



# City of Eloy, Arizona



## Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2017

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628 North Main Street – Eloy, Arizona 85131

# **City of Eloy, Arizona**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**

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 85131, (520) 466-9201, (520) 466-3760 Fax, (520) 466-7455 TDD

December 18, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Eloy, Arizona (the City) for the fiscal year ended June 30, 2017. This report was prepared by the City's Finance Department.

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.

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., a 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, 2017 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, 2017, 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.

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 30, 2017, the incorporated city limits was 113.77 square miles with a planning area of 535 square miles and has an estimated population of 17,442.

Located in central Pinal County, the City is located 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, sewer, and sanitation services. 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 voters 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.

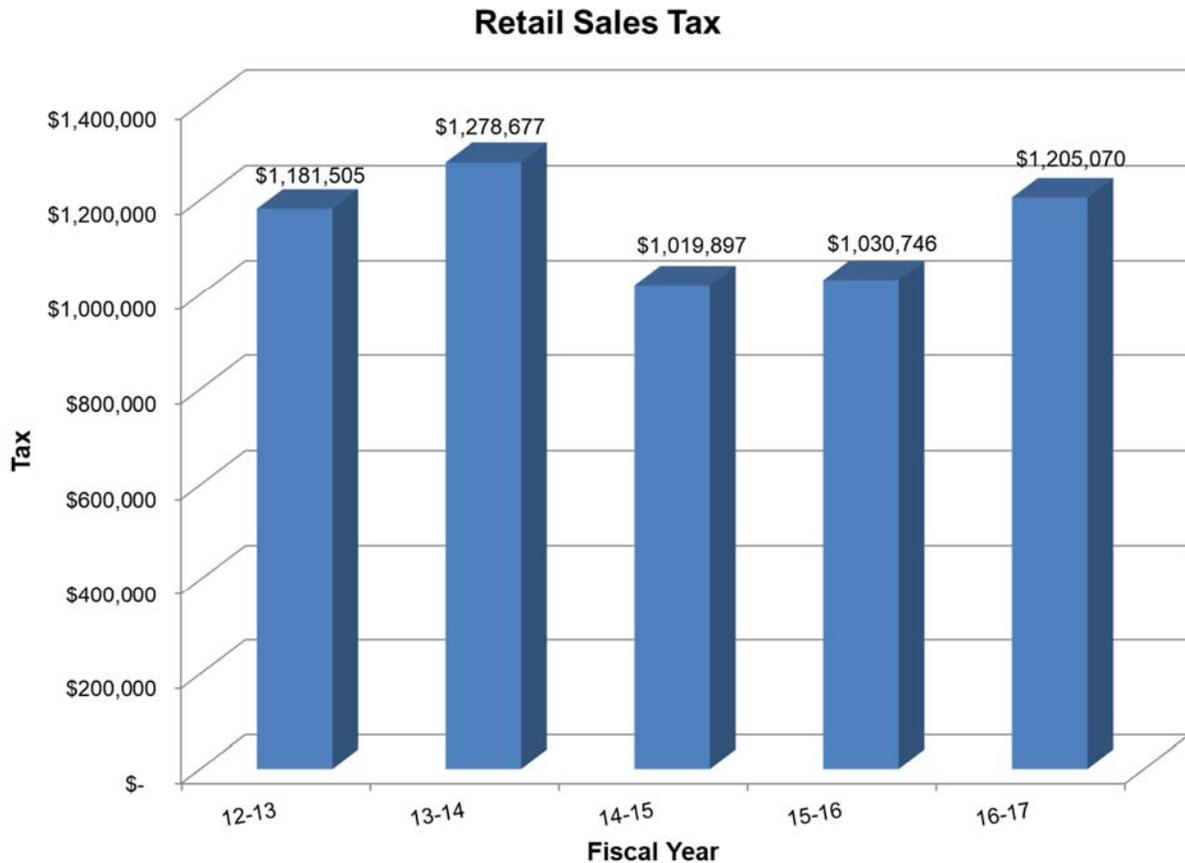
## **ECONOMIC CONDITIONS**

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. The majority of the local tax base is located along Interstate 10, which is supported by restaurants, truck stops and local businesses. Local indicators continue to point towards stagnant to slow growth. However, during FY 2017 revenues in the General Fund decreased (\$74,691) or 1% over last fiscal year. Several factors contributed to this decrease in the General Fund. One of the contributing factors was construction sales taxes was \$154,000 less than last fiscal year. Construction activity seemed to slow during FY 2016/17. When construction activity decreased this also led to a decrease in revenue for Permits/Fees and Charges for Services.

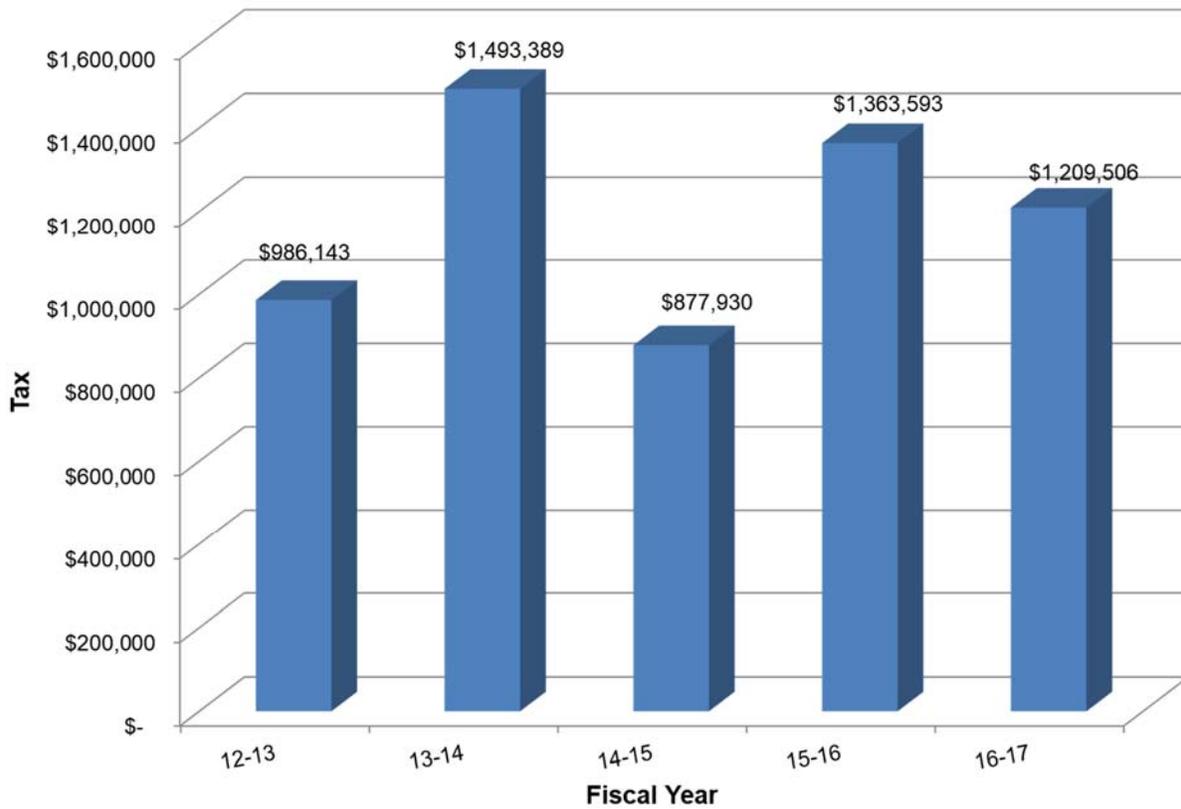
The City, like most municipalities, is significantly dependent upon local sales taxes, which are subject to economic fluctuations. Local sales taxes, also known as city sales tax, comprised 42% of the total general fund revenues collected. Local sales taxes are comprised of retail, construction, restaurant/bar, hotel/motel, and other taxing categories. Of those revenues, retail, construction and restaurant/bars comprised 63% of the total local sales tax revenues.

Eloy's local tax base is stable; however, a few of the taxing sources are volatile. One of those taxing sources is retail tax. Over the last five years, the average retail tax collected is increased 2% over the last five years. In FY 2016-2017, retail sales tax collections were \$1,205,070 or \$174,324 more than that of the prior year. A few contributing factors to this volatile tax category is the continual growth along I-10 corridor, especially in the Casa Grande area, stagnant business growth and diverse economic conditions in Eloy. The chart below demonstrates the volatility of the retail tax.



Retail sales tax is collected on items such as supplies, tools, clothing, materials, etc. The tax rate on retail items is 3%. In January 2016, the Eloy City Council approved the reestablishment of the tax on food for home base consumption. The tax rate is 2% with revenue collected from this tax being dedicated for community and/or economic development purposes.

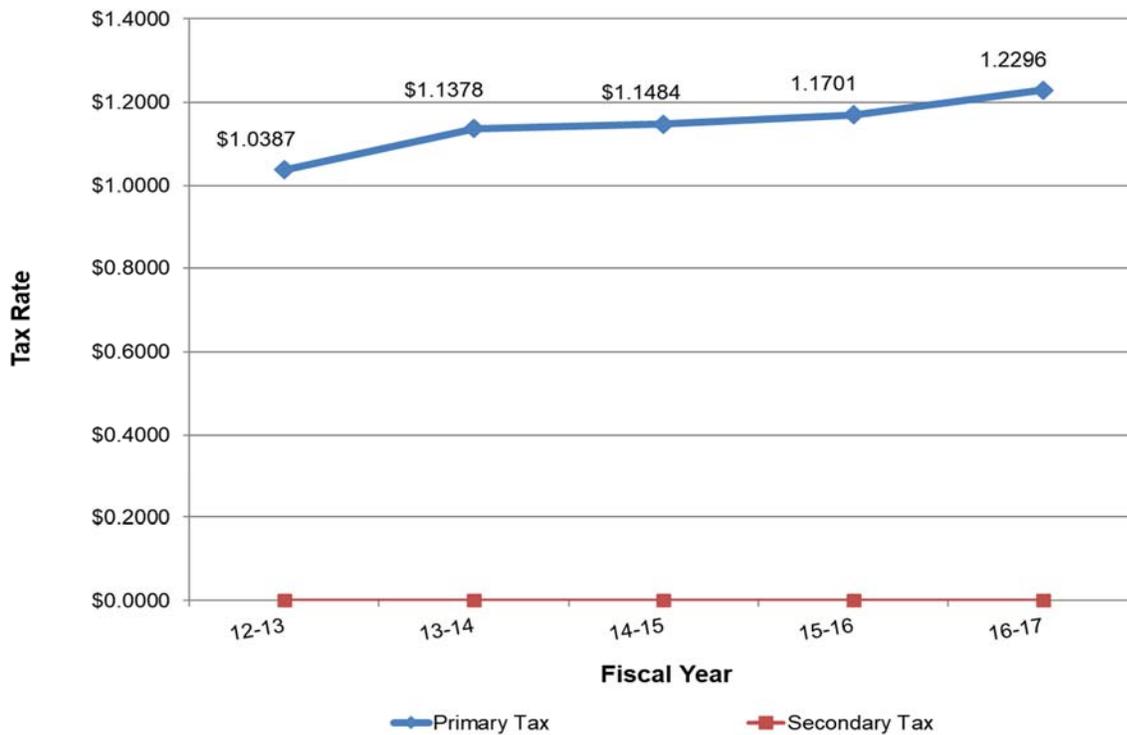
### Construction Sales Tax



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.

Since 2012, the average construction sales tax collected is \$1,186,112. However, the graph above shows construction activities fluctuating yearly over the past five years. Much of this fluctuation is due to the housing construction industry along with the decline in economic development projects. In FY 2016-2017, construction sales tax collections were \$1,209,506 or \$154,087 less than that of the prior year. This decrease is mainly attributed to a slowdown in commercial construction activity with Eloy.

## 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 \$1.1701 in FY 2015-2016 to \$1.2296 in FY 2016-2017 per \$100 of assessed valuation. In FY 2016-2017, the primary property tax collected was \$1,068,486, which is an increase of \$86,900 over the prior fiscal year.

### **MAJOR INTITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR**

In FY 2016-2017, the City continued to invest in programs and infrastructure that makes Eloy a better community. The following are the major accomplishments during the year:

#### General Administration

- Issued a 2017 Excise Tax and State Shared Revenue and Revenue Refunding Obligation for \$6,000,000 for the design and construction of a new City Hall
- Standard and Poors (S & P) Global Ratings agency rated the City Eloy as an “A+” for the series 2017 Excise Tax and State Shared Revenue and Revenue Refunding Bonds
- Initiated the planning and design of the new City Hall with Smithgroup, Abacus Project Management and Core Construction
- Completed a comprehensive services delivery and staffing review of the Police Department by Citygate Associates
- Amended City’s compensation schedule by expanding the ending range of all positions

### Community Development

- Conducted approximately 1,300 inspections
- Adopt-A-Street: conducted two clean ups and disposing 2.5 tons of trash
- Initiated a major update to the zoning code and subdivision regulations
- Issued 79 residential and 11 commercial building permits

### Parks and Recreation

- Replaced the flooring at the Toltec Senior Center
- Initiated the design of the Sunland Visitor Centers Park
- Served approximately 1,500 residents through aquatics programs
- Afterschool Program participation increased by 5% to serve 265 participants

### Police

- Implemented Next Generation NG911 Services in coordination with the State
- Purchased two new police vehicles and a new evidence crime scene vehicle
- Introduced social media as a way to communicate with and inform public on safety issues
- Through grant funds were able to spay/neuter 26 animals

### Library

- Constructed a barrier fence to allow use of the patio using impact fees
- Increased public internet bandwidth from 7.5 mbps to 20 mbps

### Airport

- Completed the design and construction of 3 taxiways for development of new t-hangers
- Initiated acquisition of land around the airport for drainage improvements and taxiway relocation

### Public Works

- Initiated design work for the construction of Pump Station 1, Pump Station 2, D Street water line replacement and Tohono 2 lift station
- Completed 12 inch water main expansion to Monsanto
- Chipped Sealed over 1.76 miles of roadways in the Toltec area
- Reconstructed 1.17 miles of roads with asphalt
- Purchased a new streets sweeper

## **FUTURE ECONOMIC OUTLOOK**

The City's responsiveness to emerging economic challenges and its careful long-range planning have been key factors in Eloy's excellent fiscal health. The City will continue to use General Fund one-time revenue to fund capital projects along with constructing, repairing and maintaining city roadways. In addition, the City will be undertaking strategic planning during the City's budgeting process in order to continue to make timely and essential improvements to the City's basic infrastructure.

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 2017- 2018, the City will continue investing in the City's operations and facilities 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 in the budget for FY 2017-2018 are:

- Employee performance merit and step increases have been budgeted, along with continuing to fund all employee healthcare benefits and 70% of dependents benefits.
- Modifying the City's compensation schedule by increasing the starting pay to \$11 per hour which impacts the entire compensation schedule. This ensures competitive salaries and provide long-term growth.
- Considering the implementation of a Personal Time Off (PTO) policy to reduce potential sick leave abuse, employee absenteeism and a competitive time off policy.
- Over \$934,000 in street reconstruction projects including Phoenix and 8<sup>th</sup> Street.
- Over \$234,000 in chip seal road projects for Grand Avenue, Coolidge, Wupatki, Toltec Road and Sunshine Blvd.
- Over \$837,000 in various capital related projects and equipment for Parks, Police, and Community Development.
- Over \$3.29 million in Water and Sewer improvements for the reconstruction of Pump Station 1, rehabilitation of the reservoir at Pump Station 2, equipment upgrades at the wastewater treatment plant and the rehabilitation of Tohono 2 lift station.
- Design and construct a new City Hall which will house Administration, Finance, Human Resources, Community Development and City Clerk.

