	-	-	191,679	260,682
Interest on Long-Term Debt	82,075	83,892	-	-	82,075	83,892
Water	-	-	2,207,156	1,961,170	2,207,156	1,961,170
Sewer	-	-	1,222,770	1,213,669	1,222,770	1,213,669
Sanitation	-	-	1,509,258	1,497,411	1,509,258	1,497,411
Total Expenses	12,843,299	12,394,971	4,939,184	4,672,250	17,782,483	17,067,221
Excess before Transfers	1,474,671	2,864,716	4,808	(159,256)	1,479,479	2,705,460
Transfers	(618,537)	(1,658,577)	618,537	1,658,577	-	-
Change in Net Position	856,134	1,206,139	623,345	1,499,321	1,479,479	2,705,460
Net Position, 6/30/14						
as previously reported	38,267,389	37,061,250	8,573,995	7,074,674	46,841,384	44,135,924
Net Pension Liability	(7,007,404)	-	(1,408,666)	-	(8,416,070)	-
Net Position, 7/1/14 as restated	31,259,985	-	7,165,329	-	38,425,314	-
Net Position, 6/30/15	\$ 32,116,119	\$ 38,267,389	\$ 7,788,674	\$ 8,573,995	\$ 39,904,793	\$ 46,841,384

**CITY OF ELOY, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

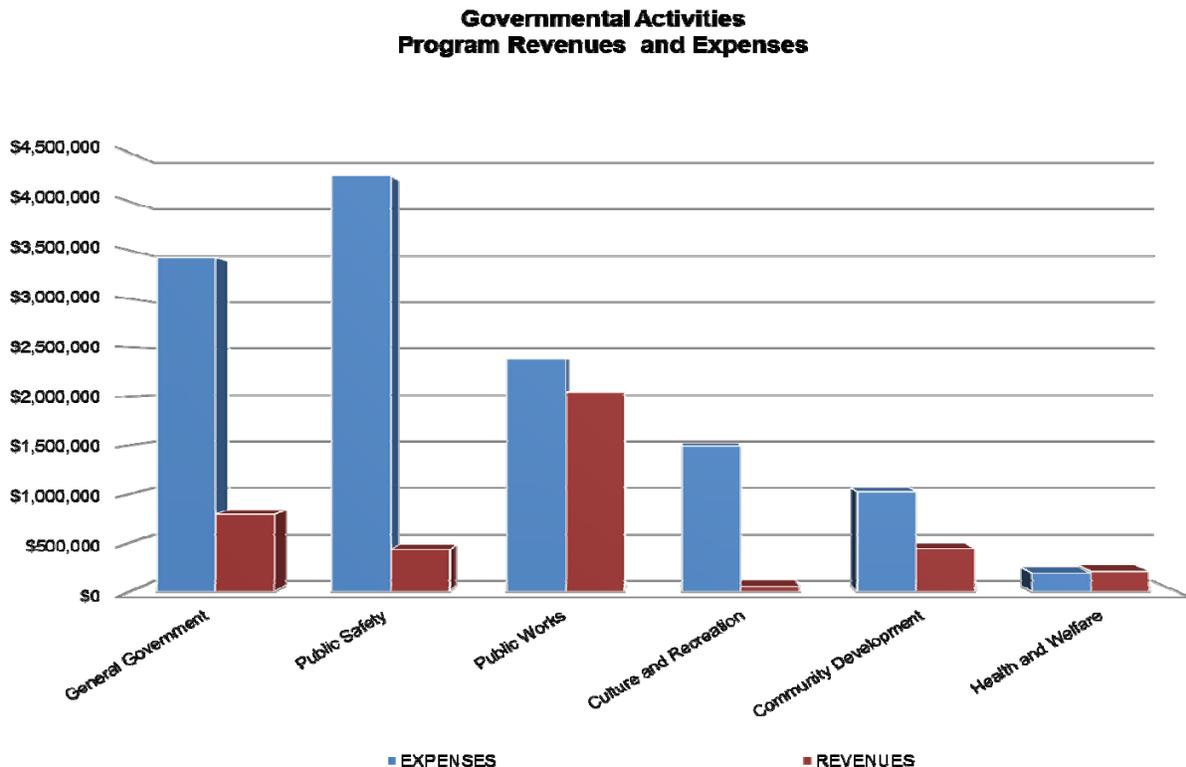
Government Activities

During the year, net position for governmental activities increased, before restating Net Position for Pension Liability, \$856,134 from the prior fiscal year, which was \$350,005 less (-29%) than the change in net position last year.

Significant variances between fiscal year 2015 and 2014 program revenues are explained below:

- Capital grants and contributions decreased \$721,928 or 52% over the prior fiscal year as the City receiving fewer federal grants during the fiscal year for Housing Rehabilitation.
- General revenues decreased \$383,183 to \$10,352,451, which comprised 72% of all governmental activities revenue sources. Explanations for the primary impacts follow:
 - City Sales Taxes were \$715,413 less (13%) than last year. The decrease is primarily attributed to the elimination of tax on food for home base consumption.
 - Intergovernmental Revenues (State Income, State Sales, and Auto Lieu Tax) were \$288,444 more (7%) than last year. The State distributes these revenues based upon proportional population figures.

As shown on the chart below, all functions had great program expenses than program revenues. Accordingly, general revenues were used to fund each of these functions.



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

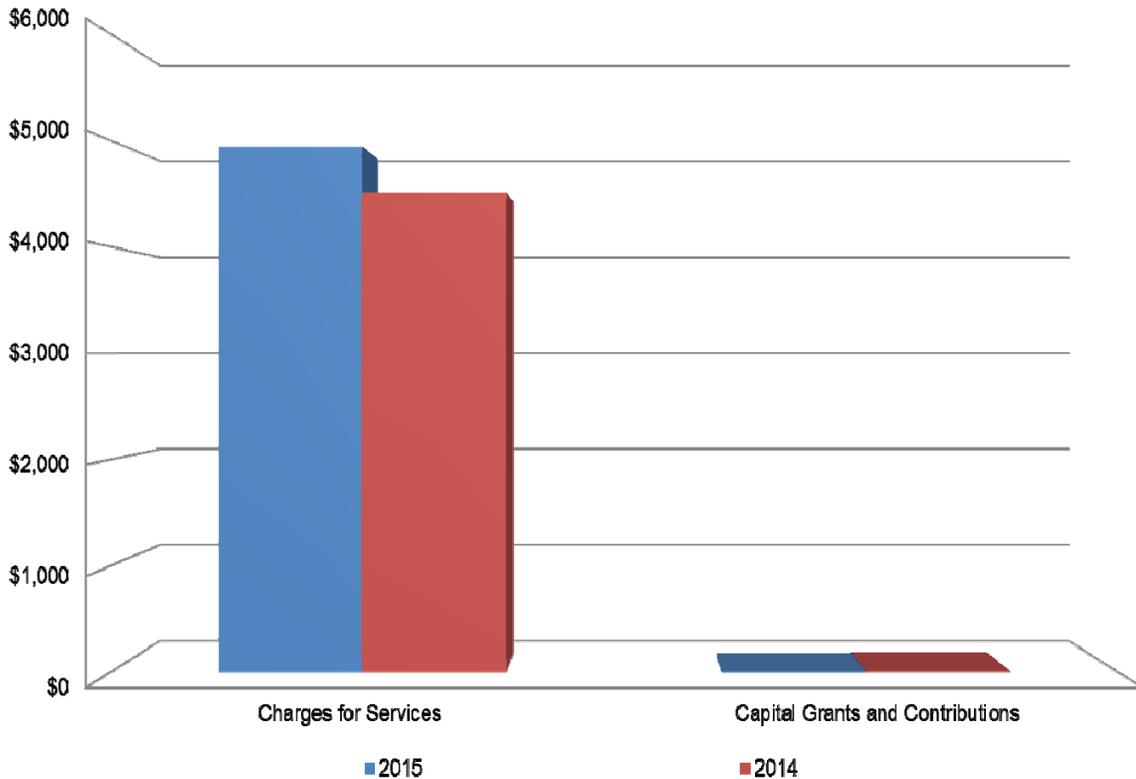
Business-Type Activities

Business-Type activities increased, before restating Net Position for Pension Liability, the City's net position by \$623,345 in fiscal year 2015. Last year, the change in net position was a positive \$1,499,321, a difference of \$875,976 when compared to the current year change.

Significant variances between fiscal year 2015 and 2014 program revenues are explained below:

- Charges for services were \$430,057 more (10%) than last year. The primary cause was attributed to increases to the water and sewer rates in October 2014.
- Transfers were \$1,040,040 less (63%) than last year. The primary cause for the decrease was the completion of the Houser Water Line Project, which had General Fund subsidy.

**Business-Type Activities
Revenues by Source
(In Thousands)**



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

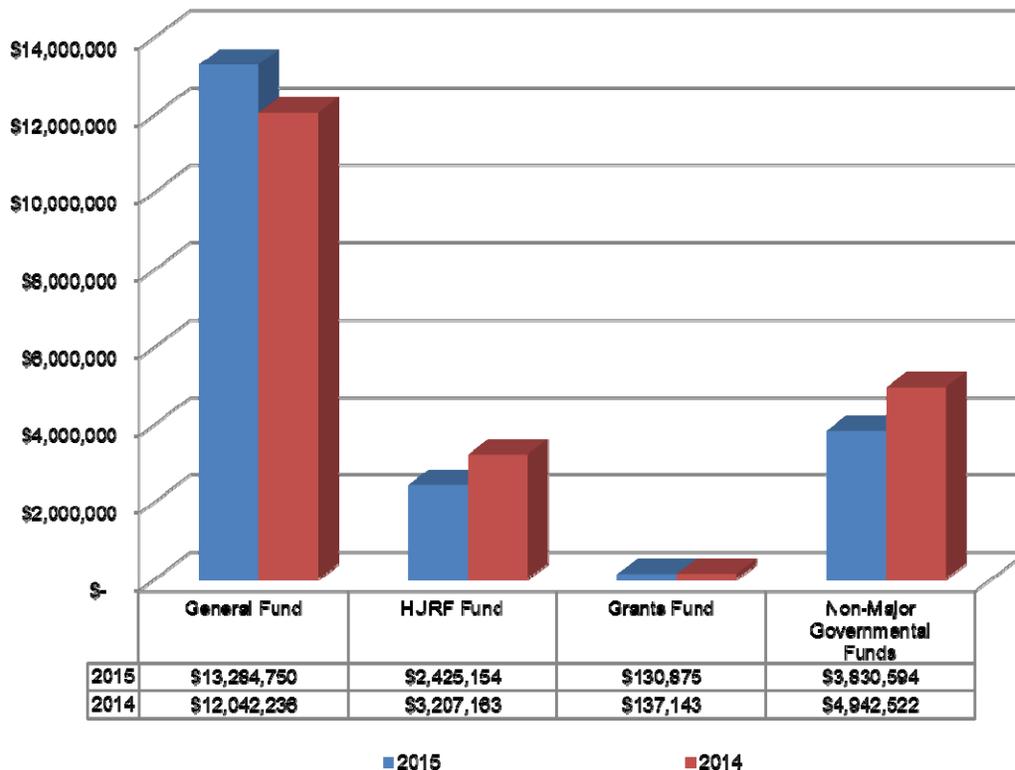
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

The focus of the City's governmental fund financial statements (pages 28-35) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, discretionary (i.e., unassigned, committed and assigned) fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For fiscal year ending June 30, 2015, the governmental funds reflect a combined fund balance of \$19,671,373, a decrease of \$657,691 compared to last fiscal year. Approximately 68% of this total amount, \$13,284,750, constitutes fund balance of the General Fund, which is available for contribution to assigned or committed fund balance.

Governmental Fund Balances



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The General fund is the principal operating fund of the City and accounts for many functions of the government, including public safety, culture and recreation, and general government. The general fund revenues total \$11,215,143 for fiscal year ending June 30, 2015. The expenditures before other financing sources and uses totaled \$9,237,509.

The net change of fund balance for the General Fund was \$1,242,514 after other financing sources and uses. This positive change was due to fiscal spending constraints, conservative budgeting forecasts, along with an increase in revenue from property taxes, permits and fees and intergovernmental revenue.

The Highway User Revenue Fund (HURF) is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and are required to be used for transportation purposes. Revenues in this fund totaled \$1,846,363, while expenses totaled \$2,878,372 for the fiscal year ending June 30, 2015. The net change of fund balance for the HURF Fund, prior to transfers, was a negative \$1,032,009. The primary causes of this negative decrease were road projects to Shedd Road, Algodon, Juniper, Bandelier, and Mateo Drive.

In the Grants fund, the net change in fund balance for June 30, 2015, prior to transfers, was a negative \$136,268. This negative variance is attributed to completing grants which the funds were received in the prior fiscal year.

Other non-major governmental funds of the City include the Airport Fund, LTAF Fund, Impact Fee Fund, Public Works Fund, JCEF Fund, Court Recovery Fund, Cemetery Fund, and Capital Projects Fund. All non-major funds of the City are combined into one column on the governmental fund statements. The fund balance for all other major governmental funds has decreased by \$1,467,048. This decrease can be attributed to capital and infrastructure projects completed during the fiscal year.

Proprietary Funds

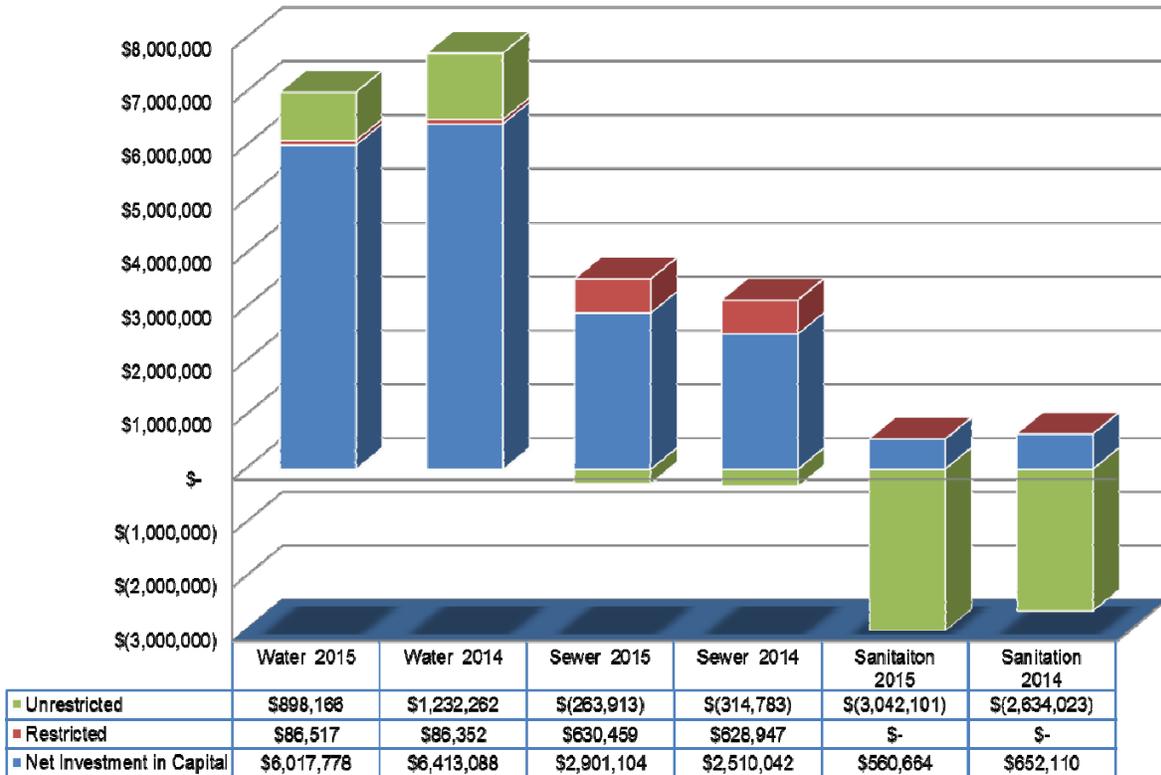
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discretely on the fund statements.