### **Awards and Acknowledgements**

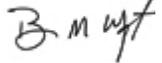
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eloy for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the fifth year that the City 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 only one year. 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. The Mayor and City Council are also to be commended 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

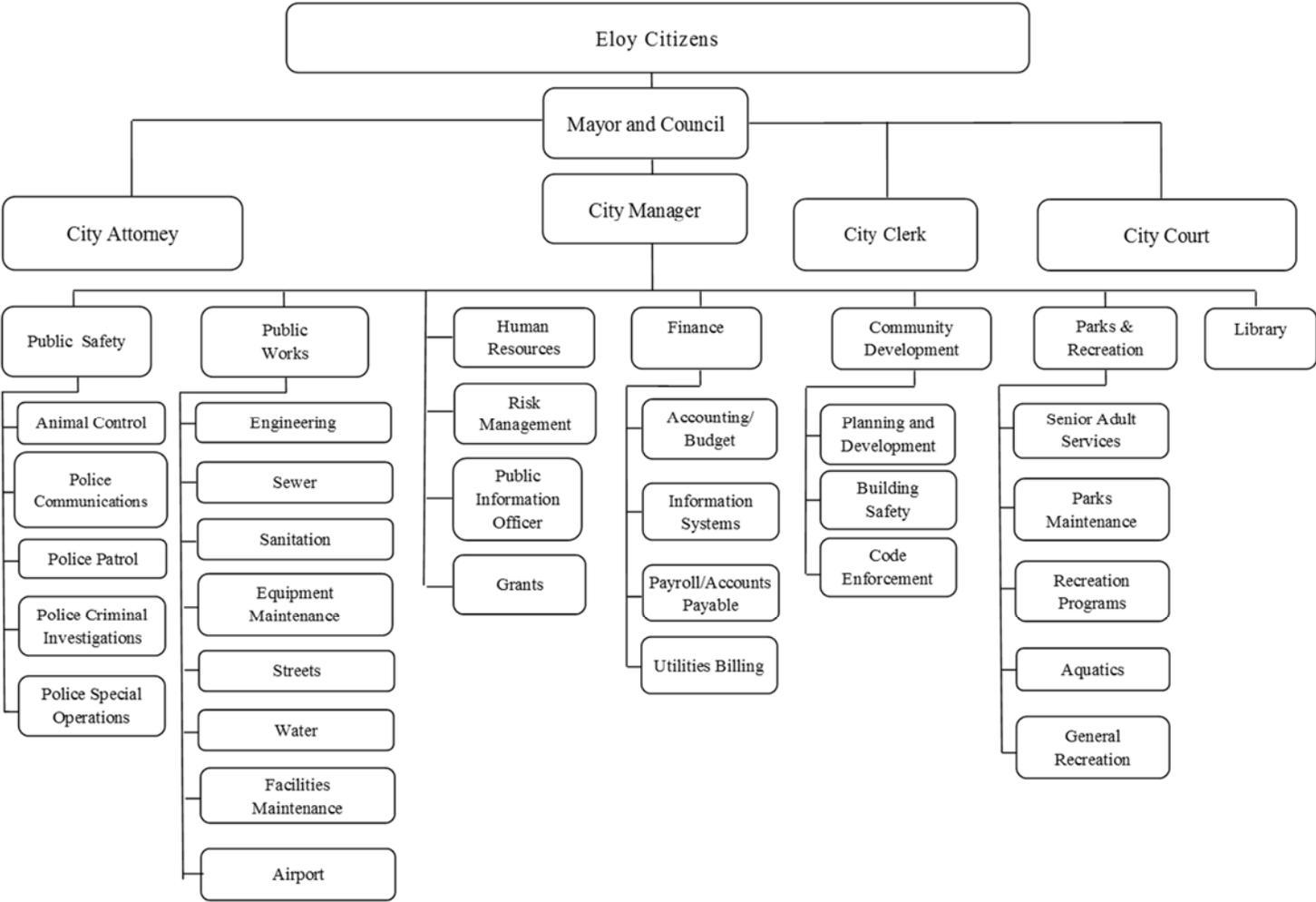
**City of Eloy**  
**Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# City of Eloy Organizational Chart



# CITY OF ELOY



## List of Elected and Principal Officials for Fiscal Year Ended June 30, 2017

### **City Council**

Joel Belloc

*Mayor*

Micah Powell

*Vice Mayor*

J.W. Tidwell

Daniel Snyder

Jose Garcia

Andrew Rodriguez

JoAnne Galindo

### **City Manager**

Harvey Krauss

### **Finance Director**

Brian Wright

**FINANCIAL SECTION**

## 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eloy, Arizona (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eloy, Arizona, as of June 30, 2017, 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. 77, *Tax Abatement Disclosures*, for the year ended June 30, 2017, 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, net pension liability information, and other postemployment benefit plan 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 18, 2017, on our consideration of the 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 the City of Eloy, Arizona's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
December 18, 2017

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**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, 2017**

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, 2017. 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 2017 as follows:

- Assets exceeded liabilities at the close of the most recent fiscal year by \$47,638,184 (net position). Of this amount, \$8,126,240 (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 \$11,680,931 or 71% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,691,174 or 29% of total governmental activities revenues. The City had \$5,967,873 of tax revenues, while \$5,015 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 \$27,266,019, an increase of \$5,849,566 in comparison with the prior fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$15,847,397 or 157% of the total general fund expenditures.
- As of June 30, 2017, the net capital assets were \$45,403,731, an increase of \$1,307,388 from the prior fiscal year. Net capital assets for governmental activities increased by \$1,333,620 while business-type activities decreased by \$26,232.
- General Fund revenues exceeded expenditures by \$2,459,250 before other financing sources (uses). After financing sources (uses) of (\$1,304,281), a positive change in fund balance occurred in the amount of \$1,154,969. This positive change was due to local sales taxes exceeding budget estimates along with conservative spending.
- The Highway User Revenue Fund's revenues exceeded expenditures by \$388,511 for the fiscal year.
- Total business-type revenues exceeded total business-type expenses (excluding transfers and capital contributions) by \$219,584. This positive change is due to fees and charges exceeding budgeted estimates along with conservative spending.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**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 financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the City's activities are presented in the following categories:

- **Governmental activities** – Most of the City's basic services are included here, such as general government, culture and recreation, public safety, airport, and public works. Taxes and general revenues finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, sewer, and sanitation. The services are primarily financed through user fees and charges.

**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.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Highway User Revenue, and City Complex Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

**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 Water, Sewer, and Sanitation Funds. The basic proprietary fund financial statements can be found on pages 50-54 of this report.

**Notes to the financial statements.** The notes 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 immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process and pension plan. The City adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information. Schedules for the pension plan and other postemployment benefits have been provided as required supplementary information.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Required supplementary information other than MD&A** – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements 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 and other postemployment benefit plans. The City has disclosed this information starting on page 92 of the financial statements. Schedules for the pension plan have been provided as required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ending June 30, 2017.

**Statement of Net Position**

Net position may serve over time as a useful indicator of the City's financial position. The following table reflects the condensed statement of net position as of June 30, 2017. The City has chosen to account for its water, sewer and sanitation operations in the enterprise funds which are show as business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 27,856,135	\$ 23,027,535	\$ 5,137,370	\$ 4,442,333	\$ 32,993,505	\$27,469,868
Capital Assets	26,325,480	24,991,860	19,078,251	19,104,483	45,403,731	44,096,343
<b>Total Assets</b>	<b>54,181,615</b>	<b>48,019,395</b>	<b>24,215,621</b>	<b>23,546,816</b>	<b>78,397,236</b>	<b>71,566,211</b>
Pension Plan Items	2,870,605	1,996,395	219,584	130,553	3,090,189	2,126,948
<b>Total Deferred Outflows</b>	<b>2,870,605</b>	<b>1,996,395</b>	<b>219,584</b>	<b>130,553</b>	<b>3,090,189</b>	<b>2,126,948</b>
Current Liabilities	559,453	1,577,622	467,031	392,262	1,026,484	1,969,884
Noncurrent Liabilities	17,168,954	11,742,688	14,826,041	15,212,471	31,994,995	26,955,159
<b>Total Liabilities</b>	<b>17,728,407</b>	<b>13,320,310</b>	<b>15,293,072</b>	<b>15,604,733</b>	<b>33,021,479</b>	<b>28,925,043</b>
Pension Plan Items	685,876	716,050	141,886	110,210	827,762	826,260
<b>Total Deferred Inflows</b>	<b>685,876</b>	<b>716,050</b>	<b>141,886</b>	<b>110,210</b>	<b>827,762</b>	<b>826,260</b>
Net Position:						
Net Investments in Capital Assets	19,872,313	22,423,567	9,882,299	9,402,108	29,754,612	31,825,675
Restricted	9,037,570	4,745,019	719,762	718,370	9,757,332	5,463,389
Unrestricted	9,728,054	8,810,844	(1,601,814)	(2,158,052)	8,126,240	6,652,792
<b>Total Net Position</b>	<b>\$ 38,637,937</b>	<b>\$ 35,979,430</b>	<b>\$ 9,000,247</b>	<b>\$ 7,962,426</b>	<b>\$ 47,638,184</b>	<b>\$43,941,856</b>

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At year-end, the net position of the City totaled \$47,638,184, an increase of \$3,696,328 over the prior fiscal year. Of this amount, \$38,637,937 was in governmental activities, a 7.4% increase and \$9,000,247 was in the business-type activities, a 13.0% increase from the prior fiscal year.

Net position consists of three components. The largest portion of the City's net position (\$29,754,612 or 62%) reflects its investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to its citizens; consequently, it is not the City's intention to sell these assets and they are therefore not available for future spending.

The restricted portion of the City's net position (\$9,757,332 or 20%) represents resources subject to external restrictions on how they may be spent. This component is primarily made up of required fund balance reserves and accumulated development impact fees collected by the City.

The third portion consists of unrestricted net position (\$8,126,240 or 17%), which may be used to meet the City's ongoing obligations to citizens and creditors.

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

- Completed asphalt road reconstruction on Sunshine Blvd., G Street and Eleven Mile Corner Road in the amount of \$847,699.
- Installed a new 12 inch water main to Monsanto in the amount of \$770,742.
- Issued a \$6,000,000 Excise Tax and State Shared Revenue and Revenue Refunding Obligation while paying off the 2012 Great Western Loan in the amount of \$2,283,219.
- Completed design and construction of three taxiway lanes at the Airport in the amount of \$478,607.
- Purchased vehicles and equipment for Parks, Police, Streets and Cemetery in the amount of \$533,244
- Initiated design work for the construction of Pump Station 1, Pump Station 2, D Street water line replacement and Tohono 2 lift station in the amount of \$164,016.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in Net Position**

The City's total revenue for the year ended June 30, 2017 was \$22,344,993. The total cost of all programs and services was \$18,648,665. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2017.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 1,498,509	\$ 1,694,672	\$ 5,197,131	\$5,031,509	\$ 6,695,640	\$ 6,726,181
Operating Grants and Contributions	2,131,362	2,175,316	-	-	2,131,362	2,175,316
Capital Grants and Contributions	1,061,303	1,267,399	770,742	-	1,832,045	1,267,399
General Revenue:						
City Sales Tax	5,685,830	5,561,071	-	-	5,685,830	5,561,071
Property Taxes	1,065,689	1,000,499	-	-	1,065,689	1,000,499
Franchise Taxes	180,793	145,408	-	-	180,793	145,408
Share of State Income Tax	2,087,046	2,002,370	-	-	2,087,046	2,002,370
Share of State Sales Tax	1,564,410	1,571,675	-	-	1,564,410	1,571,675
County Auto Lieu Tax	919,942	900,658	-	-	919,942	900,658
Investment Earnings (losses)	57,491	157,229	5,015	2,365	62,506	159,594
Other Revenue	119,730	66,815	-	-	119,730	66,815
<b>Total Revenues</b>	<b>\$16,372,105</b>	<b>\$16,543,112</b>	<b>\$ 5,972,888</b>	<b>\$5,033,874</b>	<b>\$22,344,993</b>	<b>\$21,576,986</b>
<b>EXPENSES</b>						
Program Expenses:						
General Government	\$ 3,262,615	\$ 2,990,284	\$ -	\$ -	\$ 3,262,615	\$ 2,990,284
Public Safety	4,979,023	4,064,775	-	-	4,979,023	4,064,775
Public Works	2,794,926	2,601,939	-	-	2,794,926	2,601,939
Community Development	917,185	1,282,378	-	-	917,185	1,282,378
Health and Welfare	134,859	155,982	-	-	134,859	155,982
Culture and Recreation	1,501,555	1,465,764	-	-	1,501,555	1,465,764
Interest on Long-Term Debt	123,435	79,352	-	-	123,435	79,352
Water	-	-	2,334,439	2,179,624	2,334,439	2,179,624
Sewer	-	-	1,139,428	1,288,523	1,139,428	1,288,523
Sanitation	-	-	1,461,200	1,431,302	1,461,200	1,431,302
<b>Total Expenses</b>	<b>13,713,598</b>	<b>12,640,474</b>	<b>4,935,067</b>	<b>4,899,449</b>	<b>18,648,665</b>	<b>17,539,923</b>
<b>Excess before Transfers</b>	<b>2,658,507</b>	<b>3,902,638</b>	<b>1,037,821</b>	<b>134,425</b>	<b>3,696,328</b>	<b>4,037,063</b>
<b>Transfers</b>	<b>-</b>	<b>(39,327)</b>	<b>-</b>	<b>39,327</b>	<b>-</b>	<b>-</b>
<b>Changes in Net Position</b>	<b>2,658,507</b>	<b>3,863,311</b>	<b>1,037,821</b>	<b>173,752</b>	<b>3,696,328</b>	<b>4,037,063</b>
<b>Net Position, Beginning</b>	<b>35,979,430</b>	<b>32,116,119</b>	<b>7,962,426</b>	<b>7,788,674</b>	<b>43,941,856</b>	<b>39,904,793</b>
<b>Net Position, Ending</b>	<b>\$38,637,937</b>	<b>\$35,979,430</b>	<b>\$ 9,000,247</b>	<b>\$7,962,426</b>	<b>\$47,638,184</b>	<b>\$43,941,856</b>

**CITY OF ELOY, ARIZONA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

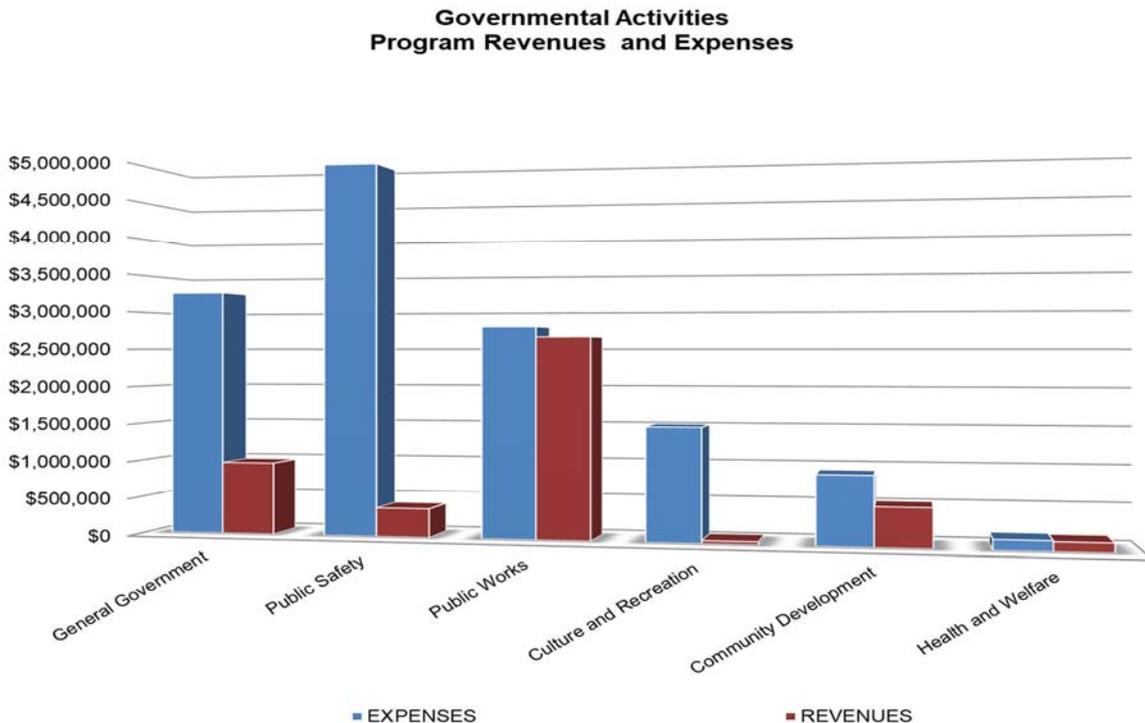
**Government Activities**

During the year, net position for governmental activities increased, \$2,658,507 or 7% more than the change in net position last year.

Significant variances between fiscal year 2016 and 2017 program revenues are explained below:

- Capital grants and contributions decreased \$206,096 or 16% over the prior fiscal year as the City completed several federal grants during the fiscal year. Some of those grants were for Housing Rehabilitation and Airport Improvements.
- General revenues increased \$275,207 to \$11,680,931, which comprised 71% of all governmental activities revenue sources. Explanations for the primary impacts are:
  - City Sales Taxes were \$124,759 or 2.2% more than last year. This increase is primarily attributed to higher than anticipated collections in the retail and restaurant/bar categories.
  - Property Taxes were \$65,190 or 6.5% more than last year. The attributed increase in property tax collection is a result of home values increasing.

As shown on the chart below, all functions had greater 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, 2017**

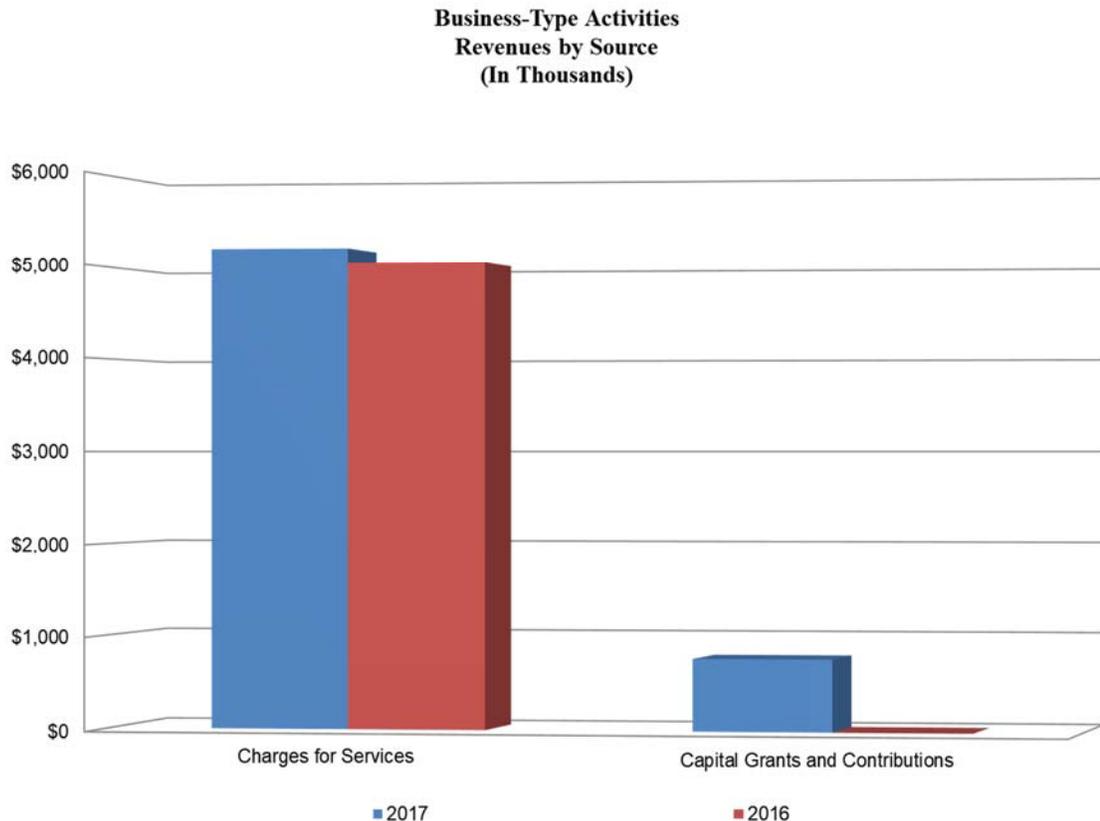
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Business-Type Activities**

The City's net position for business-type activities, after transfers, increased \$1,037,821 in fiscal year 2017. Last year, the change in net position was \$173,752, a difference of \$864,069 when compared to the current year change.