Net position of the Proprietary Funds was \$7,788,674 as of June 30, 2015. Total revenues in fiscal year 2015 were \$4,935,155, while total expenses totaled \$4,690,913 resulting in an operating income of \$244,242 before transfers.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Proprietary Fund's Net Position



BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 76-79. These statements compare 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 page 50 for more information on budget policies). No amendments increasing the City's total adopted budget of \$78,020,175 occurred during fiscal year 2015. Budget amendments between funds or from budgeted contingencies into operational expense/expenditures accounts did not occur.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

BUDGETARY HIGHLIGHTS

Budgetary comparison highlights for the major governmental funds are as follows:

- General fund expenditures of \$9,237,509 were only 84% of budgeted expenditures. Reduced expenditures and unfunded personnel resulted from unspent budget items.
- In the Highway User Revenue Fund, expenditures were 38% under budget yielding a \$1,807,493 positive variance from budget to actual. This is primary due to reduce construction costs on Shedd Road along with lower than anticipated street maintenance expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$29,747,617 in various capital assets, net of accumulated depreciation and related debt. The capital assets of the City (net of depreciation, but not capital debt) are \$41,739,740. This is a net increase of \$1,173,148. There was an increase in capital assets of \$1,496,322 within governmental activities. While within business-type activities capital assets decreased by \$323,174.

The following table provides a breakdown of capital assets of the City at June 30, 2015 and 2014. Additional information on the City's capital assets can be found in Note 6 on pages 53-54.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,163,628	\$ 7,151,128	\$ 347,468	\$ 347,468	\$ 7,511,096	\$ 7,498,596
Land Improvements	664,757	416,444	-	-	664,757	416,444
Construction In Progress	1,229,466	81,026	31,564	-	1,261,030	81,026
Buildings and Improvements	4,609,988	4,534,943	1,533	1,623	4,611,521	4,536,566
Infrastructure	7,224,659	7,321,566	-	876,880	7,224,659	8,198,446
Furniture, equipment and vehicles	2,161,784	2,052,853	1,160,517	-	3,322,301	2,052,853
Sewer lines and equipment	-	-	8,408,477	8,680,031	8,408,477	8,680,031
Water lines and equipment	-	-	8,735,899	9,102,630	8,735,899	9,102,630
Total	\$ 23,054,282	\$21,557,960	\$ 18,685,458	\$ 19,008,632	\$ 41,739,740	\$ 40,566,592

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

- The City purchased five vehicles for the Police Department for an amount of \$207,621.
- The City completed 2.16 miles of double chip seal of residential roadways in the Toltec area for an amount of \$232,852.
- The City completed 95% of the Shedd Road reconstruction for an amount of \$1,143,075.
- The City completed the expansion of the Sewer Main in the Toltec area for \$184,226.
- The City completed the construction of a decorative wall at the Cemetery for an amount of \$246,083.
- The City completed the renovation of the Recreation Building for an amount of \$156,583.
- The City purchased a new Sewer Vacuum Truck for an amount of \$382,509.

Long-term Debt

The City's outstanding long-term debt, including compensated absences, bonds, loans, leases, landfill costs, and pension liability, was \$25,678,595 at June 30, 2015. Of this total, \$11,139,657 was in governmental activities. All outstanding debt is secured by pledges of specific revenue sources of the City.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$	\$	\$ 545,411	\$ 568,870	\$ 545,411	\$ 568,870
Loans Payable	2,786,211	3,001,503	8,660,501	8,864,520	11,446,712	11,866,023
Capital Leases	-	12,587	-	-	-	12,587
Compensated Absences	654,022	644,729	56,683	53,411	710,705	698,140
Landfill closure and post-closure costs payable	-	-	4,004,446	3,894,673	4,004,446	3,894,673
Net Pension Liability	7,699,424	7,007,404	1,271,897	1,920,908	8,971,321	8,928,312
	<u>\$11,139,657</u>	<u>\$ 10,666,223</u>	<u>\$14,538,938</u>	<u>\$15,302,382</u>	<u>\$25,678,595</u>	<u>\$25,968,605</u>

During 2015, business-type activities of the City secured funding for WIFA Loans 920256-15 and 910164-15.

Additional information on the City's long-term debt can be found in Notes 7-9 on pages 55-59.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's officials have considered many factors during the process of developing the budget for fiscal year 2015-2016. Four primary factors that were considered when developing the budget. Those factors were a stagnant revenue base, the increasing cost to conduct business, aging infrastructure and failure of roadways. Also, considered in the development of the budget was the local economy. The adopted fiscal year 2015-2016 budget expects general fund revenues to increase by \$426,670. The primary cause of this increase is from a new contract for fiscal administration between the City and Corporation Corrections of America (CCA). The overall budget, for fiscal year 2015-2016 is expected to increase by \$1,444,370 over fiscal year 2014-2015. The primary reasons for this increase are from a \$5,450,000 loan for Water and Wastewater Improvements and rate increases for water and sewer. The City's population should remain stable in the upcoming year. The unemployment rate in Eloy should remain stable at 11.1%, which is above the national average of 5.3% and Pinal County of 7.4%. These indicators were considered when adopting the budget for fiscal year 2015-2016.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Eloy, 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 financial information, contact the Finance Department, City of Eloy, 624 North Main Street, Eloy, AZ 85131.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF ELOY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 20,032,968	\$ 2,707,176	\$ 22,740,144
Other Receivables	7,058		7,058
Property Taxes Receivable	49,204		49,204
Due from Governmental Entities	804,944		804,944
Accounts Receivable (Net of Allowance)		687,236	687,236
Loan Proceeds Receivable		239,313	239,313
Inventory		106,639	106,639
Internal Balances	249,643	(249,643)	
Total current assets	<u>21,143,817</u>	<u>3,490,721</u>	<u>24,634,538</u>
Noncurrent assets:			
Restricted Cash and Investments	77,010	716,976	793,986
Capital Assets, Non-Depreciable	8,393,094	379,032	8,772,126
Capital Assets, Depreciable (Net)	14,661,188	18,306,426	32,967,614
Total noncurrent assets	<u>23,131,292</u>	<u>19,402,434</u>	<u>42,533,726</u>
Total assets	<u>44,275,109</u>	<u>22,893,155</u>	<u>67,168,264</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan Items	<u>1,681,916</u>	<u>154,235</u>	<u>1,836,151</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable	932,153	169,953	1,102,106
Accrued Salaries and Wages Payable	496,061	33,686	529,747
Customer Deposits		145,956	145,956
Bonds Payable		24,536	24,536
Loans Payable	217,918	632,471	850,389
Compensated Absences	65,402	5,154	70,556
Interest Payable		103,723	103,723
Other Current Liabilities	92,263	350	92,613
Total current liabilities	<u>1,803,797</u>	<u>1,115,829</u>	<u>2,919,626</u>
Noncurrent liabilities:			
Noncurrent Portion of Long-Term Obligations	10,856,337	13,876,777	24,733,114
Total noncurrent liabilities	<u>10,856,337</u>	<u>13,876,777</u>	<u>24,733,114</u>
Total liabilities	<u>12,660,134</u>	<u>14,992,606</u>	<u>27,652,740</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan Items	<u>1,180,772</u>	<u>266,110</u>	<u>1,446,882</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	20,268,071	9,479,546	29,747,617
Restricted for:			
Debt Service		716,976	716,976
Highways and Streets	2,354,568		2,354,568
Grants	130,875		130,875
Capital Projects	1,898,685		1,898,685
Other Purposes	245,092		245,092
Unrestricted	7,218,828	(2,407,848)	4,810,980
Total net position	<u>\$ 32,116,119</u>	<u>\$ 7,788,674</u>	<u>\$ 39,904,793</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ELOY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government					
Governmental activities:					
General Government	\$ 3,413,448	\$ 790,722	\$	\$	\$ (2,622,726)
Public Safety	4,260,754	53,755	207,995	169,500	(3,829,504)
Public Works	2,380,812	154,961	1,835,821	47,464	(342,566)
Community Development	1,021,468	213,971		228,925	(578,572)
Health and Welfare	191,679			211,052	19,373
Culture and Recreation	1,493,063	29,856	21,497		(1,441,710)
Interest on Long Term Debt	82,075				(82,075)
Total governmental activities	<u>12,843,299</u>	<u>1,243,265</u>	<u>2,065,313</u>	<u>656,941</u>	<u>(8,877,780)</u>
Business-type activities:					
Water	2,207,156	2,195,416			
Sewer	1,222,770	1,217,763			
Sanitation	1,509,258	1,521,976			
Total business-type activities	<u>4,939,184</u>	<u>4,935,155</u>			
Total primary government	<u>\$ 17,782,483</u>	<u>\$ 6,178,420</u>	<u>\$ 2,065,313</u>	<u>\$ 656,941</u>	<u>(8,877,780)</u>

General revenues:

Taxes:	
Sales Taxes	4,801,113
Propert Taxes Levied for General Purposes	951,247
Franchise Taxes	144,163
County Auto Lieu Tax	831,046
Unrestricted State Revenues	3,533,091
Investment Income	37,981
Other Revenues	53,810
Transfers	<u>(618,537)</u>
Total general revenues and transfers	<u>9,733,914</u>

Changes in net position	856,134
Net position, beginning of year, as restated	<u>31,259,985</u>
Net position, end of year	<u>\$ 32,116,119</u>

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Business-type Activities	Totals
\$	\$ (2,622,726)
	(3,829,504)
	(342,566)
	(578,572)
	19,373
	(1,441,710)
	(82,075)
	(8,877,780)
(11,740)	(11,740)
(5,007)	(5,007)
12,718	12,718
(4,029)	(4,029)
(4,029)	(8,881,809)
	4,801,113
	951,247
	144,163
	831,046
	3,533,091
8,837	46,818
	53,810
618,537	
627,374	10,361,288
623,345	1,479,479
7,165,329	38,425,314
\$ 7,788,674	\$ 39,904,793

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FUND FINANCIAL STATEMENTS

**CITY OF ELOY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General	Highway User Revenue Fund	Grants
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,318,209	\$ 2,849,124	\$
Restricted Cash and Investments	77,010		
Other Receivables	700		
Property Taxes Receivable	49,204		
Due from Governmental Entities	442,106	167,404	195,434
Due from Other Funds	283,177		
Total assets	\$ 14,170,406	\$ 3,016,528	\$ 195,434
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 292,206	\$ 571,925	\$ 26,768
Accrued Salaries and Wages Payable	472,210	19,449	4,257
Due to Other Funds			33,534
Other Current Liabilities	92,263		
Total liabilities	856,679	591,374	64,559
Deferred inflows of resources:			
Unavailable Revenue - Property Taxes	28,977		
Fund balances:			
Restricted		2,354,568	130,875
Committed		70,586	
Assigned			
Unassigned	13,284,750		
Total fund balances	13,284,750	2,425,154	130,875
 Total liabilities, deferred inflows of resources and fund balances	 \$ 14,170,406	 \$ 3,016,528	 \$ 195,434

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,865,635	\$ 20,032,968
	77,010
6,358	7,058
	49,204
	804,944
	283,177
<u>\$ 3,871,993</u>	<u>\$ 21,254,361</u>
\$ 41,254	\$ 932,153
145	496,061
	33,534
	92,263
<u>41,399</u>	<u>1,554,011</u>
	<u>28,977</u>
2,143,777	4,629,220
496,082	566,668
1,190,735	1,190,735
	13,284,750
<u>3,830,594</u>	<u>19,671,373</u>
<u>\$ 3,871,993</u>	<u>\$ 21,254,361</u>

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total governmental fund balances **\$ 19,671,373**

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 funds.

Governmental capital assets	\$ 31,791,444	
Less accumulated depreciation	<u>(8,737,162)</u>	23,054,282

Property taxes collected 60 days after fiscal year end will not be available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds 28,977

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	1,681,916	
Deferred inflows of resources related to pensions	<u>(1,180,772)</u>	501,144

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

Compensated absences payable	(654,022)	
Loans payable	(2,786,211)	
Net pension liability	<u>(7,699,424)</u>	<u>(11,139,657)</u>

Net position of governmental activities **\$ 32,116,119**

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELOY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Highway User Revenue Fund</u>	<u>Grants</u>
Revenues:			
Sales Taxes	\$ 4,640,658	\$	\$
Property Taxes	961,454		
Franchise Taxes	144,163		
Licenses, Permits, and Fees	276,596		
Intergovernmental Revenue	4,431,578	1,835,847	808,662
Charges for Services	451,713		
Fines and Forfeitures	244,576		
Investment Income	22,732	10,516	
Impact Fees			
Other Revenues	41,673		
Total revenues	<u>11,215,143</u>	<u>1,846,363</u>	<u>808,662</u>
Expenditures:			
Current -			
General Government	2,343,944		
Public Safety	3,471,307		322,346
Public Works	597,775	1,259,036	
Community Development	589,070		498,101
Health and Welfare			89,707
Culture and Recreation	1,451,487		21,040
Capital Outlay	593,470	1,589,796	13,736
Debt service -			
Principal Retirement	123,330	19,733	
Interest and Fiscal Charges	67,126	9,807	
Total expenditures	<u>9,237,509</u>	<u>2,878,372</u>	<u>944,930</u>
Excess (deficiency) of revenues over expenditures	<u>1,977,634</u>	<u>(1,032,009)</u>	<u>(136,268)</u>
Other financing sources (uses):			
Transfers In		250,000	130,000
Transfers Out	(735,120)		
Total other financing sources (uses):	<u>(735,120)</u>	<u>250,000</u>	<u>130,000</u>
Changes in fund balances	<u>1,242,514</u>	<u>(782,009)</u>	<u>(6,268)</u>
Fund balances, beginning of year	12,042,236	3,207,163	137,143
Fund balances, end of year	<u>\$ 13,284,750</u>	<u>\$ 2,425,154</u>	<u>\$ 130,875</u>

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
\$ 160,455	\$ 4,801,113
	961,454
	144,163
	276,596
27,571	7,103,658
228,342	680,055
	244,576
4,733	37,981
24,771	24,771
12,137	53,810
<u>458,009</u>	<u>14,328,177</u>
80,759	2,424,703
	3,793,653
	1,856,811
	1,087,171
	89,707
	1,472,527
1,754,340	3,951,342
84,816	227,879
5,142	82,075
<u>1,925,057</u>	<u>14,985,868</u>
<u>(1,467,048)</u>	<u>(657,691)</u>
358,061	738,061
<u>(2,941)</u>	<u>(738,061)</u>
<u>355,120</u>	
<u>(1,111,928)</u>	<u>(657,691)</u>
4,942,522	20,329,064
<u>\$ 3,830,594</u>	<u>\$ 19,671,373</u>

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net changes in fund balances - total governmental funds **\$ (657,691)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 2,410,390	
Less current year depreciation	<u>(914,068)</u>	1,496,322

Property taxes collected 60 days after fiscal year end do not provide current financial resources are not reported as revenues in the funds.		(10,207)
--	--	----------

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement	12,587	
Loan principal retirement	<u>215,292</u>	227,879

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	602,388	
Pension expense	<u>(793,264)</u>	(190,876)

Expenses for compensated absences 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.		<u>(9,293)</u>
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Change in net position in governmental activities **\$ 856,134**

The notes to the basic financial statements are an integral part of this statement.

**CITY OF ELOY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Enterprise Funds		
	Water	Sewer	Sanitation
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 1,315,244	\$	\$ 1,391,932
Accounts Receivable (Net of Allowance)	442,719	142,437	102,080
Loan Proceeds Receivable	190,036	49,277	
Inventory	106,639		
Total current assets	<u>2,054,638</u>	<u>191,714</u>	<u>1,494,012</u>
Noncurrent assets:			
Restricted Cash and Investments	86,517	630,459	
Capital Assets, Non-Depreciable	29,798	349,234	
Capital Assets, Depreciable (Net)	8,881,544	8,864,218	560,664
Total noncurrent assets	<u>8,997,859</u>	<u>9,843,911</u>	<u>560,664</u>
Total assets	<u>11,052,497</u>	<u>10,035,625</u>	<u>2,054,676</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan Items	<u>84,128</u>	<u>14,022</u>	<u>56,085</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable	149,715	11,339	8,899
Accrued Salaries and Wages Payable	17,660	6,332	9,694
Customer Deposits	145,956		
Due to Other Funds		249,643	
Bonds Payable	24,536		
Loans Payable	265,250	367,221	
Compensated Absences	4,255		899
Interest Payable	41,207	62,516	
Other Current Liabilities	350		
Total current liabilities	<u>648,929</u>	<u>697,051</u>	<u>19,492</u>
Noncurrent liabilities:			
Compensated Absences	42,544		8,985
Landfill Closure and Post Closure Costs			4,004,446
Bonds Payable	520,875		
Loans Payable	2,082,903	5,945,127	
Net Pension Liability	693,762	115,627	462,508
Total noncurrent liabilities	<u>3,340,084</u>	<u>6,060,754</u>	<u>4,475,939</u>
Total liabilities	<u>3,989,013</u>	<u>6,757,805</u>	<u>4,495,431</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan Items	<u>145,151</u>	<u>24,192</u>	<u>96,767</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	6,017,778	2,901,104	560,664
Restricted for:			
Debt Service	86,517	630,459	
Unrestricted	898,166	(263,913)	(3,042,101)
Total net position	<u>\$ 7,002,461</u>	<u>\$ 3,267,650</u>	<u>\$ (2,481,437)</u>

The notes to the basic financial statements are an integral part of this statement.

Enterprise Funds

Totals

\$ 2,707,176
687,236
239,313
106,639
3,740,364

716,976
379,032
18,306,426
19,402,434
23,142,798

154,235

169,953
33,686
145,956
249,643
24,536
632,471
5,154
103,723
350
1,365,472

51,529
4,004,446
520,875
8,028,030
1,271,897
13,876,777
15,242,249

266,110

9,479,546

716,976
(2,407,848)
\$ 7,788,674

CITY OF ELOY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Enterprise Funds		
	Water	Sewer	Sanitation
Operating revenues:			
Charges for Services	\$ 2,195,416	\$ 1,217,763	\$ 1,512,408
Rent and Other Revenues			9,568
Total operating revenues	<u>2,195,416</u>	<u>1,217,763</u>	<u>1,521,976</u>
Operating expenses:			
Salaries	442,129	124,927	322,507
Employee Benefits	194,109	48,687	154,616
Service, Supplies and Other	1,106,696	401,992	830,917
Landfill Closure and Post Closure Expense			109,773
Depreciation	381,280	481,835	91,445
Total operating expenses	<u>2,124,214</u>	<u>1,057,441</u>	<u>1,509,258</u>
Operating income (loss)	<u>71,202</u>	<u>160,322</u>	<u>12,718</u>
Nonoperating revenues (expenses):			
Investment Income	824	8,013	
Interest Expense and Fiscal Charges	(82,942)	(165,329)	
Total nonoperating revenues (expenses)	<u>(82,118)</u>	<u>(157,316)</u>	
Income (loss) before capital contributions	<u>(10,916)</u>	<u>3,006</u>	<u>12,718</u>
Capital Contributions	<u>50,038</u>	<u>568,499</u>	
Changes in net position	<u>39,122</u>	<u>571,505</u>	<u>12,718</u>
Total net position, beginning of year, as restated	6,963,339	2,696,145	(2,494,155)
Total net position, end of year	<u>\$ 7,002,461</u>	<u>\$ 3,267,650</u>	<u>\$ (2,481,437)</u>

The notes to the basic financial statements are an integral part of this statement.

Enterprise Funds

Totals

\$ 4,925,587
9,568
4,935,155

889,563
397,412
2,339,605
109,773
954,560
4,690,913

244,242

8,837
(248,271)
(239,434)

4,808

618,537

623,345

7,165,329

\$ 7,788,674

**CITY OF ELOY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Enterprise Funds			
	Water	Wastewater	Sanitation	Total
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from Customers, Service Fees	\$ 2,113,322	\$ 1,208,393	\$ 1,526,097	\$ 4,847,812
Cash received from Customers, Other			9,568	9,568
Cash paid to Supplies	(1,214,823)	(475,955)	(993,814)	(2,684,592)
Cash paid to Employees	(454,047)	(126,809)	(338,042)	(918,898)
Net cash provided by (used for) operating activities	444,452	605,629	203,809	1,253,890
Cash flows from non-capital financing activities:				
Proceeds/Payments (to)/from other funds		(89,289)		(89,289)
Net cash provided by (used for) non-capital financing activities		(89,289)		(89,289)
Cash flows from capital and related financing activities:				
Acquisition of capital assets		(12,850)		(12,850)
Principal paid on debt	(125,967)	(340,825)		(466,792)
Interest paid on debt	(78,877)	(169,166)		(248,043)
Net cash used for capital and related financing activities	(204,844)	(522,841)		(727,685)
Cash flows from investing activities:				
Investment income	824	8,013		8,837
Net cash provided by investing activities	824	8,013		8,837
Net increase (decrease) in cash and cash equivalents	240,432	1,512	203,809	445,753
Cash and cash equivalents, beginning of year	1,161,329	628,947	1,188,123	2,978,399
Cash and cash equivalents, end of year	\$ 1,401,761	\$ 630,459	\$ 1,391,932	\$ 3,424,152
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash	\$ 1,315,244	\$	\$ 1,391,932	\$ 2,707,176
Restricted cash and investments	86,517	630,459		716,976
Total cash and cash equivalents	\$ 1,401,761	\$ 630,459	\$ 1,391,932	\$ 3,424,152
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>				
Operating income (loss)	\$ 71,202	\$ 160,322	\$ 12,718	\$ 244,242
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	381,280	481,835	91,445	954,560
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(85,366)	(9,370)	13,688	(81,048)
Increase in inventory	4,551			4,551
Increase in compensated absences payable	2,416		(4,448)	(2,032)
Decrease in deposits held for others	3,272			3,272
Increase in accrued payroll and employee benefits	(756)	382	(2,035)	(2,409)
Increase (decrease) in accounts payable	81,431	(25,276)	(8,281)	47,874
Increase (Decrease) in landfill closure and post closure payable			109,773	109,773
Increase (Decrease) in pension items	(13,578)	(2,264)	(9,051)	(24,893)
Total adjustments	373,250	445,307	191,091	1,009,648
Net cash provided by (used for) operating activities	\$ 444,452	\$ 605,629	\$ 203,809	\$ 1,253,890
<u>Noncash investing, capital, and financing activities:</u>				
Capital contributions	\$ 50,038	\$ 568,499	\$	\$ 618,537

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Eloy, Arizona have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

During the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

A. Reporting Entity

The City is a municipal entity governed by an elected mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the City for financial statement presentation purposes, and the City, are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – Eloy Municipal Property Corporation (MPC). The MPC Board of Directors consists of six members which are appointed by the City of Eloy, Arizona, City Council. The MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the City in obtaining financing for various projects of the City. For financial reporting purposes, transactions of the MPC are combined together and included as if they were part of the City's operations.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. The City does not present funds that do not have activity.

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Unearned revenue arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

Highway User Revenue (HURF) Fund – This fund accounts for state and county shared revenue sources that are legally restricted for road construction and maintenance.

Grants Fund – This fund accounts for federal and state grants and other contributions that are restricted for a specific use.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City reports the following major proprietary funds.

Water Fund – This fund is used to account for the activities related to the City’s water storage and distribution system.

Sewer Fund – This fund is used to account for the activities related to the City’s sewer collection and treatment operations.

Sanitation Fund – This fund is used to account for the activities related to the City’s garbage collection and treatment operations.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise fund are charges to customers for water, sewer and sanitation. Operating expenses for these funds include the cost of sales and services and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, restricted and unrestricted cash in bank and investments.

E. Inventory

Water Fund inventories consist of supplies and fixtures used in the Water Department’s operations and are valued using the first in/first out (FIFO) method. Inventories are recorded as expenses when consumed in the government-wide and fund financial statements.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer’s Office. The purpose of the pooled collateral program is to ensure that governmental entities’ public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository’s compliance with the program.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

F. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All trade and property tax receivables, are shown net of an allowance for uncollectibles.

H. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes are levied on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

I. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, sewer plant, water mains and lines, sewer collection system, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, 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 \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2003.

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

Certain capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Improvements other than Buildings	5-50
Furniture, Equipment, and Vehicles	5-20
Streets Infrastructure	10-50
Water and Sewer Plant	50

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Generally, resources from the General Fund are used to pay for compensated absences.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Debt premiums and discounts, as well as, the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the debt using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the City applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Restricted fund balance is reported when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Committed. Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority, the City Council. A resolution or ordinance are equally binding actions of the City Council which is required to establish, modify or rescind a fund balance commitment.

Assigned. Assigned fund balance is constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City’s budget policy.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The City applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the City’s fund balance classifications at year end.

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Grants Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Restricted:				
Highways and Streets	\$	\$ 2,354,568	\$	\$
Grants			130,875	
Capital Projects				1,898,685
Court Equipment				123,623
Cemetery				121,469
Committed:				
Highways and Streets		70,586		192,798
Airport				221,259
Cemetery				82,025
Assigned:				
Capital Projects				1,190,735
Unassigned	13,284,750			
Total Fund Balances	<u>\$ 13,284,750</u>	<u>\$ 2,425,154</u>	<u>\$ 130,875</u>	<u>\$ 3,830,594</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

Budgets and Budgetary Accounting – The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget, for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain public comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The City follows a voter-approved alternative expenditure limitation that was adopted on September 8, 2014.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Cities and Towns. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

No supplementary budgetary appropriations were made during the year.

Individual Deficit Net Position – At year end, the Sanitation Fund, a major fund, reported a deficit of \$2,481,437 in net position.

The deficit arose because of operations during the year and prior years. Additional revenues received in future fiscal years due to user rate increases are expected to eliminate the deficit.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CASH AND INVESTMENTS

Arizona statutes authorize the City to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. By identification of permitted investments, all other investments are prohibited by the same statutes. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City’s investments. The City has implemented an investment policy to address these areas of risk.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City’s deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City’s deposits was \$23,334,536 and the bank balance was \$24,000,302. At year end \$23,750,302 of the City’s deposits were covered by collateral held by the pledging financial institution in the City’s name. Additionally, the City had cash on hand of \$1,200.

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments.

At year end, the City’s investments consisted of the following:

<u>Investment Type</u>	<u>Average Maturities</u>	<u>Fair Value</u>
State Treasurer’s Investment Pool 5	40 days	\$ 32,467
State Treasurer’s Investment Pool 7	47 days	167,127
Total		<u>\$ 199,594</u>

Interest Rate Risk. The City has implemented an investment policy that will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will decline due to increases in market interest rates by the following:

1. Investing funds primarily in shorter-term securities or similar investment pools and limiting the weighted average duration of the investment portfolio; and
2. Utilizing external research and advice regarding the current interest rate outlook and global economic condition to optimize portfolio duration strategy.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CASH AND INVESTMENTS

Credit Risk. The City has implemented an investment policy that will minimize credit risk, which is the risk of loss due to the insolvency of the security issuer or underlying borrower by the following:

1. Limiting investments in the portfolio to the asset classes designated as acceptable in A.R.S. §35-323;
2. Diversifying the investment portfolio so that the impact of potential losses from any one individual issuer held in the portfolio will be limited;
3. Utilizing external research and advice regarding the current global economic condition and its impact on the outlook for domestic corporate credit quality.

As of year-end, the City’s investment in the State’s investment pool 5 received a credit quality rating of AA Af/S1+ from Standard & Poor’s and the State’s investment pool 7 had a weighted average rating of AAA at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Custodial Credit Risk – Investments. The City’s investment in the State Treasurer’s investment pools represents 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.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the City’s individual major funds and non-major governmental and proprietary funds in the aggregate were as follows:

	General Fund	Highway User Revenue Fund	Grants Fund
Due from Other Governmental Entities:			
Due from federal government	\$	\$	\$ 144,960
Due from state government	405,914	110,011	9,884
Due from county government	36,192	57,393	40,590
Net Due from Governmental Entities	\$ 442,106	\$ 167,404	\$ 195,434

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	\$ 7,151,128	\$ 12,500	\$	\$ 7,163,628
Construction in Progress	81,026	1,148,440		1,229,466
Total Capital Assets, not being Depreciated	<u>7,232,154</u>	<u>1,160,940</u>		<u>8,393,094</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	7,010,151	270,545		7,280,696
Furniture, Equipment and Vehicles	5,772,529	482,138		6,254,667
Land Improvements	458,258	260,658		718,916
Infrastructure	8,907,962	236,109		9,144,071
Total Capital Assets being Depreciated	<u>22,148,900</u>	<u>1,249,450</u>		<u>23,398,350</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,475,208)	(195,500)		(2,670,708)
Furniture, Equipment and Vehicles	(3,719,676)	(373,207)		(4,092,883)
Land Improvements	(41,814)	(12,345)		(54,159)
Infrastructure	(1,586,396)	(333,016)		(1,919,412)
Total Accumulated Depreciation	<u>(7,823,094)</u>	<u>(914,068)</u>		<u>(8,737,162)</u>
Total Capital Assets, being depreciated, net	<u>14,325,806</u>	<u>335,382</u>		<u>14,661,188</u>
Governmental Activities Capital Assets, net	<u>\$ 21,557,960</u>	<u>\$ 1,496,322</u>	\$	<u>\$ 23,054,282</u>