Significant variances between fiscal year 2016 and 2017 program revenues are explained below:

- Charges for services were \$165,622 or 3% more than last fiscal year. The primary cause was an increase in sewer and sanitation services.
- Capital Grants and Contributions were \$770,742 or 100% more than last fiscal year. The primary cause for the increase was the City was reimbursed for a 12 inch water main extension to a business (Monsanto).



**CITY OF ELOY, ARIZONA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

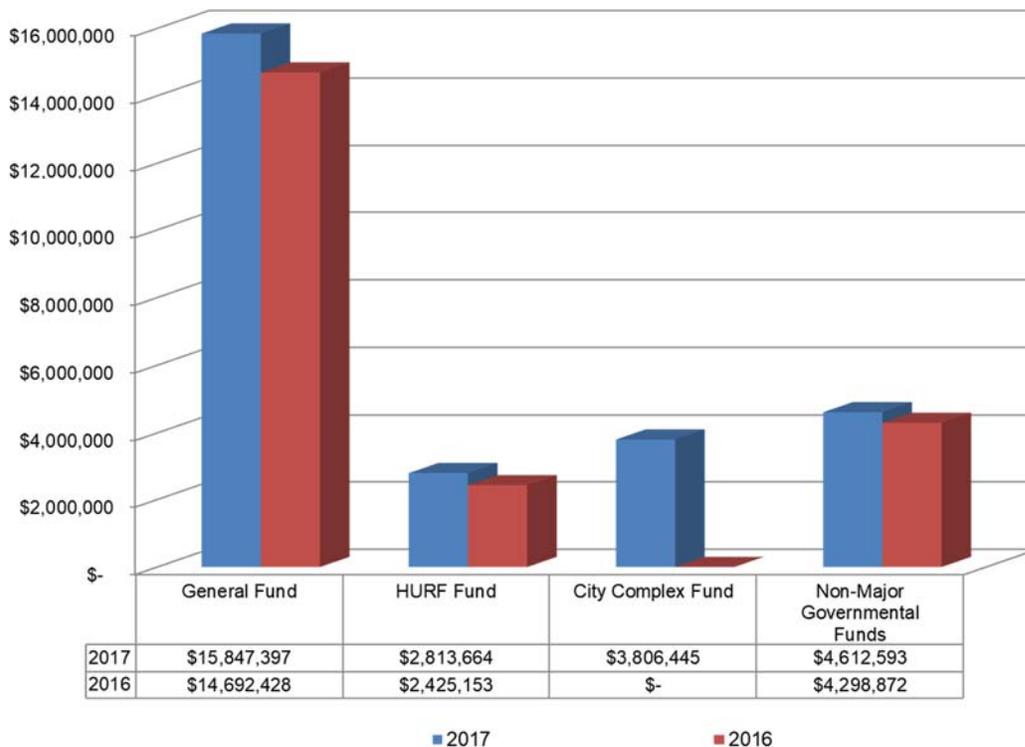
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

**Governmental funds**

The focus of the City’s governmental fund financial statements (pages 42-49) 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, 2017, governmental funds reflect a combined fund balance of \$27,266,019, an increase of \$5,849,566 compared to last fiscal year. Approximately 59% of this total amount, \$15,847,397, 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, 2017**

**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 \$12,584,966 for fiscal year ending June 30, 2017. The expenditures before other financing sources and uses totaled \$10,125,716.

The net change of fund balance for the General Fund was \$1,154,969 after other financing sources and uses. This positive change was due to employee vacancies, conservative budgeting forecasts, along with an increase in revenue from city sales tax, property taxes, franchise fees and fine/forfeitures.

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 \$1,987,250, while expenses totaled \$1,598,739 for the fiscal year ending June 30, 2017. The net change of fund balance for the HURF Fund, prior to transfers, was a positive \$388,511. The primary reason for this positive increase was due to infrastructure projects coming in below budgeted expectations.

The City Complex Fund is a new fund created with the issuance of a \$6,000,000 Excise Tax and State Shared Revenue and Revenue Refunding Obligations Bond for the construction of a new city hall. The bond paid off of a 2012 Great Western Bank loan. After paying off the Great Western Loan of \$2,283,219 all bond proceeds were recorded in the City Complex Fund. The fund balance for the City Complex Fund is \$3,806,445.

Other non-major governmental funds of the City include funds from the Public Works Facility, LTAF, Economic and Community Development, Impact Fee, Grants, JCEF, Court Recovery, Cemetery, Airport, Capital Projects, and Perpetual Care funds. 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 increased by \$499,641. This increase can be attributed to increases in fees and taxes from the Public Works Facility and Economic and Community Development Funds.

**Proprietary Funds**

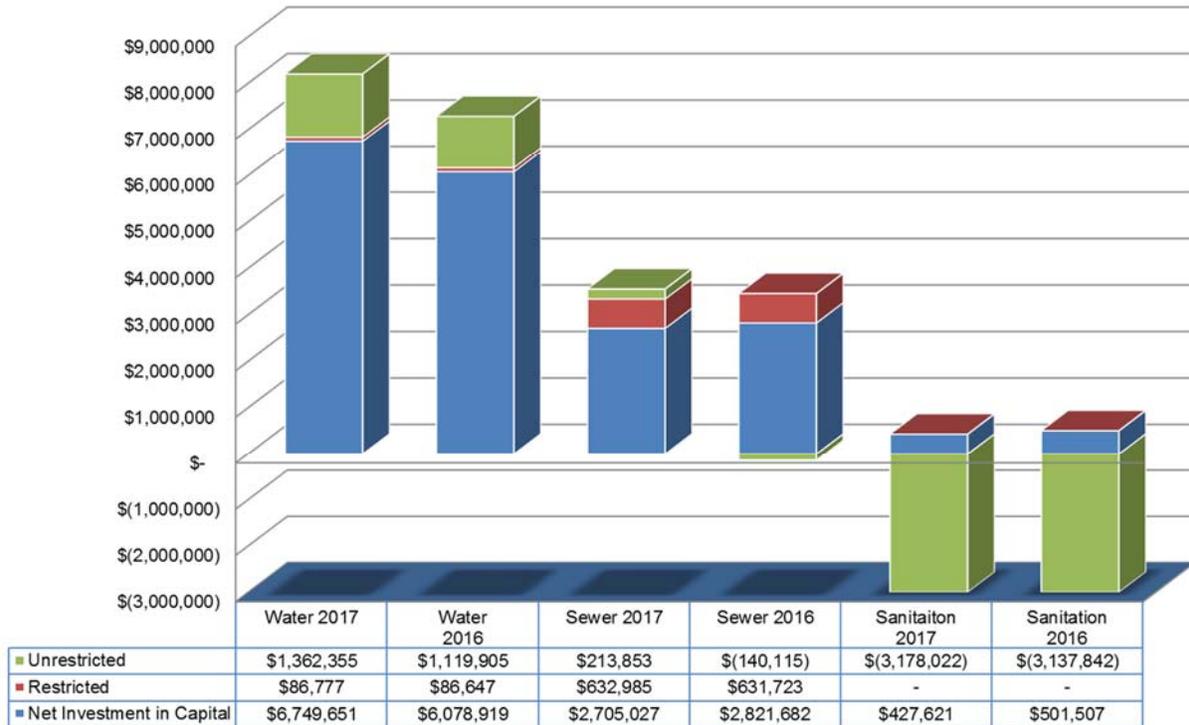
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discreetly on the fund statements.

Net position of the proprietary funds was \$9,000,247 as of June 30, 2017. Total operating revenues in fiscal year 2017 were \$5,194,856, while total operating expenses totaled \$4,706,955 resulting in an operating income of \$487,901 before non-operating activity and capital contributions.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**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 can be found on pages 92-94. 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 64 for more information on budget policies). No amendments to the City's total adopted budget of \$38,607,525 occurred during fiscal year 2017. 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, 2017**

**BUDGETARY HIGHLIGHTS**

Budgetary comparison highlights for the General Fund are as follows:

- General fund expenditures of \$10,125,716 were only 87% of budgeted expenditures. Reduced expenditures and unfunded personnel were some of the unspent budget items.
- General fund revenue of \$12,584,966 exceed final budget of \$11,589,170 by \$995,796 or 8%. The primary factors to this increase were increases sales taxes, franchise fees along with increase collection in fines and forfeitures.
- Sales Taxes exceeded budget expectations by \$206,935 or 4% primarily due to increased construction activity and the tax on food for home based consumption.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2017, the City had invested \$29,754,612 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 \$45,403,731. This is a net increase of \$1,307,388. There was an increase in capital assets of \$1,333,620 within governmental activities. While within business-type activities capital assets decreased by \$26,232.

The following table provides a breakdown of capital assets of the City at June 30, 2016 and 2017. Additional information on the City's capital assets can be found in Note 6 on pages 69-70.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,344,582	\$ 7,331,305	\$ 455,060	\$ 455,060	\$ 7,799,642	\$ 7,786,365
Land Improvements	1,006,652	1,046,843	28,489	28,579	1,035,141	1,075,422
Construction In Progress	503,281	415,144	310,566	152,730	813,847	567,874
Buildings and Improvements	4,425,485	4,514,267	477	1,443	4,425,962	4,515,710
Infrastructure	10,504,995	9,406,964	-	-	10,504,995	9,406,964
Furniture, equipment and vehicles	2,540,485	2,277,337	951,571	1,032,094	3,492,056	3,309,431
Sewer lines and equipment	-	-	7,507,100	7,962,453	7,507,100	7,962,453
Water lines and equipment	-	-	9,824,988	9,472,124	9,824,988	9,472,124
Total	\$ 26,325,480	\$ 24,991,860	\$ 19,078,251	\$ 19,104,483	\$ 45,403,731	\$ 44,096,343

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

- The City installed a new 12 inch water main to Monsanto in the amount of \$770,742.
- The City completed 1.17 miles of asphalt reconstruction of roads in Eloy in the amount of \$847,699.
- The City completed 1.76 miles of double chip seal of residential roadways in the Toltec area in the amount of \$171,192.
- The City started the design phase of the new city hall complex in the amount of \$175,107.
- The City purchased new vehicles and associated equipment for parks, police and public works administration the amount of \$246,112.
- The City purchased a 2017 Street Sweeper and Tractor for the Streets Department in the amount of \$277,211.

**Long-term Debt**

The City's outstanding long-term debt, including compensated absences, bonds, loans, landfill costs, and pension liability, was \$31,994,995 at June 30, 2017. Of this total, \$17,168,954 was in governmental activities, while business-type activities were \$14,826,041. All outstanding debt is secured by pledges of specific revenue sources of the City. Additional information on the City's long-term debt can be found in Notes 7-9 on pages 69-74.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2016 and 2017.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Bonds Payable	\$ 6,000,000	\$ -	\$ -	\$ -	\$ 6,000,000	\$ -
Bond Premium	276,967	-	-	-	276,967	-
Loans Payable	176,200	2,568,293	8,700,741	9,181,503	8,876,941	11,749,796
Revenue Bonds	-	-	495,211	520,875	495,211	520,875
Compensated Absences	602,253	666,924	72,463	53,079	674,716	720,003
Landfill Closure and Post-Closure Costs Payable	-	-	4,123,275	4,063,461	4,123,275	4,063,461
Net Pension Liability	10,113,534	8,507,471	1,434,351	1,393,556	11,547,885	9,901,027
	<u>\$17,168,954</u>	<u>\$11,742,688</u>	<u>\$14,826,041</u>	<u>\$15,212,474</u>	<u>\$31,994,995</u>	<u>\$26,955,162</u>

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

City officials considered several factors during the process of developing the budget for FY 2017-2018. When developing the FY 2017-2018 budget staff considered five primary factors in the development of the budget. Those factors were a stagnant revenue base, the increasing cost to conduct business, aging water and sewer infrastructure, construction of city hall and the deteriorating state of roadways. Also, considered in the development of the budget was the local economy. The adopted FY 2017-2018 budget expects general fund revenues to increase by \$279,425 before recording fund balance. The primary cause of this increase is local taxes (sales taxes and property taxes) should increase by \$113,595 over the prior fiscal year. This increase is based on historical data collection along with current projections which are anticipated to continue during the fiscal year. The overall budget for FY 2017-2018 will be \$46,767,295 which represents an increase of \$8,159,770 over FY 2016-2017. The primary reason for this increase is due to the construction of the new city hall. The City's population should remain stable in the upcoming year. The unemployment rate in Eloy should remain stable at 7.4%, which is above the national average of 4.4% and the Pinal County rate of 5.4%. These indicators were considered when adopting the budget for FY 2017-2018.

**FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the City of Eloy'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, should be directed to 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, 2017**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and Cash Equivalents	\$ 26,770,949	\$ 3,487,856	\$ 30,258,805
Other Receivables	35,453		35,453
Property Taxes Receivable	41,387		41,387
Due from Governmental Entities	921,061	313,838	1,234,899
Accounts Receivable (Net of Allowance)		533,663	533,663
Inventory		82,251	82,251
<b>Total current assets</b>	<b>27,768,850</b>	<b>4,417,608</b>	<b>32,186,458</b>
Noncurrent assets:			
Restricted Cash and Investments	87,285	719,762	807,047
Capital Assets, Non-Depreciable	7,847,863	765,626	8,613,489
Capital Assets, Depreciable (Net)	18,477,617	18,312,625	36,790,242
<b>Total noncurrent assets</b>	<b>26,412,765</b>	<b>19,798,013</b>	<b>46,210,778</b>
<b>Total assets</b>	<b>54,181,615</b>	<b>24,215,621</b>	<b>78,397,236</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension Plan Items	2,870,605	219,584	3,090,189
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts Payable	322,225	168,224	490,449
Accrued Salaries and Wages Payable	149,752	11,333	161,085
Customer Deposits		192,548	192,548
Bonds Payable		26,843	26,843
Loans Payable	51,934	660,440	712,374
Compensated Absences	60,225	6,587	66,812
Interest Payable		94,576	94,576
Other Current Liabilities	87,476	350	87,826
<b>Total current liabilities</b>	<b>671,612</b>	<b>1,160,901</b>	<b>1,832,513</b>
Noncurrent liabilities:			
Noncurrent Portion of Long-Term Obligations	17,056,795	14,132,171	31,188,966
<b>Total noncurrent liabilities</b>	<b>17,056,795</b>	<b>14,132,171</b>	<b>31,188,966</b>
<b>Total liabilities</b>	<b>17,728,407</b>	<b>15,293,072</b>	<b>33,021,479</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension Plan Items	685,876	141,886	827,762
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	19,872,313	9,882,299	29,754,612
Restricted for:			
Debt Service		719,762	719,762
Highways and Streets	2,743,078		2,743,078
Grants	222,214		222,214
Capital Projects	5,827,192		5,827,192
Other Purposes	245,086		245,086
Unrestricted	9,728,054	(1,601,814)	8,126,240
<b>Total net position</b>	<b>\$ 38,637,937</b>	<b>\$ 9,000,247</b>	<b>\$ 47,638,184</b>

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, 2017**

<b>Functions/Programs</b>	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
<b>Primary Government</b>					
Governmental activities:					
General Government	\$ 3,262,615	\$ 967,746	\$	\$	\$ (2,294,869)
Public Safety	4,979,023	36,678	147,713	198,566	(4,596,066)
Public Works	2,794,926	157,132	1,981,879	522,653	(133,262)
Community Development	917,185	301,319		215,041	(400,825)
Health and Welfare	134,859			122,467	(12,392)
Culture and Recreation	1,501,555	35,634	1,770	2,576	(1,461,575)
Interest on Long Term Debt	123,435				(123,435)
Total governmental activities	<u>13,713,598</u>	<u>1,498,509</u>	<u>2,131,362</u>	<u>1,061,303</u>	<u>(9,022,424)</u>
Business-type activities:					
Water	2,334,439	2,474,166		770,742	
Sewer	1,139,428	1,375,832			
Sanitation	1,461,200	1,347,133			
Total business-type activities	<u>4,935,067</u>	<u>5,197,131</u>		<u>770,742</u>	
<b>Total primary government</b>	<u>\$ 18,648,665</u>	<u>\$ 6,695,640</u>	<u>\$ 2,131,362</u>	<u>\$ 1,832,045</u>	<u>(9,022,424)</u>
<b>General revenues:</b>					
Taxes:					
Sales Taxes					5,685,830
Property Taxes Levied for General Purposes					1,065,689
Franchise Taxes					180,793
County Auto Lieu Tax					919,942
Unrestricted State Revenues					3,651,456
Investment Income					57,491
Other Revenues					119,730
<b>Total general revenues</b>					<u>11,680,931</u>
<b>Changes in net position</b>					2,658,507
<b>Net position, beginning of year</b>					<u>35,979,430</u>
<b>Net position, end of year</b>					<u>\$ 38,637,937</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
\$	\$ (2,294,869) (4,596,066) (133,262) (400,825) (12,392) (1,461,575) (123,435) <hr style="border: 0.5px solid black;"/> (9,022,424) <hr style="border: 0.5px solid black;"/>
910,469	910,469
236,404	236,404
(114,067)	(114,067)
<u>1,032,806</u>	<u>1,032,806</u>
<u>1,032,806</u>	<u>(7,989,618)</u>
5,685,830 1,065,689 180,793 919,942 3,651,456 5,015      62,506 119,730 <hr style="border: 0.5px solid black;"/> 5,015      11,685,946 <hr style="border: 0.5px solid black;"/>	
1,037,821	3,696,328
<u>7,962,426</u>	<u>43,941,856</u>
<u>\$ 9,000,247</u>	<u>\$ 47,638,184</u>