Governmental activities:	
General Government	\$ 93,692
Public Safety	183,779
Public Works	534,625
Health and Welfare	101,972
Total Depreciation Expense	<u>\$ 914,068</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated:				
Land and Water Rights	\$ 347,468	\$	\$	\$ 347,468
Construction in Progress		31,564		31,564
Total	<u>347,468</u>	<u>31,564</u>		<u>379,032</u>
Capital Assets, being Depreciated:				
Water System	14,044,701			14,044,701
Sewer System	14,537,849	197,074		14,734,923
Buildings and Improvements	32,704			32,704
Furniture, Equipment and Vehicles	2,696,330	402,749		3,099,079
Total Capital Assets being Depreciated	<u>31,311,584</u>	<u>599,823</u>		<u>31,911,407</u>
Less Accumulated Depreciation for:				
Water System	(4,942,071)	(366,731)		(5,308,802)
Sewer System	(5,857,818)	(468,628)		(6,326,446)
Buildings and Improvements	(31,081)	(90)		(31,171)
Furniture, Equipment and Vehicles	(1,819,451)	(119,111)		(1,938,562)
Total Accumulated Depreciation	<u>(12,650,421)</u>	<u>(954,560)</u>		<u>(13,604,981)</u>
Total Capital Assets, being Depreciated, net	<u>18,661,163</u>	<u>(354,737)</u>		<u>18,306,426</u>
Business-Type Activities Capital Assets, net	<u>\$ 19,008,631</u>	<u>\$ (323,173)</u>	<u>\$</u>	<u>\$ 18,685,458</u>

Business-type activities:

Water	\$ 381,280
Sewer	481,835
Sanitation	91,445
Total Depreciation Expense	<u>\$ 954,560</u>

Construction Commitments – At year end, the City had contractual commitments related to a capital project for the construction of infrastructure improvements. At year end, the City had spent \$1.3 million on the project and had an estimated remaining contractual commitment of \$1.6 million.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

Bonds Payable - Business-Type Activities:

Water Revenue Bonds, Series 1997A, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	\$ 216,799
Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	<u>328,612</u>
Total Revenue Bonds Payable	545,411
Less Current Portion	<u>24,536</u>
Total revenue bonds, net of current portion	<u>\$ 520,875</u>

Principal and interest payments on the business-type activities bonds payable at year end are summarized as follows:

Year Ending June 30:	Business-Type Activities	
	Principal	Interest
2016	\$ 24,536	\$ 24,544
2017	25,664	23,439
2018	26,843	22,284
2019	28,076	21,076
2020	29,365	19,814
2021-25	168,348	77,988
2026-30	210,735	36,466
2031	<u>31,844</u>	<u>1,432</u>
Total	<u>\$ 545,411</u>	<u>\$ 227,043</u>

Pledged Revenues – Business-Type Activities. The City has pledged future water and sewer revenues to repay the outstanding Water Revenue Bonds loans of \$794,709. Proceeds from the original bond issuances provided financing for improvements to the City’s water and sewer systems infrastructure. The bonds are paid solely from water and sewer revenues and are payable through 2031. The total principal and interest to be paid on the bonds is \$772,454. The current total customer gross revenues were \$3.4 million and the total principal and interest paid on the bonds was \$48,350, or 1.5 percent of gross revenues.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

Loans Payable - Business-Type Activities:

Water Infrastructure Finance Authority (WIFA) Loan 910103-09, bearing interest at 2.312% to 3.24% due in semiannual principal and interest installments, maturing July 1, 2021.	\$ 5,291,226
Water Infrastructure Finance Authority (WIFA) Loan 92A150-10, bearing interest at 2.933% due in semiannual principal and interest installments, maturing on July 1, 2029.	396,199
Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.625% due in semiannual principal and interest installments maturing July 1, 2031.	1,761,918
Water Infrastructure Finance Authority (WIFA) Loan 910164-15 bearing interest at 2.168% due in semiannual principal and interest installments. \$950,000 has been authorized by WIFA with a \$475,000 forgivable portion; however, at June 30, 2015, the City had only drawn down \$49,277. The City made no repayments during the current fiscal year leaving an outstanding balance of \$49,277 at June 30, 2015, which matures at July 1, 2015. The City expects to draw down the remaining balance during fiscal year 2016, and debt will then be scheduled to mature at July 1, 2034.	49,277
Water Infrastructure Finance Authority (WIFA) Loan 920256-15 bearing interest at 2.033% due in semiannual principal and interest installments. \$4,500,000 has been authorized by WIFA with a \$600,000 forgivable portion; however, at June 30, 2015, the City had only drawn down \$190,036. The City made no repayments during the current fiscal year leaving an outstanding balance of \$190,036 at June 30, 2015, which matures at July 1, 2015. The City expects to draw down the remaining balance during fiscal year 2016, and debt will then be scheduled to mature at July 1, 2034.	190,036
United States Department of Agriculture (USDA), bearing interest at 4.125% due in annual principal and interest installments beginning September 1, 2008, maturing September 1, 2045.	<u>971,845</u>
 Total Loans Payable	 8,660,501
Less Current Position	<u>632,471</u>
 Total Loans Payable, net of Current Position	 <u><u>\$ 8,028,030</u></u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

Principal and interest payments on the business-type activities bonds payable at year end are summarized as follows:

Year Ending June 30:	Business-Type Activities	
	Principal	Interest
2016	\$ 632,471	\$ 182,924
2017	523,524	222,871
2018	473,817	217,637
2019	484,460	206,173
2020	495,352	194,446
2021-25	2,649,360	840,060
2026-30	2,520,539	498,108
2031-35	418,745	164,573
2036-40	207,629	95,017
2041-45	254,604	52,121
Total	<u>\$ 8,660,501</u>	<u>\$ 2,673,930</u>

Pledged Revenues – Business-Type Activities. The City has pledged future excise, transaction privilege, franchise, and income tax revenues to repay outstanding WIFA loan 910103-09 and 92A150-10 of \$7.5 million. Proceeds from the original loan issuances provided financing for improvements to the City’s water and sewer systems infrastructure. The loans are paid solely from excise, transaction privilege, franchise, and income tax revenues and are payable through 2029 and 2021, respectively. The total principal and interest to be paid on the loans is \$6.8 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$8.3 million and the total principal and interest paid on the loans was \$482,455, or 5.8 percent of gross revenues.

The City has pledged future water revenues to repay WIFA loan 920216-12, 910164-15, and 920256-15 of \$7.5 million. Proceeds from the original loan issuances provided financing for improvements to the City’s water and sewer systems infrastructure. The loans are paid solely from water revenues and are payable through 2034. The total principal and interest to be paid on the loans is \$2.4 million. The current total water customer gross revenues were \$3.4 million and the total principal paid on the loans was \$127,676, or 3.8 percent of gross revenues.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – LONG-TERM DEBT

The City has pledged future excise, transaction privilege, franchise, and income tax revenues to repay the outstanding USDA loan of \$1.1 million. Proceeds from the original loan issuances provided financing for improvements to the City’s sewer system infrastructure. The loan is paid solely from excise, transaction privilege, franchise, and income tax revenues and is payable through 2045. The total principal and interest to be paid on the loans is \$1.7 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$8.3 million and the total principal and interest paid on the loan was \$56,831, or .68 percent of gross revenues.

Loans Payable – Governmental Activities:

Great Western Bank, bearing interest at 0.05%, due in monthly principal and interest installments, maturing October 1, 2022. The interest rate is variable and will be adjusted on September 1, 2017.	\$ 279,139
Great Western Bank, bearing interest at 3.1%, due in monthly principal and interest installments, maturing November 1, 2027.	<u>2,507,072</u>
Total Loans Payable	2,786,211
Less Current Portion	<u>217,918</u>
Total Loans Payable, net of Current Portion	<u>\$ 2,568,293</u>

Principal and interest payments on the governmental activities bonds payable at year end are summarized as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2016	\$ 217,918	\$ 89,832
2017	223,712	84,563
2018	229,476	79,342
2019	235,412	73,547
2020	241,380	67,785
2021-25	1,057,704	247,423
2026-28	580,609	81,816
Total	<u>\$ 2,786,211</u>	<u>\$ 724,308</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – LANDFILL CLOSURE AND POSTCLOSURE 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 as an addition to long term liabilities on the Statement of Net Position in each period based on the landfill capacity the City used as of fiscal year end. The \$4,004,446 reported as landfill closure and postclosure care liability at year end, represents the cumulative amount reported to date based on prior closure and post closure costs recognized and the use of 56 percent of the estimated additional capacity added to the landfill during the fiscal year. The City will recognize the remaining estimated cost of closure and postclosure care of \$3,099,712 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in the current fiscal year. Resources from the Landfill Fund will be used to liquidate the landfill closure and postclosure payable. The estimated remaining life of the landfill site is 30 years.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Loans Payable	\$ 3,001,503	\$	\$ 215,292	\$ 2,786,211	\$ 217,918
Compensated Absences	644,729	300,989	291,696	654,022	65,402
Obligations under Capital Leases	12,587		12,587		
Net pension liability	<u>7,007,404</u>	<u>692,020</u>		<u>7,699,424</u>	
Governmental Activity Long-Term Liabilities	<u>\$ 10,666,223</u>	<u>\$ 993,009</u>	<u>\$ 519,575</u>	<u>\$ 11,139,657</u>	<u>\$ 283,320</u>
Business-type activities:					
Compensated Absences	\$ 53,411	\$ 41,027	\$ 37,755	\$ 56,683	\$ 5,154
Revenue Bonds	568,870		23,459	545,411	24,536
Loans Payable	8,864,520	239,313	443,332	8,660,501	632,471
Landfill Closure and Post-Closure Costs Payable	3,894,673	109,773		4,004,446	
Net pension liability	<u>1,920,908</u>		<u>649,011</u>	<u>1,271,897</u>	
Business-Type Activities Long-Term Liabilities	<u>\$ 15,302,382</u>	<u>\$ 390,113</u>	<u>\$ 1,153,557</u>	<u>\$ 14,538,938</u>	<u>\$ 662,161</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due To/From Other Funds:

	General Fund
Grants Fund	\$ 33,534
Sewer Fund	249,643
Total Due from Other Funds	\$ 283,177

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Residual balances outstanding between the governmental activities and the business-type activities are netted and reported in the government-wide financial statements as internal balances. The terms for repayment of the interfund balances will be determined by the City Council and any amounts expected to be repaid within one year have not been determined as of the date of the financial statements.

Interfund Transfers:

	Transfers In			
	Highway User Revenue Fund	Grants Fund	Non-Major Governmental Funds	Total
General Fund	\$ 250,000	\$ 130,000	\$ 355,120	\$ 735,120
Non-Major Governmental Funds			2,941	2,941
Total	\$ 250,000	\$ 130,000	\$ 358,061	\$ 738,061

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Capital Contributions – During the fiscal year \$618,537 of capital assets were capitalized in the Water and Sewer Fund utilizing resources from governmental funds and reported as capital contributions on the proprietary fund financial statements. The transaction is reported as a transfer between governmental and business-type activities on the Statement of Activities.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – CONTINGENT LIABILITIES

Lawsuits – The City is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, City management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is \$2.0 million per occurrence on a claims made basis. Excess coverage is for an additional \$8.0 million per occurrence on a follow form, claims made basis. The aggregate limit is also \$2.0 million. The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The City is insured by Arizona Municipal Workers Compensation Pool for potential worker related accidents.

The City continues to carry commercial insurance for all other risks of loss to include employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

The City reported \$602,388 of pension expenditures in the governmental funds and \$89,593 in enterprise funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. City employees not covered by the other pension plans described after this section 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 the ASRS website at www.azasrs.gov.

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

	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 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
	*With actuarially reduced benefits	

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT 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 earnings. 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 members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2015 were \$407,243.

The City's contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
	2015	\$ 22,073	\$	4,489
	2014	21,133		8,453
	2013	24,842		9,172

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Liability. At June 30, 2015, the City reported a liability of \$5.8 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City’s proportion was 0.039 percent, which was a decrease of 0.002 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$294,092 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 293,825	\$
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments		1,010,980
Changes in proportion and differences between contributions and proportionate share of contributions		198,612
Contributions subsequent to the measurement date	407,243	
Total	<u>\$ 701,068</u>	<u>\$ 1,209,592</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2016	\$ (211,348)
2017	(211,348)
2018	(240,326)
2019	(252,745)

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2011. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25	3.20
Real estate	8	4.75
Commodities	4	4.50
Total	100%	

**CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
City’s proportionate share of the net pension liability	\$7,307,330	\$5,781,350	\$4,953,429

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Public Safety Personnel Retirement System

Plan Descriptions. City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit:		
Retired members	80% of retired member's pension benefit	
Active members	80% 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 excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms. At June 30, 2015, the following employees were covered by the agent pension plan's benefit terms:

	<u>PSPRS – Police</u>
Retirees and beneficiaries	8
Inactive, non-retired members	7
Active members	26
Total	<u>41</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS – Police</u>
Active members – pension	11.05%
City:	
Pension	16.38
Health insurance	1.02

In addition, the City was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	<u>PSPRS – Police</u>
Pension:	
Contributions made	\$ 284,738
Health insurance premium benefit:	
Annual OPEB cost	17,731
Contributions made	17,731

Pension Liability. At June 30, 2015, the City reported \$3,189,971 in net pension liability for police. The net pension liability was measured as of June 30, 2014, 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, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	3.25%
Absolute return	4	6.75
Risk parity	4	6.04
Fixed income	7	4.75
Real assets	8	5.96
GTAA	10	5.73
Private equity	11	9.50
Real estate	11	6.50
Credit opportunities	13	8.00
Non-U.S. equity	14	8.63
U.S. equity	16	7.60
Total	<u>100%</u>	

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Pension Discount Rates. The discount rate of 7.85 percent was used to measure the total pension liability.

The projection of cash flows used to determine the PSPRS discount rates 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 rates and the member rate. Based on those assumptions, the pension PSPRS plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Agent Plans Net Pension Liability

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Police			
Balances at June 30, 2014	\$ 7,548,661	\$ 5,229,433	\$ 2,319,228
Changes for the year:			
Service cost	326,003		326,003
Interest on the total pension liability	590,306		590,306
Changes of benefit terms	130,020		130,020
Differences between expected and actual experience in the measurement of the pension liability	120,039		120,039
Changes of assumptions or other inputs	882,961		882,961
Contributions – employer		306,183	(306,183)
Contributions – employee		220,644	(220,644)
Net investment income		725,455	(725,455)
Benefit payments, including refunds of employee contributions	(383,684)	(383,684)	
Administrative expense		(5,842)	5,842
Other changes		(67,854)	67,854
Net changes	<u>1,665,645</u>	<u>794,902</u>	<u>870,743</u>
Balances at June 30, 2015	<u>\$ 9,214,306</u>	<u>\$ 6,024,335</u>	<u>\$ 3,189,971</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1%	Current Discount Rate	1%
PSPRS – Police:	<u>Decrease</u>		<u>Increase</u>
Rate	6.85%	7.85%	8.85%
Net pension liability	\$4,417,431	\$3,189,971	\$2,180,576

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2015, the City recognized \$806,816 as pension expense.