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**FUND FINANCIAL STATEMENTS**

**CITY OF ELOY, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General	Highway User Revenue Fund	City Complex
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 15,701,065	\$ 2,671,316	\$ 3,806,445
Restricted Cash and Investments	87,285		
Other Receivables	27,000		
Property Taxes Receivable	41,387		
Due from Governmental Entities	446,864	177,674	
Due from Other Funds	63,865		
<b>Total assets</b>	<b>\$ 16,367,466</b>	<b>\$ 2,848,990</b>	<b>\$ 3,806,445</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts Payable	\$ 258,763	\$ 28,741	\$
Accrued Salaries and Wages Payable	143,167	6,585	
Due to Other Funds			
Other Current Liabilities	87,476		
<b>Total liabilities</b>	<b>489,406</b>	<b>35,326</b>	
Deferred inflows of resources:			
Unavailable Revenue - Property Taxes	30,663		
Fund balances:			
Restricted		2,743,078	3,806,445
Committed		70,586	
Assigned			
Unassigned	15,847,397		
<b>Total fund balances</b>	<b>15,847,397</b>	<b>2,813,664</b>	<b>3,806,445</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 16,367,466</b>	 <b>\$ 2,848,990</b>	 <b>\$ 3,806,445</b>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 4,592,123	\$ 26,770,949
	87,285
8,453	35,453
	41,387
296,523	921,061
	63,865
<u>\$ 4,897,099</u>	<u>\$ 27,920,000</u>

\$ 34,721	\$ 322,225
	149,752
63,865	63,865
	87,476
<u>98,586</u>	<u>623,318</u>

	30,663
--	--------

2,488,047	9,037,570
984,744	1,055,330
1,325,722	1,325,722
	15,847,397
<u>4,798,513</u>	<u>27,266,019</u>

<u>\$ 4,897,099</u>	<u>\$ 27,920,000</u>
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**CITY OF ELOY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>27,266,019</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 36,714,379	
Less accumulated depreciation	<u>(10,388,899)</u>	26,325,480
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		30,663
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	2,870,605	
Deferred inflows of resources related to pensions	<u>(685,876)</u>	2,184,729
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(602,253)	
Loans payable	(176,200)	
Net pension liability	(10,113,534)	
Bonds payable	<u>(6,276,967)</u>	<u>(17,168,954)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>38,637,937</u></b>

**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, 2017**

	<u>General</u>	<u>Highway User Revenue Fund</u>	<u>City Complex</u>
<b>Revenues:</b>			
Sales Taxes	\$ 5,270,435	\$	\$
Property Taxes	1,068,486		
Franchise Taxes	180,793		
Licenses, Permits, and Fees	306,849		
Intergovernmental Revenue	4,673,398	1,981,882	
Charges for Services	637,982		
Fines and Forfeitures	311,813		
Investment Income	44,150	5,368	3,688
Impact Fees			
Other Revenues	91,060		
<b>Total revenues</b>	<u>12,584,966</u>	<u>1,987,250</u>	<u>3,688</u>
<b>Expenditures:</b>			
Current -			
General Government	2,869,980		
Public Safety	3,843,687		
Public Works	803,597	1,222,596	
Community Development	565,321		
Culture and Recreation	1,512,415		
Capital Outlay	229,736	376,143	
Debt service -			
Principal Retirement			
Interest and Fiscal Charges	109,989		
Bond Issuance Costs	190,991		
<b>Total expenditures</b>	<u>10,125,716</u>	<u>1,598,739</u>	<u></u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,459,250</u>	<u>388,511</u>	<u>3,688</u>
<b>Other financing sources (uses):</b>			
Transfers In			3,802,757
Transfers Out	(5,298,029)		
Payment to bond escrow agent	(2,283,219)		
Issuance of excise tax revenue bonds	3,802,757		
Issuance of refunding bonds	2,197,243		
Premium on sale of refunding bonds	276,967		
<b>Total other financing sources (uses):</b>	<u>(1,304,281)</u>	<u></u>	<u>3,802,757</u>
<b>Changes in fund balances</b>	<u>1,154,969</u>	<u>388,511</u>	<u>3,806,445</u>
<b>Fund balances, beginning of year</b>	14,692,428	2,425,153	
<b>Fund balances, end of year</b>	<u>\$ 15,847,397</u>	<u>\$ 2,813,664</u>	<u>\$ 3,806,445</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 415,395	\$ 5,685,830
	1,068,486
	180,793
	306,849
1,086,762	7,742,042
224,549	862,531
	311,813
4,285	57,491
39,337	39,337
28,670	119,730
<u>1,798,998</u>	<u>16,374,902</u>
142,492	3,012,472
206,141	4,049,828
104,790	2,130,983
354,508	919,829
5,252	1,517,667
1,916,376	2,522,255
51,624	51,624
13,446	123,435
	190,991
<u>2,794,629</u>	<u>14,519,084</u>
<u>(995,631)</u>	<u>1,855,818</u>
1,498,176	5,300,933
(2,904)	(5,300,933)
	(2,283,219)
	3,802,757
	2,197,243
	276,967
<u>1,495,272</u>	<u>3,993,748</u>
<u>499,641</u>	<u>5,849,566</u>
4,298,872	21,416,453
<u>\$ 4,798,513</u>	<u>\$ 27,266,019</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**  
**YEAR ENDED JUNE 30, 2017**

**Changes in fund balances - total governmental funds** **\$ 5,849,566**

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	\$ 2,513,183	
Less current year depreciation	<u>(1,179,563)</u>	1,333,620

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(3,993,748)
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Property taxes in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(2,797)
--	--	---------

Repayments of loan principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		51,624
--	--	--------

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	748,219	
Pension expense	<u>(1,449,898)</u>	(701,679)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Deferred charges on issuance of debt	57,250	
Compensated absences	<u>64,671</u>	<u>121,921</u>

**Changes in net position in governmental activities** **\$ 2,658,507**

**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, 2017**

	Enterprise Funds		
	Water	Sewer	Sanitation
<b><u>ASSETS</u></b>			
Current assets:			
Cash and Cash Equivalents	\$ 1,820,711	\$ 262,365	\$ 1,404,780
Due from Governmental Entities	313,838		
Accounts Receivable (Net of Allowance)	271,824	152,969	108,870
Inventory	82,251		
<b>Total current assets</b>	<b>2,488,624</b>	<b>415,334</b>	<b>1,513,650</b>
Noncurrent assets:			
Restricted Cash and Investments	86,777	632,985	
Capital Assets, Non-Depreciable	194,564	571,062	
Capital Assets, Depreciable (Net)	9,974,941	7,910,063	427,621
<b>Total noncurrent assets</b>	<b>10,256,282</b>	<b>9,114,110</b>	<b>427,621</b>
<b>Total assets</b>	<b>12,744,906</b>	<b>9,529,444</b>	<b>1,941,271</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension Plan Items	158,604	28,665	32,315
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts Payable	126,090	8,157	33,977
Accrued Salaries and Wages Payable	8,569	1,374	1,390
Customer Deposits	149,737	17,475	25,336
Bonds Payable	26,843		
Loans Payable	277,557	382,883	
Compensated Absences	5,878		709
Interest Payable	39,966	54,610	
Other Current Liabilities	350		
<b>Total current liabilities</b>	<b>634,990</b>	<b>464,499</b>	<b>61,412</b>
Noncurrent liabilities:			
Compensated Absences	58,788		7,088
Landfill Closure and Post Closure Costs			4,123,275
Bonds Payable	468,368		
Loans Payable	2,647,086	5,393,215	
Net Pension Liability	793,011	130,008	511,332
<b>Total noncurrent liabilities</b>	<b>3,967,253</b>	<b>5,523,223</b>	<b>4,641,695</b>
<b>Total liabilities</b>	<b>4,602,243</b>	<b>5,987,722</b>	<b>4,703,107</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension Plan Items	102,484	18,522	20,880
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	6,749,651	2,705,027	427,621
Restricted for:			
Debt Service	86,777	632,985	
Unrestricted	1,362,355	213,853	(3,178,022)
<b>Total net position</b>	<b>\$ 8,198,783</b>	<b>\$ 3,551,865</b>	<b>\$ (2,750,401)</b>

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

Enterprise Funds

Totals

\$ 3,487,856  
313,838  
533,663  
82,251  
4,417,608

719,762  
765,626  
18,312,625  
19,798,013  
24,215,621

219,584

168,224  
11,333  
192,548  
26,843  
660,440  
6,587  
94,576  
350  
1,160,901

65,876  
4,123,275  
468,368  
8,040,301  
1,434,351  
14,132,171  
15,293,072

141,886

9,882,299

719,762  
(1,601,814)

\$ 9,000,247

**CITY OF ELOY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating revenues:</b>			
Charges for Services	\$ 2,473,283	\$ 1,374,440	\$ 1,347,043
Rent and Other Revenues			90
<b>Total operating revenues</b>	<u>2,473,283</u>	<u>1,374,440</u>	<u>1,347,133</u>
<b>Operating expenses:</b>			
Salaries	479,210	80,006	95,798
Employee Benefits	223,607	36,736	49,203
Service, Supplies and Other	1,105,524	350,928	1,182,499
Landfill Closure and Post Closure Expense			59,814
Depreciation	446,124	523,620	73,886
<b>Total operating expenses</b>	<u>2,254,465</u>	<u>991,290</u>	<u>1,461,200</u>
<b>Operating income (loss)</b>	<u>218,818</u>	<u>383,150</u>	<u>(114,067)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment Income	2,843	2,172	
Impact Fees	883	1,392	
Interest Expense and Fiscal Charges	(79,974)	(148,138)	
<b>Total nonoperating revenues (expenses)</b>	<u>(76,248)</u>	<u>(144,574)</u>	
<b>Income (loss) before capital contributions</b>	<u>142,570</u>	<u>238,576</u>	<u>(114,067)</u>
<b>Capital Contributions</b>	<u>770,742</u>		
<b>Changes in net position</b>	<u>913,312</u>	<u>238,576</u>	<u>(114,067)</u>
<b>Total net position, beginning of year</b>	7,285,471	3,313,290	(2,636,335)
<b>Total net position, end of year</b>	<u>\$ 8,198,783</u>	<u>\$ 3,551,866</u>	<u>\$ (2,750,402)</u>

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

Enterprise Funds

Totals

\$ 5,194,766  
90  
5,194,856

655,014  
309,546  
2,638,951  
59,814  
1,043,630  
4,706,955

487,901

5,015  
2,275  
(228,112)  
(220,822)

267,079

770,742

1,037,821

7,962,426

\$ 9,000,247

**CITY OF ELOY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017**

	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Total</b>
<b><u>Increase in Cash and Cash Equivalents</u></b>				
<b>Cash flows from operating activities:</b>				
Cash received from Customers, Service Fees	\$ 2,296,065	\$ 1,376,670	\$ 1,349,178	\$ 5,021,913
Cash received from Customers, Other			90	90
Cash paid to Suppliers	(1,246,048)	(402,304)	(1,217,025)	(2,865,377)
Cash paid to Employees	(486,120)	(84,725)	(99,614)	(670,459)
<b>Net cash provided by operating activities</b>	<b>563,897</b>	<b>889,641</b>	<b>32,629</b>	<b>1,486,167</b>
<b>Cash flows from non-capital financing activities:</b>				
Interfund borrowing		(194,051)		(194,051)
<b>Net cash (used for) non-capital financing activities</b>		<b>(194,051)</b>		<b>(194,051)</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(913,120)	(104,278)		(1,017,398)
Loan proceeds	93,529	72,279		165,808
Decrease in loan receivable	98,575	123,569		222,144
Principal paid on debt	(296,996)	(374,966)		(671,962)
Interest paid on debt	(79,517)	(152,131)		(231,648)
Impact Fees	883	1,392		2,275
Grant Contributions	770,742			770,742
<b>Net cash (used for) capital and related financing activities</b>	<b>(325,904)</b>	<b>(434,135)</b>		<b>(760,039)</b>
<b>Cash flows from investing activities:</b>				
Investment income	2,843	2,172		5,015
<b>Net cash provided by investing activities</b>	<b>2,843</b>	<b>2,172</b>		<b>5,015</b>
<b>Net increase in cash and cash equivalents</b>	<b>240,836</b>	<b>263,627</b>	<b>32,629</b>	<b>537,092</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,666,652</b>	<b>631,723</b>	<b>1,372,151</b>	<b>3,670,526</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,907,488</b>	<b>\$ 895,350</b>	<b>\$ 1,404,780</b>	<b>\$ 4,207,618</b>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>				
Cash and cash equivalents	\$ 1,820,711	\$ 262,365	\$ 1,404,780	\$ 3,487,856
Restricted cash and investments	86,777	632,985		719,762
<b>Total cash and cash equivalents</b>	<b>\$ 1,907,488</b>	<b>\$ 895,350</b>	<b>\$ 1,404,780</b>	<b>\$ 4,207,618</b>
<b><u>Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities</u></b>				
Operating income (loss)	\$ 218,818	\$ 383,150	\$ (114,067)	\$ 487,901
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	446,124	523,620	73,886	1,043,630
Changes in assets and liabilities:				
(Increase) in accounts receivable	(179,249)	(7,265)	(12,041)	(198,555)
Decrease in inventory	12,517			12,517
Increase in compensated absences payable	17,967		1,417	19,384
Increase in deposits held for others	2,031	9,495	14,176	25,702
(Decrease) in accrued payroll and employee benefits	(12,915)	(2,558)	(2,796)	(18,269)
Increase (decrease) in accounts payable	70,566	(14,640)	14,677	70,603
Increase in landfill closure and post closure payable			59,814	59,814
(Decrease) in pension items	(11,962)	(2,161)	(2,437)	(16,560)
<b>Total adjustments</b>	<b>345,079</b>	<b>506,491</b>	<b>146,696</b>	<b>998,266</b>
<b>Net cash provided by operating activities</b>	<b>\$ 563,897</b>	<b>\$ 889,641</b>	<b>\$ 32,629</b>	<b>\$ 1,486,167</b>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

During the year ended June 30, 2017, the City implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about the agreements, the gross dollar of taxes abated, and other commitments made by the government.

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

**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.

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. 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. 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, 2017**

**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, unrestricted state revenues, 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, 2017**

**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.

City Complex Fund – This fund accounts for activity related to the proceeds for and construction of the new City Hall complex.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

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.

**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, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

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.

**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 receivables, including 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.

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.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 \$3,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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	20-50
Land Improvements	5-50
Furniture, Equipment, and Vehicles	5-15
Infrastructure	10-50
Water and Sewer System	20-40

**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, 2017**

**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, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Debt premiums and discounts, are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding 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, 2017**

**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, 2017**

**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.

	General Fund	Highway User Revenue Fund	City Complex Fund	Non-Major Governmental Funds
Fund Balances:				
Restricted:				
Highways and Streets	\$	\$ 2,743,078	\$	\$ 10,059
Grants				222,214
Capital Projects			3,806,445	2,020,747
Court Equipment				110,428
Cemetery				124,599
Committed:				
Highways and Streets		70,586		404,434
Airport				290,126
Cemetery				61,907
Community Development				228,277
Assigned:				
Capital Projects				1,325,722
Unassigned	15,847,397			
Total Fund Balances	\$ 15,847,397	\$ 2,813,664	\$ 3,806,445	\$ 4,798,513

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 proprietary fund, reported a deficit of \$2,750,401 in net position.

The deficit arose because of the City's operation of the landfill and the associated closure and post-closure costs associated with the landfill. Additional revenues received in future fiscal years due to user rate increases are expected to help reduce the deficit.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 – CASH AND INVESTMENTS**

*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 \$15,728,188 and the bank balance was \$16,440,369. At year the City’s deposits were entirely covered by collateral held by the pledging financial institution in the City’s name. Additionally, the City had cash on hand of \$1,200.

*Fair Value Measurements.* The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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 as an investment company 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. Participants in the pools are not required to categorize the value of shares in accordance with the fair value hierarchy.

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the City’s investments consisted of the following:

Investment Type	Category	Fair Value	Investment Maturities (in Years)	
			Less than 1	1-5
U.S. Treasuries	Level 2	\$ 10,608,015	\$ 2,067,702	\$ 2,393,061
U.S. Agencies	Level 2	4,460,764	5,289,253	5,318,762
Cash	Not Applicable	67,814	67,814	
			<u>\$ 7,424,769</u>	<u>\$ 7,711,823</u>
State Treasurer’s investment pool 5	Not Applicable	32,769	26 days average maturities	
State Treasurer’s investment pool 7	Not Applicable	168,302	22 days average maturities	
Total		<u>\$ 15,337,664</u>		

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 – CASH AND INVESTMENTS**

*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.

*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.