Pension Deferred Outflows/Inflows of Resources. At June 30, 2015, 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	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 101,769	\$
Changes of assumptions or other inputs	748,576	
Net difference between projected and actual earnings on pension plan investments		237,290
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	284,738	
Total	<u>\$ 1,135,083</u>	<u>\$ 237,290</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2016	\$ 93,333
	2017	93,333
	2018	93,333
	2019	93,333
	2020	152,655
	Thereafter	87,068

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
PSPRS – Police:			
June 30, 2015	\$17,731	100%	\$ - 0 -
June 30, 2014	17,179	100%	- 0 -
June 30, 2013	20,228	100%	- 0 -

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Projections of benefits are based on (1) the plan as understood by the City and plan’s members and include the types of benefits inforce at the valuation date, and (2) the pattern of sharing benefit costs between the City and plan’s members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4.5%-8.5% 4.5%

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

	<u>PSPRS – Police</u>
Actuarial value of assets	\$ 321,427
Actuarial accrued liability	203,892
Funding excess	117,535
Funded ratio	157.65%
Annual covered payroll	1,851,727
Funding excess as a percentage of covered payroll	6.3%

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2015, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for funding excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4%-8% 4%

Beginning Net Position Restatement. The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	Statement of Activities	Business-Type Activities
Net position, June 30, 2014, as previously reported	\$ 38,267,389	\$ 8,573,995
Net pension liability	<u>(7,007,404)</u>	<u>(1,408,666)</u>
Net position, July 1, 2014, as restated	<u>\$ 31,259,985</u>	<u>\$ 7,165,329</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget
	Original & Final		Actual
Revenues:			
Sales Taxes	\$ 4,250,000	\$ 4,640,658	\$ 390,658
Property Taxes	958,680	961,454	2,774
Franchise Taxes	142,915	144,163	1,248
Licenses, Permits, and Fees	295,350	276,596	(18,754)
Intergovernmental Revenue	4,004,820	4,431,578	426,758
Charges for Services	465,130	451,713	(13,417)
Fines and Forfeitures	377,100	244,576	(132,524)
Investment income	28,900	22,732	(6,168)
Other Revenues	61,600	41,673	(19,927)
Total revenues	10,584,495	11,215,143	630,648
Expenditures:			
Current -			
General Government			
Mayor and Council	187,890	162,888	25,002
City Clerk	360,735	320,072	40,663
Magistrate	384,420	375,699	8,721
City Manager	519,105	437,695	81,410
Finance	502,175	470,127	32,048
Legal and Professional	133,000	132,674	326
Contingency	981,290	444,789	536,501
Total General Government	3,068,615	2,343,944	724,671
Public Safety			
Law Enforcement	3,819,605	3,471,307	348,298
Total Public Safety	3,819,605	3,471,307	348,298
Public Works			
Vehicle Maintenance	214,365	190,866	23,499
Facilities Maintenance	287,735	263,866	23,869
Public Works Administration	147,815	143,043	4,772
Total Public Works	649,915	597,775	52,140
Community Development			
Community Development	774,485	589,070	185,415
Total Community Development	774,485	589,070	185,415

(Continued)

See accompanying notes to this schedule.

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
Culture and Recreation			
Park Maintenance	353,920	353,691	229
Parks and Recreation	526,995	457,241	69,754
Library	292,700	286,420	6,280
Recreation	360,795	354,135	6,660
Total Culture and Recreation	<u>1,534,410</u>	<u>1,451,487</u>	<u>82,923</u>
Capital Outlay	<u>1,001,170</u>	<u>593,470</u>	<u>407,700</u>
Total Capital Outlay	<u>1,001,170</u>	<u>593,470</u>	<u>407,700</u>
Debt Services			
Principal Retirement	123,330	123,330	
Interest and Fiscal Charges	59,785	67,126	(7,341)
Loan issuance Costs			
Total Debt Services	<u>183,115</u>	<u>190,456</u>	<u>(7,341)</u>
Total expenditures	<u>11,031,315</u>	<u>9,237,509</u>	<u>1,793,806</u>
Excess (deficiency) of revenues over expenditures	<u>(446,820)</u>	<u>1,977,634</u>	<u>(2,424,454)</u>
Other financing sources (uses):			
Transfers Out	(2,359,350)	(735,120)	1,624,230
Loan Proceeds	<u>600,000</u>		<u>(600,000)</u>
Total other financing sources (uses)	<u>(1,759,350)</u>	<u>(735,120)</u>	<u>1,024,230</u>
Change in fund balances	<u>(2,206,170)</u>		<u>(3,448,684)</u>
Fund balances, beginning of year	2,206,170	12,042,236	9,836,066
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 12,042,236</u>	<u>\$ 12,042,236</u>

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental Revenue	\$ 1,773,035	\$ 1,835,847	\$ 62,812
Investment Income	14,500	10,516	(3,984)
Other Revenues	500		(500)
Total revenues	<u>1,788,035</u>	<u>1,846,363</u>	<u>58,328</u>
Expenditures:			
Current -			
Public Works	1,911,315	1,259,036	652,279
Capital Outlay	2,745,010	1,589,796	1,155,214
Debt service -			
Principal Retirement	19,733	19,733	
Interest and Fiscal Charges	9,807	9,807	
Total expenditures	<u>4,685,865</u>	<u>2,878,372</u>	<u>1,807,493</u>
Excess (deficiency) of revenues over expenditures	<u>(2,897,830)</u>	<u>(1,032,009)</u>	<u>1,865,821</u>
Other financing sources (uses):			
Transfers In	250,000	250,000	
Total other financing sources (uses):	<u>250,000</u>	<u>250,000</u>	
Changes in fund balances	<u>(2,647,830)</u>	<u>(782,009)</u>	<u>1,865,821</u>
Fund balances, beginning of year	2,647,830	3,207,163	559,333
Fund balances, end of year	<u>\$</u>	<u>\$ 2,425,154</u>	<u>\$ 2,425,154</u>

See accompanying notes to this schedule.

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental Revenue	\$ 3,368,185	\$ 808,662	\$ (2,559,523)
Total revenues	<u>3,368,185</u>	<u>808,662</u>	<u>(2,559,523)</u>
Expenditures:			
Current -			
Public Safety	391,885	322,346	69,539
Community Development	653,000	498,101	154,899
Health and Welfare	2,250,000	89,707	2,160,293
Culture and Recreation	3,300	21,040	(17,740)
Capital Outlay	200,000	13,736	186,264
Total expenditures	<u>3,498,185</u>	<u>944,930</u>	<u>2,553,255</u>
Excess (deficiency) of revenues over expenditures	<u>(130,000)</u>	<u>(136,268)</u>	<u>(6,268)</u>
Other financing sources (uses):			
Transfers In	130,000	130,000	
Total other financing sources (uses):	<u>130,000</u>	<u>130,000</u>	
Changes in fund balances		<u>(6,268)</u>	<u>(6,268)</u>
Fund balances, beginning of year		137,143	137,143
Fund balances, end of year	<u>\$</u>	<u>\$ 130,875</u>	<u>\$ 130,875</u>

See accompanying notes to this schedule.

CITY OF ELOY, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015

	<u>2015</u>
City's proportion of the net pension liability (asset)	0.039%
City's proportionate share of the net pension liability (asset)	\$ 5,781,350
City's covered-employee payroll	\$ 3,556,425
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	162.56%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

CITY OF ELOY, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
YEAR ENDED JUNE 30, 2015

	2015
Total pension liability	
Service cost	\$ 326,003
Interest	590,306
Changes of benefit terms	130,020
Differences between expected and actual experience	120,039
Changes of assumptions	882,961
Benefit payments, including refunds	(383,684)
Net change in total pension liability	1,665,645
Total pension liability—beginning	7,548,661
Total pension liability—ending	\$ 9,214,306
 Plan fiduciary net position	
Contributions—employer	\$ 306,183
Contributions—employee	220,644
Net investment income	725,455
Benefit payments, including refunds	(383,684)
Administrative expense	(5,842)
Other	(67,854)
Net change in plan fiduciary net position	794,902
Plan fiduciary net position—beginning	5,229,433
Plan fiduciary net position—ending	\$ 6,024,335
 Net pension liability—ending	\$ 3,189,971
 Plan fiduciary net position as a percentage of the total pension liability	65.38%
 Covered-employee payroll	\$ 1,760,803
 Net pension liability as a percentage of covered-employee payroll	181.17%

**CITY OF ELOY, ARIZONA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
Arizona State Retirement System:	
Actuarially determined contribution	\$ 407,409
Contributions in relation to the actuarially determined contribution	<u>407,409</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 3,801,163
Contributions as a percentage of covered-employee payroll	10.72%
 Public Safety Personnel Retirement System - Police:	
Actuarially determined contribution	\$ 284,738
Contributions in relation to the actuarially determined contribution	<u>284,738</u>
Contribution deficiency (excess)	<u>\$</u>
City's covered-employee payroll	\$ 1,851,727
Contributions as a percentage of covered-employee payroll	15.38%

**CITY OF ELOY, ARIZONA
SCHEDULE OF FUNDING PROGRESS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE ACTUARIAL VALUATIONS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a percentage of Covered Payroll</u>
Public Safety Personnel Retirement System - Police:						
2015	\$ 321,427	\$ 203,892	\$ 117,535	157.65	\$ 1,851,727	(6.35) %
2014	292,853	189,537	103,316	154.51	1,760,803	(5.87)
2013		187,325	(187,325)		1,747,297	10.72

CITY OF ELOY, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2013, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The actuarial assumptions used in the June 30, 2014, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption from 4.5% to 4.0%.

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**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects, that are restricted to expenditures for specified purposes.

Public Works Facility – accounts for the collection of sales tax revenues which are set aside for the maintaining, repairing, and upgrading of streets.

Local Transportation Assistance (LTAF) – accounts for the City’s share of lottery proceeds which are set aside for transportation costs and the maintaining, repairing, and upgrading of streets.

Impact Fee – accounts for the collection of impact fees and the various infrastructure projects they fund.

Judicial Collection Enhancement (JCEF) – accounts for monies received to improve the city’s court operations.

Court Recovery – accounts for court enhancement fee revenues and the capital outlays funded by these revenues.

Cemetery – accounts for the activities of the city’s cemetery.

Airport – accounts for fuel sales, charges for services and related costs and expenses for operation of the City airport.

Capital Projects Fund

Capital Projects Funds are used to account for the construction and acquisition of capital assets.

Capital Projects – accounts for the construction and acquisition of capital assets to be utilized by the City’s governmental funds.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government’s programs.

Perpetual Care – accounts for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

CITY OF ELOY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue			
	Public Works Facility	LTAF	Impact Fee	JCEF
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 192,798	\$ 9,722	\$ 1,898,685	\$ 75,675
Other Receivables				397
Total assets	<u>\$ 192,798</u>	<u>\$ 9,722</u>	<u>\$ 1,898,685</u>	<u>\$ 76,072</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Accrued Salaries and Wages Payable	_____	_____	_____	_____
Total liabilities	_____	_____	_____	_____
Fund balances:				
Restricted		9,722	1,898,685	76,072
Committed	192,798			
Assigned				
Total fund balances	<u>192,798</u>	<u>9,722</u>	<u>1,898,685</u>	<u>76,072</u>
Total liabilities and fund balances	<u>\$ 192,798</u>	<u>\$ 9,722</u>	<u>\$ 1,898,685</u>	<u>\$ 76,072</u>

Special Revenue			Capital Projects	Permanent	Total Non-Major Governmental
Court Recovery	Cemetery	Airport	Capital Projects	Perpetual Care	
\$ 40,703	\$ 82,650	\$ 221,004	\$ 1,222,929	\$ 121,469	\$ 3,865,635
1,530	2,693	1,738			6,358
<u>\$ 42,233</u>	<u>\$ 85,343</u>	<u>\$ 222,742</u>	<u>\$ 1,222,929</u>	<u>\$ 121,469</u>	<u>\$ 3,871,993</u>
\$ 4,404	\$ 3,318	\$ 1,338	\$ 32,194	\$	\$ 41,254
		145			145
<u>4,404</u>	<u>3,318</u>	<u>1,483</u>	<u>32,194</u>		<u>41,399</u>
37,829				121,469	2,143,777
	82,025	221,259			496,082
			1,190,735		1,190,735
<u>37,829</u>	<u>82,025</u>	<u>221,259</u>	<u>1,190,735</u>	<u>121,469</u>	<u>3,830,594</u>
<u>\$ 42,233</u>	<u>\$ 85,343</u>	<u>\$ 222,742</u>	<u>\$ 1,222,929</u>	<u>\$ 121,469</u>	<u>\$ 3,871,993</u>

CITY OF ELOY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue			
	Public Works Facility	LTAF	Impact Fee	JCEF
Revenues:				
Sales Taxes	\$ 160,455	\$	\$	\$
Intergovernmental Revenue				7,350
Charges for Services				
Investment Income		256	4,059	
Impact Fees			24,771	
Other Revenues				
Total revenues	160,455	256	28,830	7,350
Expenditures:				
Current -				
General Government				
Capital Outlay	692,397			8,818
Debt service -				
Principal Retirement				
Interest and Fiscal Charges				
Total expenditures	692,397			8,818
Excess (deficiency) of revenues over expenditures	(531,942)	256	28,830	(1,468)
Other financing sources (uses):				
Transfers In				
Transfers Out				
Total other financing sources (uses):				
Changes in fund balances	(531,942)	256	28,830	(1,468)
Fund balances, beginning of year	724,740	9,466	1,869,855	77,540
Fund balances, end of year	\$ 192,798	\$ 9,722	\$ 1,898,685	\$ 76,072

Special Revenue			Capital Projects	Permanent	Total Non-Major Governmental
Court Recovery	Cemetery	Airport	Capital Projects	Perpetual Care	
\$ 20,221	\$	\$	\$	\$	\$ 160,455
	73,406	154,936			27,571
		269		149	228,342
	12,137				4,733
	85,543	155,205			24,771
20,221	85,543	155,205		149	12,137
	46,546	34,213			458,009
	46,083	8,380	998,662		80,759
50,852		33,964			1,754,340
1,997		3,145			84,816
52,849	92,629	79,702	998,662		5,142
(32,628)	(7,086)	75,503	(998,662)	149	1,925,057
29,350			325,770	2,941	(1,467,048)
	(2,941)				358,061
29,350	(2,941)		325,770	2,941	(2,941)
(3,278)	(10,027)	75,503	(672,892)	3,090	355,120
41,107	92,052	145,756	1,863,627	118,379	(1,111,928)
\$ 37,829	\$ 82,025	\$ 221,259	\$ 1,190,735	\$ 121,469	4,942,522
					\$ 3,830,594

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Sales Taxes	\$ 280,000	\$ 160,455	\$ (119,545)
Total revenues	<u>280,000</u>	<u>160,455</u>	<u>(119,545)</u>
Expenditures:			
Current -			
General Government	280,000		280,000
Capital Outlay	550,000	692,397	(142,397)
Total expenditures	<u>830,000</u>	<u>692,397</u>	<u>137,603</u>
Changes in fund balances	<u>(550,000)</u>	<u>(531,942)</u>	<u>18,058</u>
Fund balances, beginning of year	550,000	724,740	174,740
Fund balances, end of year	<u>\$</u>	<u>\$ 192,798</u>	<u>\$ 192,798</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LTAIF
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Investment Income	\$ 250	\$ 256	\$ 6
Total revenues	<u>250</u>	<u>256</u>	<u>6</u>
Expenditures:			
Current -			
Public Works	9,250		9,250
Total expenditures	<u>9,250</u>		<u>9,250</u>
Changes in fund balances	<u>(9,000)</u>	<u>256</u>	<u>9,256</u>
Fund balances, beginning of year	9,000	9,466	466
Fund balances, end of year	<u>\$</u>	<u>\$ 9,722</u>	<u>\$ 9,722</u>

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEE
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Investment Income	\$ 5,270	\$ 4,059	\$ (1,211)
Impact Fees	47,450	24,771	(22,679)
Total revenues	<u>52,720</u>	<u>28,830</u>	<u>(23,890)</u>
Expenditures:			
Current -			
Capital Outlay	2,592,740		2,592,740
Total expenditures	<u>2,592,740</u>		<u>2,592,740</u>
Changes in fund balances	<u>(2,540,020)</u>	<u>28,830</u>	<u>2,568,850</u>
Fund balances, beginning of year	2,540,020	1,869,855	(670,165)
Fund balances, end of year	<u>\$</u>	<u>\$ 1,898,685</u>	<u>\$ 1,898,685</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JCEF
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Intergovernmental Revenue	\$ 11,200	\$ 7,350	\$ (3,850)
Total revenues	<u>11,200</u>	<u>7,350</u>	<u>(3,850)</u>
Expenditures:			
Current -			
Capital Outlay	56,200	8,818	47,382
Total expenditures	<u>56,200</u>	<u>8,818</u>	<u>47,382</u>
Changes in fund balances	<u>(45,000)</u>	<u>(1,468)</u>	<u>43,532</u>
Fund balances, beginning of year	45,000	77,540	32,540
Fund balances, end of year	<u>\$</u>	<u>\$ 76,072</u>	<u>\$ 76,072</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT RECOVERY
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental Revenue	\$ 23,500	\$ 20,221	\$ (3,279)
Total revenues	<u>23,500</u>	<u>20,221</u>	<u>(3,279)</u>
Expenditures:			
Debt service -			
Principal Retirement	52,850	50,852	1,998
Interest and Fiscal Charges		1,997	(1,997)
Total expenditures	<u>52,850</u>	<u>52,849</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(29,350)</u>	<u>(32,628)</u>	<u>(3,278)</u>
Other financing sources (uses):			
Transfers In	29,350	29,350	
Total other financing sources (uses):	<u>29,350</u>	<u>29,350</u>	
Changes in fund balances		<u>(3,278)</u>	<u>(3,278)</u>
Fund balances, beginning of year		41,107	41,107
Fund balances, end of year	<u>\$</u>	<u>\$ 37,829</u>	<u>\$ 37,829</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Charges for Services	\$ 74,105	\$ 73,406	\$ (699)
Other Revenues	12,500	12,137	(363)
Total revenues	<u>86,605</u>	<u>85,543</u>	<u>(1,062)</u>
Expenditures:			
Current -			
General Government	62,745	46,546	16,199
Capital Outlay	71,000	46,083	24,917
Total expenditures	<u>133,745</u>	<u>92,629</u>	<u>41,116</u>
Excess (deficiency) of revenues over expenditures	<u>(47,140)</u>	<u>(7,086)</u>	<u>40,054</u>
Other financing sources (uses):			
Transfers Out	(2,860)	(2,941)	(81)
Total other financing sources (uses):	<u>(2,860)</u>	<u>(2,941)</u>	<u>(81)</u>
Changes in fund balances	<u>(50,000)</u>	<u>(10,027)</u>	<u>39,973</u>
Fund balances, beginning of year	50,000	92,052	42,052
Fund balances, end of year	<u>\$</u>	<u>\$ 82,025</u>	<u>\$ 82,025</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		
Revenues:			
Charges for Services	\$ 139,550	\$ 154,936	\$ 15,386
Investment Income	400	269	(131)
Total revenues	<u>139,950</u>	<u>155,205</u>	<u>15,255</u>
Expenditures:			
Current -			
General Government	54,330	34,213	20,117
Capital Outlay	84,000	8,380	75,620
Debt service -			
Principal Retirement	37,110	33,964	3,146
Interest and Fiscal Charges		3,145	(3,145)
Total expenditures	<u>175,440</u>	<u>79,702</u>	<u>95,738</u>
Changes in fund balances	<u>(35,490)</u>	<u>75,503</u>	<u>110,993</u>
Fund balances, beginning of year	35,490	145,756	110,266
Fund balances, end of year	<u>\$</u>	<u>\$ 221,259</u>	<u>\$ 221,259</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Expenditures:			
Current -			
Capital Outlay	\$ 2,216,500	\$ 998,662	\$ 1,217,838
Total expenditures	<u>2,216,500</u>	<u>998,662</u>	<u>1,217,838</u>
Excess (deficiency) of revenues over expenditures	<u>(2,216,500)</u>	<u>(998,662)</u>	<u>1,217,838</u>
Other financing sources (uses):			
Transfers In	450,000	325,770	(124,230)
Total other financing sources (uses):	<u>450,000</u>	<u>325,770</u>	<u>(124,230)</u>
Changes in fund balances	<u>(1,766,500)</u>	<u>(672,892)</u>	<u>1,093,608</u>
Fund balances, beginning of year	1,766,500	1,863,627	97,127
Fund balances, end of year	<u>\$</u>	<u>\$ 1,190,735</u>	<u>\$ 1,190,735</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERPETUAL CARE
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Investment Income	\$ 400	\$ 149	\$ (251)
Total revenues	<u>400</u>	<u>149</u>	<u>(251)</u>
Expenditures:			
Current -			
General Government	3,200		3,200
Total expenditures	<u>3,200</u>		<u>3,200</u>
Excess (deficiency) of revenues over expenditures	<u>(2,800)</u>	<u>149</u>	<u>2,949</u>
Other financing sources (uses):			
Transfers In	2,800	2,941	141
Total other financing sources (uses):	<u>2,800</u>	<u>2,941</u>	<u>141</u>
Changes in fund balances		<u>3,090</u>	<u>3,090</u>
Fund balances, beginning of year		118,379	118,379
Fund balances, end of year	<u>\$</u>	<u>\$ 121,469</u>	<u>\$ 121,469</u>

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Contents:	Page
Financial Trends These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.	103
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.	108
Debt Capacity These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.	114
Demographic and Economic Information These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other municipalities.	118
Operating Information These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.	122

Fiscal year 2012 was the first year a comprehensive annual financial report was prepared by the City. Due to cost considerations for the accumulation of data, the City has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules or schedule elements. This information will be accumulated and reported each year until the complete ten years of data is presented.

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CITY OF ELOY, ARIZONA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets:	\$ 8,746,981	\$ 10,520,431	\$ 10,963,272	\$ 13,325,913	\$ 16,151,406	\$ 15,002,289	\$ 15,985,323	\$ 16,961,904	\$ 18,543,869	\$ 20,268,071
Restricted	3,821,864	5,556,173	8,049,208	10,268,206	7,273,444	5,429,281	4,978,419	4,510,233	4,489,679	4,629,220
Unrestricted	2,827,121	4,480,947	8,617,832	7,964,489	8,009,711	13,164,747	14,507,592	15,589,113	15,233,841	7,218,828
Total Governmental Activities Net Position	\$ 15,395,966	\$ 20,557,551	\$ 27,630,312	\$ 31,558,608	\$ 31,434,561	\$ 33,596,317	\$ 35,471,334	\$ 37,061,250	\$ 38,267,389	\$ 32,116,119
Business-type activities										
Net Investment in Capital Assets:	\$ 5,061,783	\$ 5,024,582	\$ 5,415,998	\$ 7,665,730	\$ 9,775,100	\$ 9,532,520	\$ 9,090,283	\$ 8,089,091	\$ 9,575,240	\$ 9,479,546
Restricted	269,560	311,257	380,056	379,454	343,584	289,448	291,532	559,631	715,299	716,976
Unrestricted	(1,465,858)	(3,145,956)	(3,195,169)	(2,739,943)	(2,965,864)	(2,760,273)	(2,496,712)	(1,574,048)	(1,716,544)	(2,407,848)
Total Business-Type Activities Net Position	\$ 3,865,485	\$ 2,189,883	\$ 2,600,885	\$ 5,305,241	\$ 7,152,820	\$ 7,061,695	\$ 6,885,103	\$ 7,074,674	\$ 8,573,995	\$ 7,788,674
Primary government										
Net Investment in Capital Assets:	\$ 13,808,764	\$ 15,545,013	\$ 16,379,270	\$ 20,991,643	\$ 25,926,506	\$ 24,534,809	\$ 25,075,606	\$ 25,050,995	\$ 28,119,109	\$ 29,747,617
Restricted	4,091,424	5,867,430	8,429,264	10,647,660	7,617,028	5,718,729	5,269,951	5,069,864	5,204,978	5,346,196
Unrestricted	1,361,263	1,334,991	5,422,663	5,224,546	5,043,847	10,404,475	12,010,880	14,015,065	13,517,297	4,810,980
	\$ 19,261,451	\$ 22,747,434	\$ 30,231,197	\$ 36,863,849	\$ 38,587,381	\$ 40,658,013	\$ 42,356,437	\$ 44,135,924	\$ 46,841,384	\$ 39,904,793

Source: The source of this information is the City's financial records

Note: The change in net position in fiscal year 2015 is due to the recognition of net pension liabilities.

CITY OF ELOY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government	\$ 2,374,656	\$ 4,118,612	\$ 3,712,010	\$ 3,771,718	\$ 3,818,804	\$ 2,878,214	\$ 2,451,503	\$ 2,535,814	\$ 3,323,730	\$ 3,413,448
Public Safety	3,769,710	4,010,314	3,805,011	4,591,751	4,574,432	3,744,811	4,106,470	4,141,860	4,004,661	4,260,754
Public Works	2,045,436	2,390,394	2,914,884	3,170,470	1,797,012	2,609,546	2,509,477	2,007,422	2,221,837	2,380,812
Culture and Recreation	1,108,839	1,077,769	1,248,404	1,303,247	1,178,676	1,570,243	1,438,463	1,290,178	1,380,982	1,493,063
Community Development	-	-	-	-	-	-	597,877	805,789	1,119,187	1,021,468
Health and Welfare	86,907	24,067	103,896	84,934	18,618	-	290,000	147,876	260,682	191,679
Interest on Long-Term Debt	190,454	128,102	179,565	175,834	93,818	63,294	58,225	79,484	83,892	82,075
Total Governmental Activities Expenses	9,576,002	11,749,258	11,963,770	13,097,954	11,481,360	10,866,108	11,452,015	11,008,423	12,394,971	12,843,299
Business-Type Activities:										
Water	1,931,084	2,449,351	1,906,929	1,978,848	1,938,888	1,800,394	1,950,484	1,921,729	1,961,170	2,207,156
Sewer	993,279	1,232,493	1,094,058	1,476,568	1,442,414	1,308,335	2,264,921	1,275,294	1,213,668	1,222,770
Sanitation and Other	1,175,389	1,270,086	1,188,915	1,178,667	5,398,863	1,375,054	1,379,485	1,498,467	1,497,411	1,509,258
Memorial Park	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	4,099,752	4,951,930	4,189,902	4,634,083	8,780,165	4,483,783	5,594,890	4,695,490	4,672,249	4,939,184
Total Primary Government Expenses	\$13,675,754	\$16,701,188	\$16,153,672	\$17,732,037	\$ 20,261,525	\$15,349,891	\$17,046,905	\$15,703,913	\$17,067,220	\$ 17,782,483
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	825,414	922,983	954,171	873,656	650,814	618,181	589,588	531,214	572,950	790,722
Public Safety	588,580	656,561	1,315,283	289,858	282,085	380,459	332,861	116,604	85,214	53,755
Public Works	187,878	290,368	86,457	402,654	89,682	72,434	79,779	120,518	131,316	154,961
Community Development	-	-	-	-	-	-	-	314,702	361,925	213,971
Culture and Recreation	20,571	24,896	25,185	24,407	21,863	19,598	18,350	26,199	30,310	29,856
Operating Grants and Contributions	2,593,428	2,893,405	3,372,261	2,398,640	2,324,873	2,195,747	1,860,034	1,891,725	1,963,469	2,065,313
Capital Grants and Contributions	1,306,561	931,184	1,090,919	3,103,924	674,887	1,314,342	1,251,911	572,622	1,378,869	656,941
Total Governmental Activities Program Revenues	5,522,432	5,719,397	6,844,276	7,093,139	4,044,204	4,600,761	4,132,523	3,573,584	4,524,053	3,965,519
Business-Type Activities:										
Charges for Services:										
Water	1,681,997	1,496,447	1,623,516	1,838,440	1,867,418	1,734,300	1,781,941	1,662,936	1,893,647	2,195,416
Sewer	835,754	819,109	925,591	1,025,676	1,053,803	977,215	945,290	978,252	1,141,294	1,217,763
Sanitation and Other	1,010,678	1,202,242	1,239,003	1,329,058	1,331,779	1,312,906	1,476,130	1,523,766	1,470,157	1,521,976
Memorial Park	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	2,474,963	512,508	113,016	2,314,606	2,821,830	69,930	792,051	10,688	6,170	-
Total Business-Type Activities Program Revenues	6,003,392	4,030,306	3,901,126	6,507,780	7,074,830	4,094,351	4,995,412	4,175,642	4,511,268	4,935,155
Total Primary Government Program Revenues	\$11,525,824	\$ 9,749,703	\$10,745,402	\$13,600,919	\$ 11,119,034	\$ 8,695,112	\$ 9,127,935	\$ 7,749,226	\$ 9,035,321	\$ 8,900,674

(continued)

CITY OF ELOY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenues										
Governmental Activities	\$ (4,053,570)	\$ (6,029,861)	\$ (5,119,494)	\$ (6,004,815)	\$ (7,437,156)	\$ (6,265,347)	\$ (7,319,492)	\$ (7,434,839)	\$ (7,870,918)	\$ (8,877,780)
Business-Type Activities	1,903,640	(921,624)	(288,776)	1,873,697	(1,705,335)	(389,432)	(599,478)	(519,848)	(160,982)	(4,029)
Total Primary Government Net Expense	\$ (2,149,930)	\$ (6,951,485)	\$ (5,408,270)	\$ (4,131,118)	\$ (9,142,491)	\$ (6,654,779)	\$ (7,918,970)	\$ (7,954,687)	\$ (8,031,900)	\$ (8,881,809)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
City Sales Tax	\$ 4,734,172	7,113,852	8,444,552	6,446,587	3,787,899	5,087,733	5,160,839	4,797,681	5,516,526	4,801,113
State Sales Taxes	1,101,748	1,057,403	1,022,432	885,140	816,412	887,563	1,299,551	1,361,278	1,447,688	1,519,806
Auto Lieu Tax	639,807	696,508	753,544	728,472	696,980	682,530	703,979	724,822	774,269	831,046
State Sales Taxes-Revenue Sharing	1,086,256	1,263,084	1,565,622	1,665,549	1,436,354	1,082,827	1,403,669	1,698,821	1,853,736	2,013,285
Property Tax	558,062	476,317	580,882	648,196	713,073	786,184	846,923	897,160	918,511	951,247
Franchise Tax	118,019	112,137	135,324	129,343	121,542	132,653	135,939	139,478	141,905	144,163
Unrestricted Investment Earnings	118,291	297,313	373,733	232,670	137,475	63,965	64,587	56,673	49,941	37,981
Gain on Sale of Assets	-	174,832	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	56,513	33,058	53,810
Transfers	(79,961)	-	(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,658,577)	(618,537)
Total Governmental Activities	8,276,394	11,191,446	12,192,255	9,933,111	7,313,109	8,427,102	9,194,509	9,024,755	9,077,057	9,733,914
Business-Type Activities:										
Unrestricted Investment Earnings	11,580	33,638	15,944	27,813	4,152	1,954	1,908	1,748	1,725	8,837
Transfers	79,961	-	683,834	802,846	396,626	296,353	420,978	707,671	1,658,577	618,537
Total Business-Type Activities	91,541	33,638	699,778	830,659	400,778	298,307	422,886	709,419	1,660,302	627,374
Total Primary Government	\$ 8,367,935	\$ 11,225,084	\$ 12,892,033	\$ 10,763,770	\$ 7,713,887	\$ 8,725,409	\$ 9,617,395	\$ 9,734,174	\$ 10,737,359	\$ 10,361,288
Change in Net Position										
Governmental Activities	\$ 4,222,824	\$ 5,161,585	\$ 7,072,761	\$ 3,928,296	\$ (124,047)	\$ 2,161,755	\$ 1,875,017	\$ 1,589,916	\$ 1,206,139	\$ 856,134
Business-Type Activities	1,995,181	(887,986)	411,002	2,704,356	(1,304,557)	(91,125)	(176,592)	189,571	1,499,320	623,345
Total Primary Government	\$ 6,218,005	\$ 4,273,599	\$ 7,483,763	\$ 6,632,652	\$ (1,428,604)	\$ 2,070,630	\$ 1,698,425	\$ 1,779,487	\$ 2,705,459	\$ 1,479,479