*Concentration of Credit Risk.* The City places no limit on the amount the City may invest in any one issuer. Of the total amount, 89 percent of the City's investments are in Federal Home Loan Mortgage Corporation notes, U.S. Treasury, and FNMA notes, which make up 48, 29, and 12 percent of the City's total investments.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 funds in the aggregate were as follows:

	General Fund	Highway User Revenue Fund	Non-Major Governmental Funds
Due from Other Governmental Entities:			
Due from federal government	\$	\$	\$ 164,109
Due from state government	446,864	117,900	88,946
Due from county government		59,774	43,468
Net Due from Governmental Entities	<u>\$ 446,864</u>	<u>\$ 177,674</u>	<u>\$ 296,523</u>

**NOTE 6 – CAPITAL ASSETS**

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

<u>Governmental Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	\$ 7,331,305	\$ 13,277	\$	\$ 7,344,582
Construction in Progress	415,144	761,799	673,662	503,281
Total Capital Assets, not being Depreciated	<u>7,746,449</u>	<u>775,076</u>	<u>673,662</u>	<u>7,847,863</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	7,390,327	109,030		7,499,357
Furniture, Equipment and Vehicles	6,384,870	736,795	161,144	6,960,521
Land Improvements	1,132,803			1,132,803
Infrastructure	11,707,891	1,565,944		13,273,835
Total Capital Assets being Depreciated	<u>26,615,891</u>	<u>2,411,769</u>	<u>161,144</u>	<u>28,866,516</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,876,060)	(197,812)		(3,073,872)
Furniture, Equipment and Vehicles	(4,107,533)	(473,647)	(161,144)	(4,420,036)
Land Improvements	(85,960)	(40,191)		(126,151)
Infrastructure	(2,300,927)	(467,913)		(2,768,840)
Total Accumulated Depreciation	<u>(9,370,480)</u>	<u>(1,179,563)</u>	<u>(161,144)</u>	<u>(10,388,899)</u>
Total Capital Assets, being depreciated, net	17,245,411	1,232,206		18,477,617
Governmental Activities Capital Assets, net	<u>\$24,991,860</u>	<u>\$ 2,007,282</u>	<u>\$ 673,662</u>	<u>\$ 26,325,480</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

General Government	\$	118,447
Public Safety		208,860
Public Works		717,397
Health and Welfare		134,859
Total Depreciation Expense		\$ 1,179,563

<b>Business-Type Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land and Water Rights	\$ 455,060	\$	\$	\$ 455,060
Construction in Progress	152,730	173,337	15,501	310,566
Total	607,790	173,337	15,501	765,626
Capital Assets, being Depreciated:				
Water System	15,168,012	782,432		15,950,444
Sewer System	14,762,135	19,491		14,781,626
Land improvements	28,982			28,982
Buildings and Improvements	32,704			32,704
Furniture, Equipment and Vehicles	3,018,370	57,639		3,076,009
Total Capital Assets being Depreciated	33,010,203	859,562		33,869,765
Less Accumulated Depreciation for:				
Water System	(5,695,888)	(429,568)		(6,125,456)
Sewer System	(6,799,682)	(474,844)		(7,274,526)
Land improvements	(403)	(90)		(493)
Buildings and Improvements	(31,261)	(966)		(32,227)
Furniture, Equipment and Vehicles	(1,986,276)	(138,162)		(2,124,438)
Total Accumulated Depreciation	(14,513,510)	(1,043,630)		(15,557,140)
Total Capital Assets, being Depreciated, net	18,496,693	(184,068)		18,312,625
Business-Type Activities Capital Assets, net	\$ 19,104,483	\$ (10,731)	\$ 15,501	\$ 19,078,251

Depreciation expense was charged to business-type activities as follows:

Water	\$	446,124
Sewer		523,620
Sanitation		73,886
Total Depreciation Expense		\$ 1,043,630

**Construction Commitments** – At year end, the City had contractual commitments related to the construction of infrastructure improvements and the new City Hall complex. At year end, the City had spent \$813,846 on the projects and had an estimated remaining contractual commitment of \$1.5 million.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 – LONG-TERM DEBT**

Bonds payable at year end consisted of the following outstanding excise tax and state shared revenue and revenue refunding bonds. Excise taxes from the General Fund are used to pay bonded debt. During the year ended June 30, 2017, the City issued \$6.0 million in excise tax and state shared revenue and revenue refunding bonds to fund the construction of the new City Hall and to pay off the outstanding \$2.9 million Great Western Loan.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Excise Tax and State Shared Revenue and Revenue Refunding Obligations, Series 2017	\$ 6,000,000	3.0 - 4.0 %	7/1/18-42	\$ 6,000,000	\$

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$	\$ 173,649
2019	95,000	234,475
2020	155,000	230,725
2021	160,000	226,000
2022	165,000	220,300
2023-27	920,000	996,000
2028-32	1,115,000	792,900
2033-37	1,360,000	546,600
2038-42	1,660,000	245,400
2043	370,000	7,400
Total	<u>\$ 6,000,000</u>	<u>\$ 3,673,449</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 – LONG-TERM DEBT**

At year end, the City had outstanding revenue bonds and loans from the Water Infrastructure Finance Authority of Arizona. These balances are being repaid from Business-Type Activities revenues.

**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.	\$ 196,843
Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	<u>298,368</u>
Total Revenue Bonds Payable	495,211
Less Current Portion	<u>26,843</u>
Total revenue bonds, net of current portion	<u>\$ 468,368</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
2018	\$ 26,843	\$ 22,284
2019	28,076	21,076
2020	29,365	19,814
2021	30,714	18,492
2022	32,126	17,110
2023-27	184,170	62,488
2028-31	163,917	17,796
Total	\$ 495,211	\$ 179,060

**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 \$674,271. The current total customer gross revenues were \$3.8 million and the total principal and interest paid on the bonds was \$48,526, or one percent of gross revenues.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2028.	\$ 4,622,119
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.	352,160
Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.625% due in semiannual principal and interest installments maturing July 1, 2031.	1,592,597
Water Infrastructure Finance Authority (WIFA) Loan 910164-15 bearing interest at 2.168% due in semiannual principal and interest installments maturing at July 1, 2034. \$950,000 has been authorized by WIFA with a \$475,000 forgivable portion; however, at June 30, 2017, the City had only drawn down \$182,935. The City expects to draw down the remaining balance during fiscal year 2017.	216,347
Water Infrastructure Finance Authority (WIFA) Loan 920256-15 bearing interest at 2.033% due in semiannual principal and interest installments maturing at July 1, 2034. \$4,500,000 has been authorized by WIFA with a \$600,000 forgivable portion; however, at June 30, 2017, the City had only drawn down \$1,209,850. The City expects to draw down the remaining balance during fiscal year 2017.	979,887
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>937,631</u>
Total Loans Payable	8,700,741
Less Current Portion	<u>660,440</u>
Total Loans Payable, net of Current Portion	<u>\$ 8,040,301</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 – LONG-TERM DEBT**

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

Year Ending June 30:	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 473,817	\$ 194,446
2019	484,460	189,563
2020	495,352	183,753
2021	506,501	169,880
2022	517,914	155,689
2023-27	2,770,435	573,537
2028-32	1,688,255	206,898
2033-37	183,500	102,587
2038-42	225,454	61,421
2043-45	158,818	13,262
Total	<u>\$ 7,504,506</u>	<u>\$ 1,851,036</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 2028 and 2029, respectively. The total principal and interest to be paid on the loans is \$5.8 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$9.7 million and the total principal and interest paid on the loans was \$479,730, or five 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 \$6.7 million. The current total water customer gross revenues were \$3.9 million and the total principal and interest paid on the loans was \$392,882, or 12 percent of gross revenues.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 \$1.6 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$9.7 million and the total principal and interest paid on the loan was \$56,856, or less than one 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.	<u>\$ 176,200</u>
Less Current Portion	<u>51,934</u>
Total Loans Payable, net of Current Portion	<u>\$ 124,266</u>

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

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2018	\$ 51,934	\$ 914
2019	52,247	601
2020	52,561	287
2021	19,458	26
Total	\$ 176,200	\$ 1,828

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 \$4,123,275 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 57 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 \$3,123,963 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>
<b>Governmental activities:</b>					
Bonds payable	\$	\$ 6,000,000	\$	\$ 6,000,000	\$
Bond premium		276,967		276,967	
Loans payable	2,568,293		2,392,093	176,200	51,934
Compensated absences	666,924	246,662	311,333	602,253	60,225
Net pension liability	<u>8,507,471</u>	<u>1,606,063</u>		<u>10,113,534</u>	
Governmental activity long-term liabilities	<u>\$ 11,742,688</u>	<u>\$ 8,129,692</u>	<u>\$ 2,703,426</u>	<u>\$ 17,168,954</u>	<u>\$ 112,159</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 520,875	\$	\$ 25,664	\$ 495,211	\$ 26,843
Loans payable	9,181,500	165,808	646,567	8,700,741	660,440
Compensated absences	53,079	54,515	35,131	72,463	6,587
Landfill closure and post-closure costs payable	4,063,461	59,814		4,123,275	
Net pension liability	<u>1,393,556</u>	<u>40,795</u>		<u>1,434,351</u>	
Business-type activity long-term liabilities	<u>\$ 15,212,471</u>	<u>\$ 320,932</u>	<u>\$ 707,362</u>	<u>\$ 14,826,041</u>	<u>\$ 693,870</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows:

**Due To/From Other Funds** – Interfund balances of \$63,865 between the General Fund and the Grants Fund 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. All interfund balances are expected to be paid within one year.

**Interfund Transfers:**

	Transfers in		
	City Complex Fund	Non-Major Governmental Funds	Total
Transfers Out			
General Fund	\$ 3,802,757	\$ 1,495,272	\$ 5,298,029
Non-Major Governmental Funds		2,904	2,904
Total	\$ 3,802,757	\$ 1,498,176	\$ 5,300,933

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, (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) properly state debt obligations in the fund in which payment for the debt will be made.

**NOTE 11 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**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.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 – TAX ABATEMENTS**

In January 2006 the City entered into a tax abatement agreement with Robson Ranch, which creates significant benefits to the City by providing for the acquisition of infrastructure as part of the development, increasing tax and other revenue to the City as a result of the improvements constructed on the property, and additional employment through development of the property. The agreement is effective for an initial period of 20 years with two additional five year extensions. The agreement was entered into under the Economic Incentive Ordinance adopted by the City Council in January 2006. The Economic Incentive Ordinance allows for a two thirds (2/3) reduction in transaction privilege tax on work performed in a development. The privilege tax is collected in full from the developer and then 2/3 of the tax is reimbursed to the developer on a periodic basis. The ordinance established the following conditions that must be met by a developer to qualify for the tax abatement: 1) The development must encompass a minimum of 2,000 acres not currently within the City, but adjacent thereto, 2) The developer must agree to voluntarily annex to the City at least 1,500 acres of the Development, 3) The development must contain both residential and commercial components, 4) A planned area development for at least 75 percent of the development's acreage must be approved by Pinal County, and 5) The development must not require the use of City water or sewer infrastructure to serve the development.

During the fiscal year \$458,298 of transaction privilege taxes were abated under the Robson Ranch agreement. The agreement also exempts the developer from impact fees related to water, sewer, fire protection, transportation, library, parks, open space, and recreation.

**NOTE 13 – 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 State Workers Compensation Fund for potential worker related accidents.

The City continues to carry commercial insurance for all other risks of loss to include employee health and life 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, 2017**

**NOTE 14 – 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 \$1,449,898 of pension expense in the governmental funds and \$54,520 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](http://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**  
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**NOTE 14 – 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 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2017 were \$414,693.

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement and 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS

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:				
2017	\$	21,542	\$	5,386
2016		18,388		4,413
2015		22,073		4,489

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Liability.** At June 30, 2017, the City reported a liability of \$6.6 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

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, 2016, the City’s proportion was 0.041 percent, which was an increase of 0.0006 from its proportion measured as of June 30, 2015.

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2017, the City recognized pension expense for ASRS of \$318,073 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	\$ 40,039	\$ 453,258
Changes of assumptions or other inputs		348,598
Net difference between projected and actual earnings on pension plan investments	714,002	
Changes in proportion and differences between contributions and proportionate share of contributions	112,320	25,906
Contributions subsequent to the measurement date	414,693	
Total	<u>\$ 1,281,054</u>	<u>\$ 827,762</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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2018	\$	(245,337)
2019		(207,913)
2020		291,645
2021		200,204

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – 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, 2015
Actuarial roll forward date	June 30, 2016
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, 2015 valuation 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 long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	<u>100%</u>	

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – 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 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the 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	\$8,401,167	\$6,588,758	\$5,135,602

**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](http://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 nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

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

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – 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% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Employees Covered by Benefit Terms.** At June 30, 2017, the following employees were covered by the agent pension plan’s benefit terms:

	<u>PSPRS – Police</u>
Retirees and beneficiaries	10
Inactive, non-retired members	7
Active members	23
Total	40

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

	<u>PSPRS – Police</u>
Active members – pension	11.65%
City:	
Pension	24.62
Health insurance	0.00

In addition, the City was required by statute to contribute at the actuarially determined rate of 12.96 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	\$ 404,607
Health insurance premium benefit:	
Annual OPEB cost	- 0 -
Contributions made	- 0 -

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Liability.** At June 30, 2017, the City reported \$4,959,127 in net pension liability for police. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2016, reflects changes of benefit terms and actuarial assumptions:

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS’ automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of two percent. The change in the City’s net pension liability as a result of the statutory adjustments is not known.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City’s net pension liabilities as a result of these changes is not known.

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
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, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 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 arithmetic 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%	0.75%
Absolute return	5	4.11
Risk parity	4	5.13
Fixed income	7	2.92
Real assets	8	4.77
GTAA	10	4.38
Private equity	11	9.50
Real estate	10	4.48
Credit opportunities	13	7.08
Non-U.S. equity	14	8.25
U.S. equity	16	6.23
Total	<u>100%</u>	

**Pension Discount Rates.** The discount rate of 7.50 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.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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
Balances at June 30, 2016	\$ 10,031,077	\$ 6,477,479	\$ 3,553,598
Changes for the year:			
Service cost	297,654		297,654
Interest on the total pension liability	781,825		781,825
Changes of benefit terms	467,870		467,870
Differences between expected and actual experience in the measurement of the pension liability	19,646		19,646
Changes of assumptions or other inputs	439,912		439,912
Contributions – employer		390,887	(390,887)
Contributions – employee		209,336	(209,336)
Net investment income		37,912	(37,912)
Benefit payments, including refunds of employee contributions	(440,693)	(440,693)	
Administrative expense		(5,855)	5,855
Other changes		(30,902)	30,902
Net changes	1,566,214	160,685	1,405,529
Balances at June 30, 2017	<u>\$ 11,597,291</u>	<u>\$ 6,638,164</u>	<u>\$ 4,959,127</u>

**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%
	Decrease		Increase
<b>PSPRS – Police:</b>			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$6,547,350	\$4,959,127	\$3,665,407

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

**Pension Expense.** For the year ended June 30, 2017, the City recognized \$1,186,345 as pension expense.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS – Police</b>		
Differences between expected and actual experience	\$ 140,856	
Changes of assumptions or other inputs	848,432	
Net difference between projected and actual earnings on pension plan investments	415,241	
Contributions subsequent to the measurement date	404,607	
Total	\$ 1,809,136	

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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	\$ 327,632
2019	327,630
2020	386,954
2021	270,176
2022	79,399
Thereafter	12,738

**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:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
<b>PSPRS – Police:</b>			
June 30, 2017	\$ - 0 -	100%	\$ - 0 -
June 30, 2016	- 0 -	100%	- 0 -
June 30, 2015	17,731	100%	- 0 -

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**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.

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 2017 contribution requirements, are as follows:

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 excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
includes inflation at	4%

**CITY OF ELOY, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2016, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	20 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	7.50%
Projected salary increases includes inflation at	4%-8% 4%

**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, 2016.

	<u>PSPRS – Police</u>
Actuarial value of assets	\$ 339,629
Actuarial accrued liability	204,394
Funding excess	135,235
Funded ratio	166.20%
Annual covered payroll	1,658,679
Funding excess as a percentage of covered payroll	8.2%

The schedule of funding progress for the health insurance premium benefit plan is disclosed immediately following the notes to the financial statements and includes multi-year trend information.

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**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, 2017**

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
<b>Revenues:</b>			
Sales Taxes	\$ 5,063,500	\$ 5,270,435	\$ 206,935
Property Taxes	1,050,275	1,068,486	18,211
Franchise Taxes	145,980	180,793	34,813
Licenses, Permits, and Fees	303,580	306,849	3,269
Intergovernmental Revenue	4,665,585	4,673,398	7,813
Charges for Services	676,335	637,982	(38,353)
Fines and Forfeitures	257,850	311,813	53,963
Investment Income	73,500	44,150	(29,350)
Other Revenues	36,050	91,060	55,010
<b>Total revenues</b>	<b>12,272,655</b>	<b>12,584,966</b>	<b>312,311</b>
<b>Expenditures:</b>			
Current -			
General Government			
Mayor and Council	196,445	186,224	10,221
City Clerk	398,255	338,459	59,796
Magistrate	407,580	393,348	14,232
City Manager	675,375	605,969	69,406
Finance	641,865	629,860	12,005
Legal and Professional	154,845	142,493	12,352
Contingency	1,000,000	478,936	521,064
Total General Government	3,474,365	2,775,289	699,076
Public Safety			
Law Enforcement	4,130,520	3,843,687	286,833
Total Public Safety	4,130,520	3,843,687	286,833
Public Works			
Vehicle Maintenance	264,355	247,537	16,818
Facilities Maintenance	293,215	254,514	38,701
Public Works Administration	308,495	301,546	6,949
G.I.S	116,745	94,691	22,054
Total Public Works	982,810	898,288	84,522
Community Development			
Community Development	665,950	565,321	100,629
Total Community Development	665,950	565,321	100,629

(Continued)

See accompanying notes to this schedule.

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
Culture and Recreation			
Park Maintenance	386,770	350,785	35,985
Parks and Recreation	543,015	510,590	32,425
Library	307,025	282,706	24,319
Recreation	378,810	368,334	10,476
Total Culture and Recreation	<u>1,615,620</u>	<u>1,512,415</u>	<u>103,205</u>
Capital Outlay	<u>499,935</u>	<u>229,736</u>	<u>270,199</u>
Debt Services			
Principal Retirement	150,008		150,008
Interest and Fiscal Charges	69,962	109,989	(40,027)
Bond Issuance Costs		190,991	(190,991)
Total Debt Services	<u>219,970</u>	<u>300,980</u>	<u>(81,010)</u>
<b>Total expenditures</b>	<u>11,589,170</u>	<u>10,125,716</u>	<u>1,463,454</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>683,485</u>	<u>2,459,250</u>	<u>(1,775,765)</u>
<b>Other financing sources (uses):</b>			
Transfers Out	(2,073,955)	(5,298,029)	3,224,074
Payment to Bond Escrow Agent		(2,283,219)	2,283,219
Issuance of Excise Tax Revenue Bonds		3,802,757	(3,802,757)
Issuance of Refunding Bonds		2,197,243	(2,197,243)
Premium on Sale of Refunding Bonds		276,967	(276,967)
<b>Total other financing sources (uses)</b>	<u>(2,073,955)</u>	<u>(1,304,281)</u>	<u>(769,674)</u>
<b>Change in fund balances</b>	<u>(1,390,470)</u>	<u>1,154,969</u>	<u>2,545,439</u>
<b>Fund balances, beginning of year</b>	1,390,470	14,692,428	13,301,958
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 15,847,397</u>	<u>\$ 15,847,397</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, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 1,893,490	\$ 1,981,882	\$ 88,392
Investment Income	10,750	5,368	(5,382)
Other Revenues	500		(500)
<b>Total revenues</b>	<u>1,904,740</u>	<u>1,987,250</u>	<u>82,510</u>
<b>Expenditures:</b>			
Current -			
Public Works	1,639,940	1,222,596	417,344
Capital Outlay	264,800	376,143	(111,343)
<b>Total expenditures</b>	<u>1,904,740</u>	<u>1,598,739</u>	<u>306,001</u>
<b>Changes in fund balances</b>		<u>388,511</u>	<u>388,511</u>
<b>Fund balances, beginning of year</b>		2,425,153	2,425,153
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 2,813,664</u>	<u>\$ 2,813,664</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**  
**LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension liability (asset)	0.04%	0.04%	0.04%
City's proportionate share of the net pension liability (asset)	\$ 6,588,758	\$ 6,347,429	\$ 5,781,350
City's covered payroll	\$ 3,846,865	\$ 3,739,605	\$ 3,522,084
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	171.28%	169.74%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE**  
**LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>			
Service cost	\$ 297,654	\$ 333,771	\$ 326,003
Interest	781,825	723,594	590,306
Changes of benefit terms	467,870		130,020
Differences between expected and actual experience	19,646	86,283	120,039
Changes of assumptions	439,912		882,961
Benefit payments, including refunds of employee contributions	(440,693)	(326,877)	(383,684)
<b>Net change in total pension liability</b>	<u>1,566,214</u>	<u>816,771</u>	<u>1,665,645</u>
<b>Total pension liability—beginning</b>	<u>10,031,077</u>	<u>9,214,306</u>	<u>7,548,661</u>
<b>Total pension liability—ending</b>	<u><u>\$ 11,597,291</u></u>	<u><u>\$ 10,031,077</u></u>	<u><u>\$ 9,214,306</u></u>
<b>Plan fiduciary net position</b>			
Contributions—employer	\$ 390,887	\$ 284,427	\$ 306,183
Contributions—employee	209,336	290,218	220,644
Net investment income	37,912	225,871	725,455
Benefit payments, including refunds of employee contributions	(440,693)	(326,877)	(383,684)
Administrative expense	(5,855)	(5,892)	(5,842)
Other	(30,902)	(14,603)	(67,854)
<b>Net change in plan fiduciary net position</b>	<u>160,685</u>	<u>453,144</u>	<u>794,902</u>
<b>Plan fiduciary net position—beginning</b>	<u>6,477,479</u>	<u>6,024,335</u>	<u>5,229,433</u>
<b>Plan fiduciary net position—ending</b>	<u><u>\$ 6,638,164</u></u>	<u><u>\$ 6,477,479</u></u>	<u><u>\$ 6,024,335</u></u>
<b>Net pension liability—ending</b>	<u><u>\$ 4,959,127</u></u>	<u><u>\$ 3,553,598</u></u>	<u><u>\$ 3,189,971</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	57.24%	64.57%	65.38%
<b>Covered payroll</b>	\$ 1,658,679	\$ 1,738,327	\$ 1,172,432
<b>Net pension liability as a percentage of covered payroll</b>	298.98%	204.43%	272.08%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**CITY OF ELOY, ARIZONA  
SCHEDULE OF CONTRIBUTIONS  
ALL PENSION PLANS  
LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Arizona State Retirement System:</b>			
Actuarially determined contribution	\$ 414,692	\$ 399,030	\$ 407,409
Contributions in relation to the actuarially determined contribution	<u>414,692</u>	<u>399,030</u>	<u>407,409</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 3,846,865	\$ 3,677,696	\$ 3,739,605
Contributions as a percentage of covered payroll	10.78%	10.85%	10.89%
 <b>Public Safety Personnel Retirement System - Police:</b>			
Actuarially determined contribution	\$ 404,607	\$ 388,131	\$ 284,738
Contributions in relation to the actuarially determined contribution	<u>404,607</u>	<u>388,131</u>	<u>284,738</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 1,643,408	\$ 1,658,679	\$ 1,738,327
Contributions as a percentage of covered payroll	24.62%	23.40%	16.38%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**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>
<b>Public Safety Personnel Retirement System - Police:</b>						
2016	\$ 339,629	\$ 204,394	\$ 135,235	166.16	\$ 1,658,679	(8.15)
2015	321,427	203,892	117,535	157.65	1,738,327	(6.76)
2014	292,853	189,537	103,316	154.51	1,760,803	(5.87)

See accompanying notes to this schedule.

**CITY OF ELOY, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**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, 2015, 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, 2016, 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, 2016, 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**

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## 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.

**Economic and Community Development Fund** – accounts for the collection of sales tax revenues which are set aside for economic and community development projects.

**Grants** - accounts for federal and state grants and other contributions that are restricted for a specific use

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

**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.

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

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

**City Complex** – accounts for the proceeds for and the construction and acquisition of the City Complex.

### 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, 2017**

Special Revenue

	Public Works Facility	LTAF	Economic and Community Development Fund	Grants
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 404,434	\$ 10,054	\$ 228,277	\$
Other Receivables				
Due from Governmental Entities		5		296,511
<b>Total assets</b>	<b>\$ 404,434</b>	<b>\$ 10,059</b>	<b>\$ 228,277</b>	<b>\$ 296,511</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$ 10,432
Due to Other Funds				63,865
<b>Total liabilities</b>				<b>74,297</b>
Fund balances:				
Restricted		10,059		222,214
Committed	404,434		228,277	
Assigned				
<b>Total fund balances</b>	<b>404,434</b>	<b>10,059</b>	<b>228,277</b>	<b>222,214</b>
<b>Total liabilities and fund balances</b>	<b>\$ 404,434</b>	<b>\$ 10,059</b>	<b>\$ 228,277</b>	<b>\$ 296,511</b>

Special Revenue			Capital Projects			Permanent	Total Non-Major Governmental Funds
JCEF	Cemetery	Airport	Capital Projects	Impact Fee	Court Recovery	Perpetual Care	
\$ 90,396 384	\$ 57,878 6,867	\$ 291,990	\$ 1,340,905	\$ 2,020,747	\$ 22,850 1,202	\$ 124,592	\$ 4,592,123 8,453
<u>\$ 90,780</u>	<u>\$ 64,745</u>	<u>\$ 291,990</u>	<u>\$ 1,340,905</u>	<u>\$ 2,020,747</u>	<u>\$ 24,052</u>	<u>\$ 124,599</u>	<u>\$ 4,897,099</u>
\$	\$ 2,838	\$ 1,864	\$ 15,183	\$	\$ 4,404	\$	\$ 34,721 63,865
	<u>2,838</u>	<u>1,864</u>	<u>15,183</u>		<u>4,404</u>		<u>98,586</u>
90,780	61,907	290,126	1,325,722	2,020,747	19,648	124,599	2,488,047 984,744
<u>90,780</u>	<u>61,907</u>	<u>290,126</u>	<u>1,325,722</u>	<u>2,020,747</u>	<u>19,648</u>	<u>124,599</u>	<u>4,798,513</u>
<u>\$ 90,780</u>	<u>\$ 64,745</u>	<u>\$ 291,990</u>	<u>\$ 1,340,905</u>	<u>\$ 2,020,747</u>	<u>\$ 24,052</u>	<u>\$ 124,599</u>	<u>\$ 4,897,099</u>

**CITY OF ELOY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2017**

	Special Revenue			
	Public Works Facility	LTAF	Economic and Community Development Fund	Grants
<b>Revenues:</b>				
Sales Taxes	\$ 217,120	\$	\$ 198,275	\$
Intergovernmental Revenue				1,069,448
Charges for Services				
Investment Income		148		
Impact Fees				
Other Revenues				17,401
<b>Total revenues</b>	<u>217,120</u>	<u>148</u>	<u>198,275</u>	<u>1,086,849</u>
<b>Expenditures:</b>				
Current -				
General Government				
Public Safety				206,141
Public Works	104,790			
Community Development				354,508
Culture and Recreation				5,252
Capital Outlay				522,653
Debt service -				
Principal Retirement				
Interest and Fiscal Charges				
<b>Total expenditures</b>	<u>104,790</u>	<u></u>	<u></u>	<u>1,088,554</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>112,330</u>	<u>148</u>	<u>198,275</u>	<u>(1,705)</u>
<b>Other financing sources (uses):</b>				
Transfers In				77,000
Transfers Out				
<b>Total other financing sources (uses):</b>	<u></u>	<u></u>	<u></u>	<u>77,000</u>
<b>Changes in fund balances</b>	<u>112,330</u>	<u>148</u>	<u>198,275</u>	<u>75,295</u>
<b>Fund balances, beginning of year</b>	292,104	9,911	30,002	146,919
<b>Fund balances, end of year</b>	<u>\$ 404,434</u>	<u>\$ 10,059</u>	<u>\$ 228,277</u>	<u>\$ 222,214</u>

Special Revenue			Capital Projects			Permanent	Total Non-Major Governmental Funds
JCEF	Cemetery	Airport	Capital Projects	Impact Fee	Court Recovery	Perpetual Care	
\$ 6,873	\$	\$	\$	\$	\$ 10,441	\$	\$ 415,395
	67,415	157,134		3,420		110	1,086,762
		607		39,337			224,549
	11,269						4,285
6,873	78,684	157,741		42,757	10,441	110	39,337
							28,670
	35,471	107,021					1,798,998
							142,492
							206,141
							104,790
							354,508
	51,091	18,588	1,306,610	17,434			5,252
							1,916,376
					51,624		51,624
		12,221			1,225		13,446
	86,562	137,830	1,306,610	17,434	52,849		2,794,629
6,873	(7,878)	19,911	(1,306,610)	25,323	(42,408)	110	(995,631)
			1,388,922		29,350	2,904	1,498,176
	(2,904)						(2,904)
	(2,904)		1,388,922		29,350	2,904	1,495,272
6,873	(10,782)	19,911	82,312	25,323	(13,058)	3,014	499,641
83,907	72,689	270,215	1,243,410	1,995,424	32,706	121,585	4,298,872
\$ 90,780	\$ 61,907	\$ 290,126	\$ 1,325,722	\$ 2,020,747	\$ 19,648	\$ 124,599	\$ 4,798,513

**CITY OF ELOY, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PUBLIC WORKS FACILITY  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
<b>Revenues:</b>			
Sales Taxes	\$ 195,000	\$ 217,120	\$ 22,120
<b>Total revenues</b>	<u>195,000</u>	<u>217,120</u>	<u>22,120</u>
<b>Expenditures:</b>			
Current -			
Public Works	195,000	104,790	90,210
Capital Outlay	181,695	<u>104,790</u>	181,695
<b>Total expenditures</b>	<u>376,695</u>	<u>104,790</u>	<u>271,905</u>
<b>Changes in fund balances</b>	<u>(181,695)</u>	<u>112,330</u>	<u>294,025</u>
<b>Fund balances, beginning of year</b>	181,695	292,104	110,409
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 404,434</u>	<u>\$ 404,434</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**LTAf**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$ 240	\$ 148	\$ (92)
<b>Total revenues</b>	<u>240</u>	<u>148</u>	<u>(92)</u>
<b>Expenditures:</b>			
Current -			
Public Works	9,960		9,960
<b>Total expenditures</b>	<u>9,960</u>		<u>9,960</u>
<b>Changes in fund balances</b>	<u>(9,720)</u>	<u>148</u>	<u>9,868</u>
<b>Fund balances, beginning of year</b>	9,720	9,911	191
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 10,059</u>	<u>\$ 10,059</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**ECONOMIC AND COMMUNITY DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Sales Taxes	\$ 225,000	\$ 198,275	\$ (26,725)
<b>Total revenues</b>	<u>225,000</u>	<u>198,275</u>	<u>(26,725)</u>
<b>Expenditures:</b>			
Current -			
Community Development	225,000		225,000
<b>Total expenditures</b>	<u>225,000</u>		<u>225,000</u>
<b>Changes in fund balances</b>		<u>198,275</u>	<u>198,275</u>
<b>Fund balances, beginning of year</b>		30,002	30,002
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 228,277</u>	<u>\$ 228,277</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GRANTS**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 10,316,550	\$ 1,069,448	\$ (9,247,102)
Other Revenues		17,401	17,401
<b>Total revenues</b>	<u>10,316,550</u>	<u>1,086,849</u>	<u>(9,229,701)</u>
<b>Expenditures:</b>			
Current -			
Public Safety	507,250	206,141	301,109
Community Development	677,000	354,508	322,492
Health and Welfare	7,700,000		7,700,000
Culture and Recreation	9,300	5,252	4,048
Capital Outlay	1,500,000	522,653	977,347
<b>Total expenditures</b>	<u>10,393,550</u>	<u>1,088,554</u>	<u>9,304,996</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(77,000)</u>	<u>(1,705)</u>	<u>75,295</u>
<b>Other financing sources (uses):</b>			
Transfers In	77,000	77,000	
<b>Total other financing sources (uses):</b>	<u>77,000</u>	<u>77,000</u>	
<b>Changes in fund balances</b>		<u>75,295</u>	<u>75,295</u>
<b>Fund balances, beginning of year</b>		146,919	146,919
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 222,214</u>	<u>\$ 222,214</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**JCEF**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 9,200	\$ 6,873	\$ (2,327)
<b>Total revenues</b>	<u>9,200</u>	<u>6,873</u>	<u>(2,327)</u>
<b>Expenditures:</b>			
Current -			
Capital Outlay	91,105	<u>          </u>	91,105
<b>Total expenditures</b>	<u>91,105</u>	<u>          </u>	<u>91,105</u>
<b>Changes in fund balances</b>	<u>(81,905)</u>	<u>6,873</u>	<u>88,778</u>
<b>Fund balances, beginning of year</b>	81,905	83,907	2,002
<b>Fund balances, end of year</b>	<u>\$ <u>          </u></u>	<u>\$ 90,780</u>	<u>\$ 90,780</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CEMETERY**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 78,625	\$ 67,415	\$ (11,210)
Other Revenues	13,500	11,269	(2,231)
<b>Total revenues</b>	<u>92,125</u>	<u>78,684</u>	<u>(13,441)</u>
<b>Expenditures:</b>			
Current -			
General Government	53,625	35,471	18,154
Capital Outlay	55,000	51,091	3,909
<b>Total expenditures</b>	<u>108,625</u>	<u>86,562</u>	<u>22,063</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(16,500)</u>	<u>(7,878)</u>	<u>8,622</u>
<b>Other financing sources (uses):</b>			
Transfers Out	(3,500)	(2,904)	596
<b>Total other financing sources (uses):</b>	<u>(3,500)</u>	<u>(2,904)</u>	<u>596</u>
<b>Changes in fund balances</b>	<u>(20,000)</u>	<u>(10,782)</u>	<u>9,218</u>
<b>Fund balances, beginning of year</b>	20,000	72,689	52,689
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 61,907</u>	<u>\$ 61,907</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**AIRPORT**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 165,270	\$ 157,134	\$ (8,136)
Investment Income	300	607	307
<b>Total revenues</b>	<u>165,570</u>	<u>157,741</u>	<u>(7,829)</u>
<b>Expenditures:</b>			
Current -			
General Government	127,690	107,021	20,669
Capital Outlay	113,455	18,588	94,867
Debt service -			
Principal Retirement	24,425		24,425
Interest and Fiscal Charges		12,221	(12,221)
<b>Total expenditures</b>	<u>265,570</u>	<u>137,830</u>	<u>127,740</u>
<b>Changes in fund balances</b>	<u>(100,000)</u>	<u>19,911</u>	<u>119,911</u>
<b>Fund balances, beginning of year</b>	100,000	270,215	170,215
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 290,126</u>	<u>\$ 290,126</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Expenditures:</b>			
Current -			
Capital Outlay	\$ 2,597,605	\$ 1,306,610	\$ 1,290,995
<b>Total expenditures</b>	<u>2,597,605</u>	<u>1,306,610</u>	<u>1,290,995</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,597,605)</u>	<u>(1,306,610)</u>	<u>1,290,995</u>
<b>Other financing sources (uses):</b>			
Transfers In	1,897,605	1,388,922	(508,683)
<b>Total other financing sources (uses):</b>	<u>1,897,605</u>	<u>1,388,922</u>	<u>(508,683)</u>
<b>Changes in fund balances</b>	<u>(700,000)</u>	<u>82,312</u>	<u>782,312</u>
<b>Fund balances, beginning of year</b>	700,000	1,243,410	543,410
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 1,325,722</u>	<u>\$ 1,325,722</u>