Source: The source of this information is the City's financial records

CITY OF ELOY, ARIZONA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,908,190	6,130,614	8,421,061	7,954,418	8,009,884	8,766,677	9,855,191	10,968,659	12,042,236	13,284,750
Total General Fund	\$ 3,908,190	\$ 6,130,614	\$ 8,421,061	\$ 7,954,418	\$ 8,009,884	\$ 8,766,677	\$ 9,855,191	\$ 10,968,659	\$ 12,042,236	\$ 13,284,750
All other Governmental Funds										
Restricted:										
Roads and Highways	\$ 1,283,364	\$ 1,954,498	\$ 4,387,854	\$ 7,926,530	\$ 5,391,080	\$ 2,885,592	\$ 2,379,018	\$ 2,363,657	\$ 2,364,034	\$ 2,364,290
Capital Projects	637,788	1,167,674	3,051,765	4,077,563	3,646,925	2,171,477	2,225,845	1,883,212	1,869,855	1,898,685
Court Equipment	114,111	147,972	77,675	87,644	95,200	101,915	114,621	116,956	118,647	113,901
Cemetery	25,923	-	-	-	-	108,605	111,354	114,339	118,379	121,469
Other Purposes	522,661	446,995	531,914	542,002	434,694	161,692	147,581	146,408	137,143	130,875
Committed for:										
Airport	131,349	140,451	140,925	114,271	140,275	148,855	152,519	157,852	145,756	221,259
Cemetery	-	23,371	39,896	48,702	42,794	34,250	23,642	46,337	92,052	82,025
Roads and Highways	-	-	-	-	-	2,684,334	2,684,334	2,364,158	852,595	70,586
Assigned for:										
Capital Projects	-	-	-	-	-	1,942,442	2,249,392	2,387,358	2,588,367	1,383,533
Unassigned:										
Total all other Governmental Funds	\$ 2,715,196	\$ 3,880,961	\$ 8,230,029	\$ 12,796,712	\$ 9,750,968	\$ 10,239,162	\$ 10,088,306	\$ 9,580,277	\$ 8,286,828	\$ 6,386,623

Source: The source of this information is the City's financial records

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balances categories with the following four fund balance classifications; restricted, committed, assigned and unassigned fund balance.

CITY OF ELOY, ARIZONA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 5,417,124	\$ 7,706,397	\$ 9,164,388	\$ 7,193,555	\$ 4,605,355	\$ 6,008,308	\$ 6,166,452	\$ 5,845,236	\$ 6,580,455	\$ 5,906,730
Licenses and Permits	724,423	897,405	1,352,303	654,224	311,252	415,189	361,173	374,593	421,266	276,596
Intergovernmental	6,482,258	6,653,899	6,648,617	7,416,635	6,002,186	6,069,630	6,616,153	6,482,176	7,586,717	7,103,658
Charges for Services	118,662	103,595	114,303	119,015	118,283	105,856	113,925	221,980	250,749	680,055
Impact Fees	432,400	530,406	715,465	59,193	110,755	114,901	50,521	43,833	49,941	24,771
Fines and Forfeitures	292,066	364,033	381,384	340,520	292,267	277,601	264,739	235,923	290,289	244,576
Interest	118,291	297,313	373,733	232,670	137,475	63,965	64,587	56,673	50,725	37,981
Other Revenues	300,434	187,054	973,802	130,040	159,211	270,504	133,214	56,513	33,058	53,810
Total Revenues	\$ 13,885,658	\$ 16,740,102	\$ 19,723,995	\$ 16,145,852	\$ 11,736,784	\$ 13,325,954	\$ 13,770,764	\$ 13,316,927	\$ 15,263,200	\$ 14,328,177
Expenditures										
Current:										
General Government	\$ 2,250,642	\$ 3,652,678	\$ 3,490,572	\$ 3,093,046	\$ 2,588,439	\$ 2,729,089	\$ 2,262,749	\$ 2,419,367	\$ 2,446,351	\$ 2,424,703
Public Safety	3,606,255	3,824,777	3,644,286	3,959,263	3,717,712	3,462,398	3,727,083	3,966,748	3,764,016	3,793,653
Public Works	2,052,251	2,179,189	2,572,959	2,787,310	2,401,112	2,038,234	2,057,173	1,661,507	1,743,665	1,856,811
Health and Welfare	10,798	24,071	103,790	84,842	18,587	-	290,000	59,249	166,926	89,707
Community Development	-	-	-	-	-	-	597,877	802,369	1,112,418	1,087,171
Culture and Recreation	1,040,826	1,010,410	1,163,310	1,209,750	1,239,954	1,209,228	1,270,781	1,279,326	1,355,418	1,472,527
Capital Outlay	2,733,783	2,043,192	1,249,583	2,649,461	2,281,142	1,421,235	1,485,800	3,043,354	3,561,908	3,951,342
Debt Service										
Principal	684,011	740,497	578,008	508,096	1,996,608	855,204	641,584	1,576,959	231,411	227,879
Interest and Fiscal Charges	174,494	153,928	151,198	151,198	86,882	69,226	79,082	82,515	83,892	82,075
Loan Issuance Costs	-	-	-	-	-	-	-	12,425	-	-
Total Expenditures	12,553,060	13,628,742	12,953,706	14,442,966	14,330,436	11,784,614	12,412,129	14,903,819	14,466,005	14,985,868
Revenues Over (Under) Expenditures	1,332,598	3,111,360	6,770,289	1,702,886	(2,593,652)	1,541,340	1,358,635	(1,586,892)	797,195	(657,691)
Other Finance Sources (Uses)										
Sale of Assets	-	276,832	3,060	-	-	-	-	-	-	-
Bond Proceeds	-	-	550,000	3,200,000	-	-	-	2,900,000	-	-
Transfers In (Out)	(79,960)	-	(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,017,067)	-
Total other Finance Sources (Uses)	(79,960)	276,832	(130,774)	2,397,154	(396,626)	(296,353)	(420,978)	2,192,329	(1,017,067)	-
Net Change in Fund Balances	\$ 1,252,638	\$ 3,388,192	\$ 6,639,515	\$ 4,100,040	\$ (2,990,278)	\$ 1,244,987	\$ 937,657	\$ 605,437	\$ (219,872)	\$ (657,691)
Expenditures for capitalized assets	\$ 4,993,067	\$ 1,557,132	\$ 740,438	\$ 3,167,747	\$ 1,491,989	\$ 660,283	\$ 948,465	\$ 3,010,266	\$ 2,170,080	\$ 2,410,390
Debt Service as a Percentage of										
Noncapital Expenditures	12.81%	8.00%	6.35%	6.21%	19.37%	9.06%	6.71%	16.23%	2.63%	2.53%

Source: The source of this information is the City's financial records

CITY OF ELOY, ARIZONA
Assessed, Limited and Full Cash Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Limited Property Value - Primary		Full Cash Value - Secondary		Ratio of Net Assessed to Total Values
	Net Assessed Value	Total Limited Property Value	Net Assessed Value	Total Full Cash Value	
2006	\$ 33,084,566	\$ 239,929,880	\$ 34,074,814	\$ 246,154,691	14%
2007	35,488,716	264,545,940	36,833,437	271,302,992	13%
2008	47,148,069	353,590,419	63,489,149	456,137,673	14%
2009	70,389,857	530,151,332	119,026,192	842,248,039	14%
2010	81,605,192	616,477,382	125,354,097	900,434,027	14%
2011	101,317,831	747,069,356	115,615,201	821,585,705	14%
2012	90,183,109	659,116,219	94,517,290	675,875,514	14%
2013	86,329,516	624,646,309	88,241,336	633,233,534	14%
2014	83,479,765	620,299,568	86,184,886	629,832,601	14%
2015	86,528,930	652,106,522	95,031,182	705,184,275	13%

Source: The source of this information is the Pinal County Assessor

CITY OF ELOY, ARIZONA
Property Tax Rates - Direct and Overlapping Governments
(Inclusive of Primary & Secondary Tax Rates)
Per \$100 of Assessed Value
Last Ten Fiscal Years

Tax Authority	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City of Eloy	1.3266	1.2917	1.2326	0.9514	0.8363	0.8195	0.9562	1.0387	1.1378	1.1484
Pinal County	4.4532	4.3035	4.0183	3.4355	3.2316	3.9999	3.9999	3.7999	3.7999	3.7999
Eloy Fire District	1.9546	1.9792	1.9533	1.6388	1.6881	1.9655	2.2835	2.3358	2.4735	2.4693
Pinal County Jr. College	2.1000	2.0528	1.8000	1.4100	1.4636	1.5854	1.8529	1.8786	2.2507	2.2633
Toltec Elementary School District	4.8805	3.6983	3.1657	3.0585	2.3283	2.3255	2.3255	2.9326	3.7556	3.7556
Casa Grande Union High School District	2.9355	2.8074	3.2091	2.8887	2.3972	2.3624	2.486	2.5266	3.0509	3.0509
Santa Cruz Unified School District	4.4050	4.2236	4.0708	3.9656	3.7581	3.6517	3.7308	4.4195	4.3045	4.1508
Eloy Elementary School District	6.8010	6.2520	5.5102	5.4636	4.0013	3.9656	4.1156	4.7645	4.9345	4.9299
Other Taxing Authorities	0.8383	0.3834	0.3692	0.4008	0.7516	0.7878	0.8664	0.9182	0.9881	0.9433

Source: The source of this information is the Pinal County Treasurer

CITY OF ELOY, ARIZONA
Real & Personal Property Tax Levies and Collections
Last Ten Fiscal Years

Collected to June 30th
End of Tax Fiscal Year (a)

Fiscal Year	Tax Levy	Collections	Taxes Receivable	Percent of Tax Levy	Adjustments
2006	\$ 439,629	\$ 439,143	\$ 485	99.89%	\$ (1,744)
2007	467,813	467,248	565	99.88%	685
2008	580,518	579,923	595	99.90%	(7,702)
2009	657,801	655,255	2,546	99.61%	(13,501)
2010	719,780	716,489	3,291	99.54%	(4,028)
2011	818,773	814,982	3,791	99.54%	(14,377)
2012	832,235	827,199	5,036	99.39%	(18,016)
2013	872,554	866,971	5,583	99.36%	(11,545)
2014	928,999	900,027	28,972	96.88%	(195)
2015	954,816	923,665	31,151	96.74%	(1,025)

(a) Reflects collections made through June 30th, the end of the fiscal year, on such a 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 1st. The second installment becomes due the 1st day of March and is delinquent on May 1st. The penalty for late payments is 16% per year prorated monthly as of the 1st day of the month. Penalties for delinquent payments are not included in the above collection figures.

Source: The source of this information is the Pinal County Treasurer.

CITY OF ELOY, ARIZONA
Sales Tax Revenues by Industry
Fiscal Years 2008 through 2015

	Fiscal Year 2008		Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011	
	Tax Paid	Percentage of Total						
Construction	\$ 4,909,603	58.16%	\$ 2,998,610	46.51%	\$ 830,116	20.15%	\$ 1,637,402	31.17%
Manufacturing	162,936	1.93%	215,210	3.34%	286,748	6.96%	273,899	5.21%
Transportation/Communication/ Utilities	677,648	8.03%	683,760	10.61%	684,547	16.62%	659,001	12.55%
Wholesale Trade	33,601	0.40%	63,534	0.99%	91,143	2.21%	124,332	2.37%
Retail Trade	926,918	10.98%	1,071,019	16.61%	940,694	22.84%	981,398	18.68%
Restaurants/Bars	1,062,237	12.58%	942,401	14.62%	836,373	20.30%	1,042,401	19.84%
Insurance/Real Estate	129,904	1.54%	101,791	1.58%	121,700	2.95%	219,347	4.18%
Hotel/Lodging	127,598	1.51%	87,157	1.35%	84,893	2.06%	84,651	1.61%
Services	305,641	3.62%	129,296	2.01%	154,429	3.75%	126,222	2.40%
All Other	105,883	1.25%	153,807	2.39%	88,512	2.15%	104,424	1.99%
Total	\$ 8,441,969	100.00%	\$ 6,446,586	100.00%	\$ 4,119,155	100.00%	\$ 5,253,077	100.00%

	Fiscal Year 2012		Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015	
	Tax Paid	Percentage of Total						
Construction	\$ 1,257,602	24.59%	\$ 986,143	20.60%	\$ 1,493,389	27.09%	\$ 877,930	18.33%
Manufacturing	268,820	5.26%	223,290	4.66%	313,380	5.68%	354,911	7.41%
Transportation/Communication/ Utilities	638,519	12.49%	646,302	13.50%	669,495	12.14%	705,863	14.74%
Wholesale Trade	118,652	2.32%	150,107	3.14%	98,775	1.79%	115,576	2.41%
Retail Trade	1,172,126	22.92%	1,181,505	24.68%	1,278,677	23.19%	1,019,897	21.30%
Restaurants/Bars	1,107,200	21.65%	959,115	20.04%	1,037,957	18.83%	1,064,795	22.23%
Insurance/Real Estate	202,784	3.97%	247,337	5.17%	259,296	4.70%	272,974	5.70%
Hotel/Lodging	82,686	1.62%	71,811	1.50%	73,479	1.33%	94,408	1.97%
Services	156,361	3.06%	170,100	3.55%	143,231	2.60%	143,607	3.00%
All Other	109,512	2.14%	150,885	3.15%	145,546	2.64%	138,984	2.90%
Total	\$ 5,114,262	100.00%	\$ 4,786,595	100.00%	\$ 5,513,225	100.00%	\$ 4,788,945	100.00%

Source: The source of this information is the Arizona Department of Revenue

Note: The categories presented are intended to provide alternative information regarding the source of the City's revenue.

City of Eloy
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(Unaudited)

City of Eloy

Fiscal Year	Local Sales Tax	Bed Tax	Construction Sales Tax	Restaurant and Bar Tax	Use Tax	State of Arizona Tax (a)	Pinal County Tax
2006	3.00%	7.00%	4.50%	6.00%	0.00%	5.60%	1.1%
2007	3.00%	7.00%	4.50%	6.00%	0.00%	5.60%	1.1%
2008	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%
2009	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%
2010	3.00%	7.00%	4.50%	6.00%	3.00%	6.60%	1.1%
2011	3.00%	7.00%	4.50%	6.00%	3.00%	6.60%	1.1%
2012	3.00%	7.00%	4.50%	6.00%	3.00%	6.60%	1.1%
2013	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%
2014	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%
2015	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%

Sources: The sources of this information is the City of Eloy Finance Department and Arizona Department of Revenue.

(a) In 2010 voters passed a temporary State Sales Tax increase of 1% beginning in June 1, 2010 and expiring on May 31, 2013.