**CITY OF ELOY, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
IMPACT FEE  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$ 4,360	\$ 3,420	\$ (940)
Impact Fees	56,500	39,337	(17,163)
<b>Total revenues</b>	<u>60,860</u>	<u>42,757</u>	<u>(18,103)</u>
<b>Expenditures:</b>			
Current -			
Capital Outlay	1,936,490	17,434	1,919,056
<b>Total expenditures</b>	<u>1,936,490</u>	<u>17,434</u>	<u>1,919,056</u>
<b>Changes in fund balances</b>	<u>(1,875,630)</u>	<u>25,323</u>	<u>1,900,953</u>
<b>Fund balances, beginning of year</b>	1,875,630	1,995,424	119,794
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 2,020,747</u>	<u>\$ 2,020,747</u>

**CITY OF ELOY, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
COURT RECOVERY  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 23,500	\$ 10,441	\$ (13,059)
<b>Total revenues</b>	<u>23,500</u>	<u>10,441</u>	<u>(13,059)</u>
<b>Expenditures:</b>			
Debt service -			
Principal Retirement	52,850	51,624	1,226
Interest and Fiscal Charges		1,225	(1,225)
<b>Total expenditures</b>	<u>52,850</u>	<u>52,849</u>	<u>1</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(29,350)</u>	<u>(42,408)</u>	<u>(13,058)</u>
<b>Other financing sources (uses):</b>			
Transfers In	29,350	29,350	
<b>Total other financing sources (uses):</b>	<u>29,350</u>	<u>29,350</u>	
<b>Changes in fund balances</b>		<u>(13,058)</u>	<u>(13,058)</u>
<b>Fund balances, beginning of year</b>		32,706	32,706
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 19,648</u>	<u>\$ 19,648</u>

**CITY OF ELOY, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CITY COMPLEX  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$	3,688	\$ 3,688
<b>Total revenues</b>		<u>3,688</u>	<u>3,688</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>3,688</u>	<u>3,688</u>
<b>Other financing sources (uses):</b>			
Transfers In		3,802,757	3,802,757
<b>Total other financing sources (uses):</b>		<u>3,802,757</u>	<u>3,802,757</u>
<b>Changes in fund balances</b>		<u>3,806,445</u>	<u>3,806,445</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances, end of year</b>	\$	<u><u>3,806,445</u></u>	<u><u>\$ 3,806,445</u></u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PERPETUAL CARE**  
**YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$ 150	\$ 110	\$ (40)
<b>Total revenues</b>	<u>150</u>	<u>110</u>	<u>(40)</u>
<b>Expenditures:</b>			
Current -			
General Government	3,500		3,500
<b>Total expenditures</b>	<u>3,500</u>		<u>3,500</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,350)</u>	<u>110</u>	<u>3,460</u>
<b>Other financing sources (uses):</b>			
Transfers In	3,350	2,904	(446)
<b>Total other financing sources (uses):</b>	<u>3,350</u>	<u>2,904</u>	<u>(446)</u>
<b>Changes in fund balances</b>		<u>3,014</u>	<u>3,014</u>
<b>Fund balances, beginning of year</b>		121,585	121,585
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 124,599</u>	<u>\$ 124,599</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.

<b>Contents:</b>	<b>Page</b>
<b>Financial Trends</b> 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.	121
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.	126
<b>Debt Capacity</b> 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.	132
<b>Demographic and Economic Information</b> 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.	136
<b>Operating Information</b> 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.	140

For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets:	\$ 10,963,272	\$ 13,325,913	\$ 16,151,406	\$ 15,002,289	\$ 15,985,323	\$ 16,961,904	\$ 18,543,869	\$ 20,268,071	\$ 22,423,567	\$ 19,872,313
Restricted	8,049,208	10,268,206	7,273,444	5,429,281	4,978,419	4,510,233	4,489,679	4,629,220	4,745,019	9,037,570
Unrestricted	8,617,832	7,964,489	8,009,711	13,164,747	14,507,592	15,589,113	15,233,841	7,218,828	8,810,844	9,728,054
Total Governmental Activities Net Position	\$ 27,630,312	\$ 31,558,608	\$ 31,434,561	\$ 33,596,317	\$ 35,471,334	\$ 37,061,250	\$ 38,267,389	\$ 32,116,119	\$ 35,979,430	\$ 38,637,937
<b>Business-type activities</b>										
Net Investment in Capital Assets:	\$ 5,415,998	\$ 7,665,730	\$ 9,775,100	\$ 9,532,520	\$ 9,090,283	\$ 8,089,091	\$ 9,575,240	\$ 9,479,546	\$ 9,402,108	\$ 9,882,299
Restricted	380,056	379,454	343,584	289,448	291,532	559,631	715,299	716,976	718,370	719,762
Unrestricted	(3,195,169)	(2,739,943)	(2,965,864)	(2,760,273)	(2,496,712)	(1,574,048)	(1,716,544)	(2,407,848)	(2,158,052)	(1,601,814)
Total Business-Type Activities Net Position	\$ 2,600,885	\$ 5,305,241	\$ 7,152,820	\$ 7,061,695	\$ 6,885,103	\$ 7,074,674	\$ 8,573,995	\$ 7,788,674	\$ 7,962,426	\$ 9,000,247
<b>Primary government</b>										
Net Investment in Capital Assets:	\$ 16,379,270	\$ 20,991,643	\$ 25,926,506	\$ 24,534,809	\$ 25,075,606	\$ 25,050,995	\$ 28,119,109	\$ 29,747,617	\$ 31,825,675	\$ 29,754,612
Restricted	8,429,264	10,647,660	7,617,028	5,718,729	5,269,951	5,069,864	5,204,978	5,346,196	5,463,389	9,757,332
Unrestricted	5,422,663	5,224,546	5,043,847	10,404,475	12,010,880	14,015,065	13,517,297	4,810,980	6,652,792	8,126,240
	\$ 30,231,197	\$ 36,863,849	\$ 38,587,381	\$ 40,658,013	\$ 42,356,437	\$ 44,135,924	\$ 46,841,384	\$ 39,904,793	\$ 43,941,856	\$ 47,638,184

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

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

Expenses	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
General Government	\$ 3,712,010	\$ 3,771,718	\$ 3,818,804	\$ 2,878,214	\$ 2,451,503	\$ 2,535,814	\$ 3,323,730	\$ 3,413,448	\$ 2,990,284	\$ 3,262,615
Public Safety	3,805,011	4,591,751	4,574,432	3,744,811	4,106,470	4,141,860	4,004,661	4,260,754	4,064,775	4,979,023
Public Works	2,914,884	3,170,470	1,797,012	2,609,546	2,509,477	2,007,422	2,221,837	2,380,812	2,601,939	2,794,926
Culture and Recreation	1,248,404	1,303,247	1,178,676	1,570,243	1,438,463	1,290,178	1,380,982	1,493,063	1,465,764	1,501,555
Community Development	-	-	-	-	597,877	805,789	1,119,187	1,021,468	1,282,378	917,185
Health and Welfare	103,896	84,934	18,618	-	290,000	147,876	260,682	191,679	155,982	134,859
Interest on Long-Term Debt	179,565	175,834	93,818	63,294	58,225	79,484	83,892	82,075	79,352	123,435
<b>Total Governmental Activities Expenses</b>	<b>11,963,770</b>	<b>13,097,954</b>	<b>11,481,360</b>	<b>10,866,108</b>	<b>11,452,015</b>	<b>11,008,423</b>	<b>12,394,971</b>	<b>12,843,299</b>	<b>12,640,474</b>	<b>13,713,598</b>
<b>Business-Type Activities:</b>										
Water	1,906,929	1,978,848	1,938,888	1,800,394	1,950,484	1,921,729	1,961,170	2,207,156	2,179,624	2,334,439
Sewer	1,094,058	1,476,568	1,442,414	1,308,335	2,264,921	1,275,294	1,213,668	1,222,770	1,288,523	1,139,428
Sanitation and Other	1,188,915	1,178,667	5,398,863	1,375,054	1,379,485	1,498,467	1,497,411	1,509,258	1,431,302	1,461,200
<b>Total Business-Type Activities Expenses</b>	<b>4,189,902</b>	<b>4,634,083</b>	<b>8,780,165</b>	<b>4,483,783</b>	<b>5,594,890</b>	<b>4,695,490</b>	<b>4,672,249</b>	<b>4,939,184</b>	<b>4,899,449</b>	<b>4,935,067</b>
<b>Total Primary Government Expenses</b>	<b>\$16,153,672</b>	<b>\$17,732,037</b>	<b>\$ 20,261,525</b>	<b>\$15,349,891</b>	<b>\$17,046,905</b>	<b>\$15,703,913</b>	<b>\$17,067,220</b>	<b>\$ 17,782,483</b>	<b>\$ 17,539,923</b>	<b>\$ 18,648,665</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 954,171	\$ 873,656	\$ 650,814	\$ 618,181	\$ 589,588	\$ 531,214	\$ 572,950	\$ 790,722	\$ 947,386	\$ 967,746
Public Safety	1,315,283	289,858	282,085	380,459	332,861	116,604	85,214	53,755	29,560	36,678
Public Works	86,457	402,654	89,682	72,434	79,779	120,518	131,316	154,961	163,363	157,132
Community Development	-	-	-	-	-	314,702	361,925	213,971	511,015	301,319
Culture and Recreation	25,185	24,407	21,863	19,598	18,350	26,199	30,310	29,856	43,348	35,634
Operating Grants and Contributions	3,372,261	2,398,640	2,324,873	2,195,747	1,860,034	1,891,725	1,963,469	2,065,313	2,175,316	2,131,362
Capital Grants and Contributions	1,090,919	3,103,924	674,887	1,314,342	1,251,911	572,622	1,378,869	656,941	1,267,399	1,061,303
<b>Total Governmental Activities Program Revenues</b>	<b>6,844,276</b>	<b>7,093,139</b>	<b>4,044,204</b>	<b>4,600,761</b>	<b>4,132,523</b>	<b>3,573,584</b>	<b>4,524,053</b>	<b>3,965,519</b>	<b>5,137,387</b>	<b>4,691,174</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Water	1,623,516	1,838,440	1,867,418	1,734,300	1,781,941	1,662,936	1,893,647	2,195,416	2,450,421	2,474,166
Sewer	925,591	1,025,676	1,053,803	977,215	945,290	978,252	1,141,294	1,217,763	1,304,684	1,375,832
Sanitation and Other	1,239,003	1,329,058	1,331,779	1,312,906	1,476,130	1,523,766	1,470,157	1,521,976	1,276,404	1,347,133
Capital Grants and Contributions	113,016	2,314,606	2,821,830	69,930	792,051	10,688	6,170	-	-	770,742
<b>Total Business-Type Activities Program Revenues</b>	<b>3,901,126</b>	<b>6,507,780</b>	<b>7,074,830</b>	<b>4,094,351</b>	<b>4,995,412</b>	<b>4,175,642</b>	<b>4,511,268</b>	<b>4,935,155</b>	<b>5,031,509</b>	<b>5,967,873</b>
<b>Total Primary Government Program Revenues</b>	<b>\$10,745,402</b>	<b>\$13,600,919</b>	<b>\$ 11,119,034</b>	<b>\$ 8,695,112</b>	<b>\$ 9,127,935</b>	<b>\$ 7,749,226</b>	<b>\$ 9,035,321</b>	<b>\$ 8,900,674</b>	<b>\$ 10,168,896</b>	<b>\$ 10,659,047</b>

(continued)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenues</b>										
Governmental Activities	\$ (5,119,494)	\$ (6,004,815)	\$ (7,437,156)	\$ (6,265,347)	\$ (7,319,492)	\$ (7,434,839)	\$ (7,870,918)	\$ (8,877,780)	\$ (7,503,087)	\$ (9,022,424)
Business-Type Activities	(288,776)	1,873,697	(1,705,335)	(389,432)	(599,478)	(519,848)	(160,982)	(4,029)	132,060	1,032,806
Total Primary Government Net Expense	\$ (5,408,270)	\$ (4,131,118)	\$ (9,142,491)	\$ (6,654,779)	\$ (7,918,970)	\$ (7,954,687)	\$ (8,031,900)	\$ (8,881,809)	\$ (7,371,027)	\$ (7,989,618)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
City Sales Tax	\$ 8,444,552	\$ 6,446,587	\$ 3,787,899	\$ 5,087,733	\$ 5,160,839	\$ 4,797,681	\$ 5,516,526	\$ 4,801,113	\$ 5,561,071	\$ 5,685,830
State Sales Taxes	1,022,432	885,140	816,412	887,563	1,299,551	1,361,278	1,447,688	1,519,806	1,571,675	1,564,410
Auto Lieu Tax	753,544	728,472	696,980	682,530	703,979	724,822	774,269	831,046	900,658	919,942
State Sales Taxes-Revenue Sharing	1,565,622	1,665,549	1,436,354	1,082,827	1,403,669	1,698,821	1,853,736	2,013,285	2,002,370	2,087,046
Property Tax	580,882	648,196	713,073	786,184	846,923	897,160	918,511	951,247	1,000,499	1,065,689
Franchise Tax	135,324	129,343	121,542	132,653	135,939	139,478	141,905	144,163	145,408	180,793
Unrestricted Investment Earnings	373,733	232,670	137,475	63,965	64,587	56,673	49,941	37,981	157,229	57,491
Other Revenues	-	-	-	-	-	56,513	33,058	53,810	66,815	119,730
Transfers	(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,658,577)	(618,537)	(39,327)	-
Total Governmental Activities	12,192,255	9,933,111	7,313,109	8,427,102	9,194,509	9,024,755	9,077,057	9,733,914	11,366,398	11,680,931
Business-Type Activities:										
Unrestricted Investment Earnings	15,944	27,813	4,152	1,954	1,908	1,748	1,725	8,837	2,365	5,015
Transfers	683,834	802,846	396,626	296,353	420,978	707,671	1,658,577	618,537	39,327	-
Total Business-Type Activities	699,778	830,659	400,778	298,307	422,886	709,419	1,660,302	627,374	41,692	5,015
Total Primary Government	\$ 12,892,033	\$ 10,763,770	\$ 7,713,887	\$ 8,725,409	\$ 9,617,395	\$ 9,734,174	\$ 10,737,359	\$ 10,361,288	\$ 11,408,090	\$ 11,685,946
<b>Change in Net Position</b>										
Governmental Activities	\$ 7,072,761	\$ 3,928,296	\$ (124,047)	\$ 2,161,755	\$ 1,875,017	\$ 1,589,916	\$ 1,206,139	\$ 856,134	\$ 3,863,311	\$ 2,658,507
Business-Type Activities	411,002	2,704,356	(1,304,557)	(91,125)	(176,592)	189,571	1,499,320	623,345	172,752	1,037,821
Total Primary Government	\$ 7,483,763	\$ 6,632,652	\$ (1,428,604)	\$ 2,070,630	\$ 1,698,425	\$ 1,779,487	\$ 2,705,459	\$ 1,479,479	\$ 4,037,063	\$ 3,696,328

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Unreserved	\$ 8,421,061	\$ 7,954,418	\$ 8,009,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned				8,766,677	9,855,191	10,968,659	12,042,236	13,284,750	14,692,428	15,847,397
Total General Fund	<u>\$ 8,421,061</u>	<u>\$ 7,954,418</u>	<u>\$ 8,009,884</u>	<u>\$ 8,766,677</u>	<u>\$ 9,855,191</u>	<u>\$ 10,968,659</u>	<u>\$ 12,042,236</u>	<u>\$ 13,284,750</u>	<u>\$ 14,692,428</u>	<u>\$ 15,847,397</u>
<b>All other Governmental Funds</b>										
Restricted:										
Highway and Streets	\$ 4,387,854	\$ 7,926,530	\$ 5,391,080	\$ 2,885,592	\$ 2,379,018	\$ 2,363,657	\$ 2,364,034	\$ 2,364,290	\$ 2,364,478	\$ 2,753,137
Impact Fees	3,051,765	4,077,563	3,646,925	2,171,477	2,225,845	1,883,212	1,869,855	1,898,685	1,995,424	2,020,747
Court Funds	77,675	87,644	95,200	101,915	114,621	116,956	118,647	113,901	116,613	110,428
Perpetual Care Fund	-	-	-	108,605	111,354	114,339	118,379	121,469	121,585	124,599
City Complex	-	-	-	-	-	-	-	-	-	3,806,445
Other Purposes	531,914	542,002	434,694	161,692	147,581	146,408	137,143	130,875	146,919	222,214
Committed for:										
Airport	140,925	114,271	140,275	148,855	152,519	157,852	145,756	221,259	270,215	290,126
Cemetery	39,896	48,702	42,794	34,250	23,642	46,337	92,052	82,025	72,689	61,907
Highway and Streets						388,304	724,740	192,798	362,690	475,020
Economic Development	-	-	-	-	-	-	-	-	30,002	228,277
Assigned for:										
Capital Projects	-	-	-	1,942,442	2,249,392	1,999,054	1,863,627	1,190,735	1,243,410	1,325,722
Total all other Governmental Funds	<u>\$ 8,230,029</u>	<u>\$ 12,796,712</u>	<u>\$ 9,750,968</u>	<u>\$ 7,554,828</u>	<u>\$ 7,403,972</u>	<u>\$ 7,216,119</u>	<u>\$ 7,434,233</u>	<u>\$ 6,316,037</u>	<u>\$ 6,724,025</u>	<u>\$ 11,418,622</u>