CITY OF ELOY, ARIZONA
Actual Excise Tax Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>State Shared Sales Tax</u>	<u>Urban Revenue Share</u>	<u>Franchise Tax</u>	<u>Vehicle License Tax</u>	<u>Total</u>
2006	\$ 4,734,172	\$ 1,101,748	\$ 1,086,256	\$ 118,018	\$ 639,807	\$ 7,680,001
2007	7,113,848	1,057,403	1,263,084	112,137	696,508	10,242,980
2008	16,883,938	1,022,432	1,565,622	135,324	753,544	20,360,860
2009	12,893,172	885,140	1,665,549	129,343	728,472	16,301,676
2010	4,119,155	816,413	1,436,354	121,542	696,980	7,190,444
2011	10,506,154	887,563	1,082,827	132,654	682,530	13,291,728
2012	5,114,262	1,229,551	1,403,669	135,939	703,979	8,587,400
2013	4,786,595	1,361,278	1,698,821	139,478	724,822	8,710,994
2014	5,513,225	1,447,688	1,853,736	141,905	774,269	9,730,823
2015	4,788,947	1,519,806	2,013,285	144,163	831,046	9,297,247

Sources: The source of this information is the City's financial records and Arizona Department of Revenue

CITY OF ELOY, ARIZONA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Per Capita (a)
	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Loans Payable		
2006	\$ 1,959,931	\$ 1,528,160	\$ -	\$ 304,247	\$ 466,841	\$ 1,083,010	\$ 4,784,338	\$ 10,126,527	\$ 966
2007	1,584,470	1,141,332	-	172,586	348,668	1,001,632	4,573,580	8,822,268	824
2008	1,436,419	746,845	536,932	93,123	228,155	914,502	4,351,499	8,307,475	650
2009	1,295,853	333,208	3,711,329	35,687	101,792	826,585	7,548,401	13,852,855	948
2010	1,149,118	176,179	2,076,403	12,163	53,821	732,845	8,023,437	12,223,966	735
2011	1,059,802	-	1,516,872	-	-	633,244	7,735,700	10,945,618	658
2012	965,877	-	956,583	-	-	612,743	7,389,455	9,924,658	585
2013	36,569	-	3,208,932	-	-	591,299	7,526,941	11,363,741	652
2014	12,587	-	3,001,503	-	-	568,870	8,864,520	12,447,480	731
2015	-	-	2,786,211	-	-	545,411	8,660,501	11,992,123	725

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

(a) See Demographic and Economic Statistics Section for population data.

CITY OF ELOY, ARIZONA
Computation of Direct and Overlapping Debt
As of June 30, 2015

Jurisdiction	2014-2015 Secondary Assessed Valuation	Amount Applicable to the City of Eloy	2014-2015 Combined Tax Rate Per \$100 Assessed
State of Arizona	\$ 55,352,051,074	\$ -	\$ N/A
Pinal County	2,040,749,841	-	4.7832
Pinal County Community College District	2,040,749,841	3,745,131	2.2633
Central Arizona Valley Institute of Technology	1,298,686,315	-	0.0500
Eloy Fire District	86,868,066	-	2.4693
Toltec ESD #022	71,419,297	1,593,113	3.7556
Casa Grande UHS #82	512,786,865	2,112,230	3.0509
Eloy ESD #011	22,082,291	821,639	4.9299
Santa Cruz Valley UHS #840	111,314,340	1,696,301	4.1508
City of Eloy	86,184,886	-	1.1484
	<u>\$ 61,622,892,816</u>	<u>\$ 9,968,414</u>	<u>\$ 26.6014</u>

Source: Assessed value data used to estimate applicable percentages provided by Pinal County Assessor's Office. Debt outstanding data provided by each governmental agency.

Note: 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 Eloy. 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 responsibility 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 their 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.

CITY OF ELOY, ARIZONA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Secondary Assessed Value	\$ 34,074,814	\$ 36,833,437	\$ 63,489,149	\$ 119,026,192	\$ 125,354,097	\$ 115,615,201	\$ 94,517,290	\$ 88,241,336	\$ 86,184,886	\$ 95,031,182
20% Limitation (a)										
Debt Limit Equal to 20% of Assessed Valuation	6,814,963	7,366,687	12,697,830	23,805,238	25,070,819	23,123,040	18,903,458	17,648,267	17,236,977	19,006,236
Total Debt Applicable to 20% Limit	-	-	-	-	-	-	-	-	-	-
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 6,814,963</u>	<u>\$ 7,366,687</u>	<u>\$ 12,697,830</u>	<u>\$ 23,805,238</u>	<u>\$ 25,070,819</u>	<u>\$ 23,123,040</u>	<u>\$ 18,903,458</u>	<u>\$ 17,648,267</u>	<u>\$ 17,236,977</u>	<u>\$ 19,006,236</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6% Limitation (b)										
Debt Limit Equal to 6% of Assessed Valuation	\$ 2,044,489	\$ 2,210,006	\$ 3,809,349	\$ 7,141,572	\$ 7,521,246	\$ 6,936,912	\$ 5,671,037	\$ 5,294,480	\$ 5,171,093	\$ 5,701,871
Total Debt Applicable to 6% Limit	-	-	-	-	-	-	-	-	-	-
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 2,044,489</u>	<u>\$ 2,210,006</u>	<u>\$ 3,809,349</u>	<u>\$ 7,141,572</u>	<u>\$ 7,521,246</u>	<u>\$ 6,936,912</u>	<u>\$ 5,671,037</u>	<u>\$ 5,294,480</u>	<u>\$ 5,171,093</u>	<u>\$ 5,701,871</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: The source of this information is the Pinal County Assessor's records

(a) 20% Debt Limitation can be used for Water, Sewer, Light, Parks, and Open Space Purposes.

(b) 6% Debt Limitation can be used for all other General Obligation Bonds.

CITY OF ELOY, ARIZONA
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30th	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	1,614,248	1,580,737	33,511	75,628	53,888	0.26
2007	1,454,039	2,097,765	(643,726)	76,378	50,167	(5.09)
2008	1,593,681	1,560,635	33,046	81,378	46,163	0.26
2009	1,819,378	1,543,338	276,040	87,917	41,875	2.13
2010	1,846,457	1,362,606	483,851	93,740	37,550	3.69
2011	1,715,288	1,386,245	329,043	99,601	32,937	2.48
2012	1,761,118	1,553,018	208,100	20,501	28,035	4.29
2013	1,662,936	1,529,528	133,408	21,443	27,091	2.75
2014	1,893,647	1,529,720	363,927	22,428	26,104	7.50
2015	2,195,416	1,742,934	452,482	23,458	25,071	9.32

Fiscal Year Ended June 30th	Water Infrastructure Finance Authority Loans					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	2,447,742	2,309,863	137,879	209,415	97,109	0.45
2007	2,273,148	2,840,329	(567,181)	214,257	91,620	(1.85)
2008	2,519,272	2,154,518	364,754	219,211	86,003	1.20
2009	2,845,054	2,583,412	261,642	135,316	128,110	0.99
2010	2,900,260	1,977,559	922,701	344,979	137,050	1.91
2011	2,692,503	2,000,169	692,334	328,493	136,349	1.49
2012	2,706,408	3,124,769	(418,361)	409,349	131,488	(0.77)
2013	2,641,188	2,121,607	519,581	418,205	124,960	0.96
2014	3,034,941	2,040,588	994,353	427,256	160,486	1.69
2015	3,413,179	2,318,540	1,094,639	615,715	176,960	1.38

Fiscal Year Ended June 30th	United States Department of Agriculture Loan					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	925,591	593,883	331,708	7,824	79,008	3.82
2009	1,025,676	1,040,074	(14,398)	12,559	44,172	(0.25)
2010	1,053,803	614,953	438,850	13,087	43,654	7.73
2011	977,215	613,924	363,291	13,637	43,124	6.40
2012	945,290	1,571,751	(626,461)	14,210	42,551	(11.04)
2013	978,252	592,079	386,173	14,662	41,714	6.85
2014	1,141,294	510,868	630,426	15,279	41,097	11.18
2015	1,217,763	575,606	642,157	16,079	40,752	11.30

Source: The source of this information is the City's financial records

CITY OF ELOY, ARIZONA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population	County Population	County Personal Income (in thousands)	County Per Capita Personal Income	School Enrollment	City Unemployment Rate	Pinal County Unemployment Rate
2006	10,480	235,708	5,601,116	23.76	2,248	7.8%	5.2%
2007	10,701	271,328	6,529,426	24.06	2,200	6.4%	4.2%
2008	12,781	306,174	7,335,187	23.96	2,207	10.6%	7.1%
2009	14,620	335,311	8,293,496	24.73	2,120	18.5%	12.8%
2010	16,620	349,830	8,246,026	23.57	2,077	17.4%	12.0%
2011	16,631	385,751	8,830,620	22.89	2,015	16.1%	11.1%
2012	16,964	383,690	9,469,873	24.68	1,914	13.5%	9.2%
2013	17,423	387,020	9,793,208	25.30	1,822	13.4%	9.3%
2014	17,020	389,350	9,932,684	25.51	1,852	13.4%	8.1%
2015	16,531	396,237	10,181,001	25.69	1,832	11.1%	7.4%

Sources: Population, County Per Capita Income and City Unemployment Rate - Bureau of Economic Analysis and Arizona Department of Administration. School Enrollment - Toltec Elementary School District, Eloy Elementary School District and Santa Cruz Valley High School District based on 100th day count.

Note: Amount for fiscal year 2015 is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year.

CITY OF ELOY, ARIZONA
Principal Employers,
Current Year and Nine Years Ago

Employer	2015		2006	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Corporation Corrections of America	1,587	61.56%	410	22.29%
Eloy Elementary School District	175	6.79%	145	7.88%
Schuff Steel	150	5.82%	-	0.00%
Republic Plastics	125	4.85%	-	0.00%
City of Eloy	118	4.58%	130	7.07%
Travel Center of America	100	3.88%	92	5.00%
Otto Plastics Arizona, LLC	68	2.64%	58	3.15%
Curiel Primary School	63	2.44%	56	3.05%
Santa Cruz Valley High School District	56	2.17%	66	3.59%
Iron Skillet Restaurant	55	2.13%	62	3.37%
Pilot Travel Center	46	1.78%	60	3.26%
	<u>2,543</u>	<u>98.64%</u>	<u>1,079</u>	<u>58.67%</u>

Source: The source of this information is from Access Arizona and various employers

CITY OF ELOY, ARIZONA

Authorized Full-time Government Employees by Function/Program

Last Ten Fiscal Years

Fiscal Year	Function/Program								Total
	General Government	Public Safety	Culture & Recreation	Public Works/Admin.	Public Works/Streets	Public Works/Water	Public Works/Sewer	Public Works/Sanitation	
2006	31	52	14	3	11	10	5	7	133
2007	31	51	14	3	11	10	5	7	132
2008	34	48	14	3	10	9	5	7	130
2009	31	46	13	4	10	9	3	7	123
2010	27	46	13	4	10	9	3	7	119
2011	27	43	13	4	10	9	2	7	115
2012	26	44	13	4	10	9	2	7	115
2013	27	44	13	4	10	10	2	7	117
2014	27	43	13	4	10	10	2	7	116
2015	28	44	13	4	10	10	2	7	118

Source: The source of this information is the City's adopted budget documents.

Note: Information is based on authorized positions approved by Council in the Budget.

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CITY OF ELOY, ARIZONA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Registered Voters	3,047	*	3,135	*	3,314	*	3,322	*	3,810	3,735
Votes cast last primary election	531	*	369	*	638	*	891	*	*	1,872
Police										
Arrests	1,568	1,428	1,273	937	1,048	972	248	1,703	1,880	1,557
Citations	4,033	3,005	2,992	702	1,007	1,535	371	936	1,698	960
Traffic Stops	4,386	4,557	4,554	2,504	2,189	1,902	618	2,820	4,490	3,582
Officer Reports	2,703	2,985	4,110	3,905	3,717	3,435	1,031	3,401	3,021	2,463
Photo Enforcement - Notices Printed	*	*	*	864	1,172	2,383	1,525	1,451	1,358	72
Calls for Service	17,021	15,828	16,118	16,707	14,112	13,076	14,524	13,334	18,801	18,150
Highways & Streets										
Street resurfacing (miles)	*	*	3	3	4	3	1	1	6	23
Cold Mix for Potholes (tons)	*	*	212	271	168	197	145	96	192	240
Street sweeping (miles)	40	40	42	42	42	46	46	46	46	49
Water										
New Residential Connections	76	34	8	1	0	3	0	0	0	0
Line Breaks	*	*	179	252	204	177	69	87	27	35
Average Daily Consumption	1.31	1.31	1	1	1	1	1	1	1	1
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	*	*	*	550	490	490	490	600	450	490
Line cleaning (feet)	*	*	*	*	*	90,000	150,000	100,000	100,000	75,000
Line Plugs	*	*	*	52	54	58	22	43	27	21
Parks and Recreation										
Park Areas	7	9	9	9	9	9	9	9	10	10
Parkland Acreage	15	15	15	15	15	15	15	15	16.29	16.29
Playgrounds	5	6	6	6	6	6	6	6	6	6
Afterschool Program Participants	333	355	378	382	272	228	216	205	240	300
Aquatic Center Admissions	4,536	5,223	2,530	2,120	2,357	2,075	2,268	2,935	4,451	3,316

Airport										
Hangers	5	5	5	5	5	5	5	5	5	5
T-Hangers	12	12	12	12	12	12	12	12	12	12
Economic Development										
Building Permits-Commercial	23	23	38	22	20	14	12	15	19	13
Building Permits-Residential	310	113	44	35	78	48	37	96	99	74
Housing Rehabilitations	11	3	4	6	7	12	1	4	4	6
Code Enforcement Cases	*	*	*	1,104	1,267	2,087	1,601	1,729	4,063	2,429
Planning Cases	110	97	75	58	50	24	25	32	32	31
Culture - Library										
Items in Collections	16,046	16,386	17,809	16,362	18,924	19,086	20,857	23,900	26,540	23,961
Total Items Circulated	11,830	16,381	13,433	14,559	16,544	32,281	35,398	35,867	28,187	28,075
Reference Transactions	684	718	864	920	817	858	975	991	940	937
Computer Uses (Hrs.)	8,200	9,000	9,318	11,636	16,544	17,490	17,481	23,107	22,267	18,996
Inter-Library Loan	401	307	628	790	1,821	2,204	2,274	3,629	5,618	7,807

Sources: This information is obtained from the records of various City Departments

Note: Voter registration is taken every two years.

* Not available

CITY OF ELOY, ARIZONA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	15	11
Highways and Streets										
Streets (miles)	*	*	85	90	90	91	93	93	93	93
Streetlights	591	605	616	598	598	598	598	598	598	598
Street poles	570	582	593	575	575	575	598	598	598	598
Water										
Water mains (miles)	120	120	120	120	123	123	123	123	123	123
Fire hydrants	315	315	321	321	321	326	326	327	327	327
Sewer										
Sanitary Sewer (miles)	44	44	45	45	47	47	47	47	47	47
Maximum daily treatment capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Recreation and Aquatics										
Parks Acreage	15	15	15	15	15	15	15	15	16	16
Number of Parks	7	9	9	9	9	9	9	9	9	9
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Ball Fields	3	3	3	3	3	3	3	3	3	3

Sources: This information is obtained from the records of various City Departments