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 9,164,388	\$ 7,193,555	\$ 4,605,355	\$ 6,008,308	\$ 6,166,452	\$ 5,845,236	\$ 6,580,455	\$ 5,906,730	\$ 6,702,495	\$ 6,935,109
Licenses and Permits	1,352,303	654,224	311,252	415,189	361,173	374,593	421,266	276,596	439,952	306,849
Intergovernmental	6,648,617	7,416,635	6,002,186	6,069,630	6,616,153	6,482,176	7,586,717	7,103,658	7,768,555	7,742,042
Charges for Services	114,303	119,015	118,283	105,856	113,925	221,980	250,749	680,055	982,147	862,531
Impact Fees	715,465	59,193	110,755	114,901	50,521	43,833	49,941	24,771	179,974	39,337
Fines and Forfeitures	381,384	340,520	292,267	277,601	264,739	235,923	290,289	244,576	241,462	311,813
Interest	373,733	232,670	137,475	63,965	64,587	56,673	50,725	37,981	157,229	57,491
Other Revenues	973,802	130,040	159,211	270,504	133,214	56,513	33,058	53,810	66,815	119,730
<b>Total Revenues</b>	<b>\$ 19,723,995</b>	<b>\$ 16,145,852</b>	<b>\$ 11,736,784</b>	<b>\$ 13,325,954</b>	<b>\$ 13,770,764</b>	<b>\$ 13,316,927</b>	<b>\$ 15,263,200</b>	<b>\$ 14,328,177</b>	<b>\$ 16,538,629</b>	<b>\$ 16,374,902</b>
<b>Expenditures</b>										
Current:										
General Government	\$ 3,490,572	\$ 3,093,046	\$ 2,588,439	\$ 2,729,089	\$ 2,262,749	\$ 2,419,367	\$ 2,446,351	\$ 2,424,703	\$ 2,781,782	\$ 3,012,472
Public Safety	3,644,286	3,959,263	3,717,712	3,462,398	3,727,083	3,966,748	3,764,016	3,793,653	3,806,940	4,049,828
Public Works	2,572,959	2,787,310	2,401,112	2,038,234	2,057,173	1,661,507	1,743,665	1,856,811	2,015,966	2,130,983
Health and Welfare	103,790	84,842	18,587	-	290,000	59,249	166,926	89,707	34,957	-
Community Development	-	-	-	-	597,877	802,369	1,112,418	1,087,171	1,284,061	919,829
Culture and Recreation	1,163,310	1,209,750	1,239,954	1,209,228	1,270,781	1,279,326	1,355,418	1,472,527	1,479,083	1,517,667
Capital Outlay	1,249,583	2,649,461	2,281,142	1,421,235	1,485,800	3,043,354	3,561,908	3,951,342	3,054,163	2,522,255
Debt Service										
Principal	578,008	508,096	1,996,608	855,204	641,584	1,576,959	231,411	227,879	217,918	51,624
Interest and Fiscal Charges	151,198	151,198	86,882	69,226	79,082	82,515	83,892	82,075	79,352	123,435
Loan Issuance Costs	-	-	-	-	-	12,425	-	-	-	190,991
<b>Total Expenditures</b>	<b>12,953,706</b>	<b>14,442,966</b>	<b>14,330,436</b>	<b>11,784,614</b>	<b>12,412,129</b>	<b>14,903,819</b>	<b>14,466,005</b>	<b>14,985,868</b>	<b>14,754,222</b>	<b>14,519,084</b>
Revenues Over (Under) Expenditures	6,770,289	1,702,886	(2,593,652)	1,541,340	1,358,635	(1,586,892)	797,195	(657,691)	1,784,407	1,855,818
<b>Other Finance Sources (Uses)</b>										
Sale of Assets	3,060	-	-	-	-	-	-	-	-	-
Bond Proceeds	550,000	3,200,000	-	-	-	2,900,000	-	-	-	3,993,748
Transfers In (Out)	(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,017,067)	-	(39,327)	-
Total other Finance Sources (Uses)	(130,774)	2,397,154	(396,626)	(296,353)	(420,978)	2,192,329	(1,017,067)	-	(39,327)	3,993,748
<b>Net Change in Fund Balances</b>	<b>\$ 6,639,515</b>	<b>\$ 4,100,040</b>	<b>\$ (2,990,278)</b>	<b>\$ 1,244,987</b>	<b>\$ 937,657</b>	<b>\$ 605,437</b>	<b>\$ (219,872)</b>	<b>\$ (657,691)</b>	<b>\$ 1,745,080</b>	<b>\$ 5,849,566</b>
Expenditures for capitalized assets	\$ 740,438	\$ 3,167,747	\$ 1,491,989	\$ 660,283	\$ 948,465	\$ 3,010,266	\$ 2,170,080	\$ 2,410,390	\$ 2,951,801	\$ 2,513,183
Debt Service as a Percentage of										
Noncapital Expenditures	5.97%	5.85%	16.23%	8.31%	6.29%	13.95%	2.56%	2.46%	2.52%	1.46%

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

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

<u>Fiscal Year</u>	<u>Limited Property Value - Primary</u>		<u>Full Cash Value - Secondary</u>		<u>Ratio of Net Assessed to Total Values</u>
	<u>Net Assessed Value</u>	<u>Total Limited Assessed Value</u>	<u>Net Assessed Value</u>	<u>Total Full Cash Value</u>	
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%
2016	85,416,058	669,456,687	91,942,395	722,045,373	13%
2017	91,318,324	714,661,774	97,807,407	765,023,168	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City of Eloy	1.2326	0.9514	0.8363	0.8195	0.9562	1.0387	1.1378	1.1484	1.1701	1.2296
Pinal County	4.0183	3.4355	3.2316	3.9999	3.9999	3.7999	3.7999	3.9999	3.9999	3.8699
Eloy Fire District	1.9533	1.6388	1.6881	1.9655	2.2835	2.3358	2.4735	2.4693	2.4699	2.4999
Pinal County Jr. College	1.8000	1.4100	1.4636	1.5854	1.8529	1.8786	2.2507	2.2633	2.6498	2.6269
Toltec Elementary School District	3.1657	3.0585	2.3283	2.3255	2.3255	2.9326	3.7556	3.7556	3.7556	3.7556
Casa Grande Union High School District	3.2091	2.8887	2.3972	2.3624	2.486	2.5266	3.0509	3.0509	3.1498	3.2193
Santa Cruz Unified School District	4.0708	3.9656	3.7581	3.6517	3.7308	4.4195	4.3045	4.1508	4.3007	4.0669
Eloy Elementary School District	5.5102	5.4636	4.0013	3.9656	4.1156	4.7645	4.9345	4.9299	5.1967	5.2750
Other Taxing Authorities	0.3692	0.4008	0.7516	0.7878	0.8664	0.9182	1.0381	0.9933	1.0279	1.0225

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

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

Fiscal Year	Tax Levy	Collected to June 30th End of Tax Fiscal Year (a)		Percent of Tax Levy	Adjustments
		Collections	Taxes Receivable		
2008	580,442	579,979	463	99.92%	(7,778)
2009	657,686	655,813	1,873	99.72%	(13,616)
2010	719,688	717,834	1,854	99.74%	(4,120)
2011	818,698	816,537	2,161	99.74%	(14,452)
2012	832,213	829,664	2,550	99.69%	(18,038)
2013	871,947	869,054	2,893	99.67%	(11,639)
2014	928,831	926,348	2,483	99.73%	(363)
2015	954,648	951,038	3,610	99.62%	(1,193)
2016	999,788	981,586	18,202	98.18%	(668)
2017	1,073,221	1,047,016	26,205	97.56%	(4,175)

(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 a late payment is 16% per year prorated monthly March and is delinquent on May 1st. The penalty for late payments is 16% per year prorated 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**  
**Last Ten Fiscal Years**

	Fiscal Year 2008		Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
	Tax Paid	Percentage of Total								
	Constructor	\$ 4,909,603	58.16%	\$ 2,998,610	46.51%	\$ 830,116	20.15%	\$ 1,637,402	31.17%	\$ 1,257,602
Manufacturing	162,936	1.93%	215,210	3.34%	286,748	6.96%	273,899	5.21%	268,820	5.26%
Transportation/Communication/Utilities	677,648	8.03%	683,760	10.61%	684,547	16.62%	659,001	12.55%	638,519	12.49%
Wholesale Trade	33,601	0.40%	63,534	0.99%	91,143	2.21%	124,332	2.37%	118,652	2.32%
Retail Trade	926,918	10.98%	1,071,019	16.61%	940,694	22.84%	981,398	18.68%	1,172,126	22.92%
Restaurants/Bar:	1,062,237	12.58%	942,401	14.62%	836,373	20.30%	1,042,401	19.84%	1,107,200	21.65%
Insurance/Real Estate	129,904	1.54%	101,791	1.58%	121,700	2.95%	219,347	4.18%	202,784	3.97%
Hotel/Lodging	127,598	1.51%	87,157	1.35%	84,893	2.06%	84,651	1.61%	82,686	1.62%
Services	305,641	3.62%	129,296	2.01%	154,429	3.75%	126,222	2.40%	156,361	3.06%
All Other	105,883	1.25%	153,807	2.39%	88,512	2.15%	104,424	1.99%	109,512	2.14%
<b>Total</b>	<b>\$ 8,441,969</b>	<b>100.00%</b>	<b>\$ 6,446,585</b>	<b>100.00%</b>	<b>\$ 4,119,155</b>	<b>100.00%</b>	<b>\$ 5,253,077</b>	<b>100.00%</b>	<b>\$ 5,114,262</b>	<b>100.00%</b>
	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
	Tax Paid	Percentage of Total								
	Construction	\$ 986,143	20.60%	\$ 1,493,389	27.09%	\$ 877,930	18.33%	\$ 1,363,593	24.52%	\$ 1,208,506
Manufacturing	223,290	4.66%	313,380	5.68%	354,911	7.41%	469,659	8.45%	499,068	8.78%
Transportation/Communication/Utilities	646,302	13.50%	669,495	12.14%	705,863	14.74%	721,349	12.97%	718,900	12.64%
Wholesale Trade	150,107	3.14%	98,775	1.79%	115,576	2.41%	116,521	2.10%	158,743	2.79%
Retail Trade	1,181,505	24.68%	1,278,677	23.19%	1,019,897	21.30%	1,030,747	18.54%	1,205,070	21.19%
Restaurants/Bars	959,115	20.04%	1,037,957	18.83%	1,064,795	22.23%	1,088,277	19.57%	1,127,174	19.82%
Insurance/Real Estate	247,337	5.17%	259,296	4.70%	272,974	5.70%	292,015	5.25%	300,786	5.29%
Hotel/Lodging	71,811	1.50%	73,479	1.33%	94,408	1.97%	135,047	2.43%	154,873	2.72%
Services	170,100	3.55%	143,231	2.60%	143,607	3.00%	205,743	3.70%	195,081	3.43%
All Other	150,885	3.15%	145,546	2.64%	138,984	2.90%	138,121	2.48%	117,629	2.07%
<b>Total</b>	<b>\$ 4,786,595</b>	<b>100.00%</b>	<b>\$ 5,513,225</b>	<b>100.00%</b>	<b>\$ 4,788,945</b>	<b>100.00%</b>	<b>\$ 5,561,072</b>	<b>100.00%</b>	<b>\$ 5,685,830</b>	<b>100.00%</b>

**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)

Fiscal Year	City of Eloy					State of Arizona	Pinal County
	Local Sales Tax	Bed Tax	Construction Sales Tax	Restaurant and Bar Tax	Use Tax	Tax (a)	Tax
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%
2016	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.1%
2017	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>Revenue Share</u>	<u>Franchise Tax</u>	<u>Vehicle License Tax</u>	<u>Total</u>
2008	\$ 8,441,969	\$ 1,022,432	\$ 1,565,622	\$ 135,324	\$ 753,544	\$ 11,918,891
2009	6,446,586	885,140	1,665,549	129,343	728,472	9,855,090
2010	4,119,155	816,413	1,436,354	121,542	696,980	7,190,444
2011	5,253,077	887,563	1,082,827	132,654	682,530	8,038,651
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	4,788,945	1,519,806	2,013,285	144,163	831,046	9,297,245
2016	5,561,072	1,571,675	2,002,370	145,408	900,658	10,181,183
2017	5,685,830	1,564,410	2,087,046	180,793	919,942	10,438,021

**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)	Percentage of Personal Income
	Capital Leases	Excise Tax and State Shared Revenue Bonds	General Obligation Bonds	Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Loans Payable			
2008	\$ 1,436,419	\$ -	\$ 746,845	\$ 536,932	\$93,123	\$ 228,155	\$ 914,502	\$ 4,351,499	\$ 8,307,475	650	1.07 %
2009	1,295,853	-	333,208	3,711,329	35,687	101,792	826,585	7,548,401	13,852,855	948	1.60
2010	1,149,118	-	176,179	2,076,403	12,163	53,821	732,845	8,023,437	12,223,966	735	1.49
2011	1,059,802	-	-	1,516,872	-	-	633,244	7,735,700	10,945,618	658	1.27
2012	965,877	-	-	956,583	-	-	612,743	7,389,455	9,924,658	585	1.10
2013	36,569	-	-	3,208,932	-	-	591,299	7,526,941	11,363,741	652	1.21
2014	12,587	-	-	3,001,503	-	-	568,870	8,864,520	12,447,480	731	1.28
2015	-	-	-	2,786,211	-	-	545,411	8,660,501	11,992,123	725	1.15
2016	-	-	-	2,568,293	-	-	520,875	9,181,503	12,270,671	690	1.09
2017	-	6,276,967	-	176,200	-	-	495,211	8,700,741	15,649,119	897	1.36

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

**Sources:** The sources of this information is the City of Eloy Finance Department.

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

**CITY OF ELOY, ARIZONA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

Jurisdiction	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Casa Grande UHS #82	\$ 23,130,000	8.35%	\$ 1,931,355
Central Arizona College	82,770,000	4.03%	3,335,631
Toltec ESD #22	2,420,000	54.97%	1,330,274
Eloy ESD#11	1,270,000	61.16%	776,732
Santa Cruz Valley UHS#840	5,140,943	48.33%	2,484,618
<b>Subtotal, overlapping debt</b>	114,730,943		9,858,610
<b>City direct debt</b>	6,453,167	100%	6,453,167
<b>Total direct and overlapping debt</b>			<b>\$ 16,311,777</b>

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

**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 there 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Secondary Assessed Value	\$ 63,489,149	\$ 119,026,192	\$ 125,354,097	\$ 115,615,201	\$ 94,517,290	\$ 88,241,336	\$ 86,184,886	\$ 95,031,182	\$ 91,942,395	\$ 97,807,407
<b>20% Limitation (a)</b>										
Debt Limit Equal to 20% of Assessed Valuation	12,697,830	23,805,238	25,070,819	23,123,040	18,903,458	17,648,267	17,236,977	19,006,236	18,388,479	19,561,481
Total Debt Applicable to 20% Limit	-	-	-	-	-	-	-	-	-	-
Legal 20% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 18,388,479</u>	<u>\$ 19,561,481</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%
<b>6% Limitation (b)</b>										
Debt Limit Equal to 6% of Assessed Valuation	\$ 3,809,349	\$ 7,141,572	\$ 7,521,246	\$ 6,936,912	\$ 5,671,037	\$ 5,294,480	\$ 5,171,093	\$ 5,701,871	\$ 5,516,544	\$ 5,868,444
Total Debt Applicable to 6% Limit	-	-	-	-	-	-	-	-	-	-
Legal 6% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 5,516,544</u>	<u>\$ 5,868,444</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**

Water Revenue Bonds						
Fiscal Year Ended June 30th	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	2,442,997	1,698,839	744,158	24,536	23,992	15.33
2017	2,473,283	1,808,341	664,942	25,664	22,863	13.70

Water Infrastructure Finance Authority Loans						
Fiscal Year Ended June 30th	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	3,743,693	2,312,286	1,431,407	628,839	172,245	1.79
2017	3,847,723	2,276,011	1,571,712	642,247	161,354	1.96

United States Department of Agriculture Loan						
Fiscal Year Ended June 30th	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	1,300,696	613,447	687,249	16,755	40,089	12.09
2017	1,374,440	467,670	906,770	17,459	38,677	16.15

Excise Tax and State Shared Revenue Bonds						
Fiscal Year Ended June 30th	General Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 10,906,162	\$ 10,125,716	\$ 780,446	\$ -	\$ -	- %

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

**Note:** The City issued Excise Tax obligations in fiscal year 2017 therefore information prior to that date is not applicable.

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

<u>Fiscal Year</u>	<u>City Population</u>	<u>County Population</u>	<u>County Personal Income (in thousands)</u>	<u>County Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>City Unemployment Rate</u>	<u>Pinal County Unemployment Rate</u>
2008	12,781	306,174	7,744,706	25.30	2,207	10.6%	7.1%
2009	14,620	335,311	8,642,755	25.78	2,120	19.3%	12.8%
2010	16,620	349,830	8,225,804	23.51	2,077	17.9%	10.9%
2011	16,631	385,738	8,610,378	22.32	2,015	17.8%	10.9%
2012	16,964	384,073	9,059,539	23.59	1,914	15.3%	9.1%
2013	17,423	388,106	9,372,970	24.15	1,822	14.6%	8.6%
2014	17,020	390,965	9,702,897	24.82	1,852	12.5%	7.3%
2015	16,531	401,918	10,387,778	25.85	1,832	11.1%	6.6%
2016	17,787	406,584	11,255,255	27.68	1,848	10.2%	6.3%
2017	17,442	418,540	11,536,636	27.56	1,762	7.4%	5.4%

**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.

- Notes:** 1) Amount for fiscal year 2016 is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year.  
2) 2017 amounts estimated for County Personal Income is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year of 2.5%. Data was not released at the time of collection.

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

Employer	2017		2008	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Corporation Corrections of America	1,610	59.85%	415	21.12%
Eloy Elementary School District	160	5.95%	149	7.58%
Republic Plastics	125	4.65%	-	-
City of Eloy	118	4.39%	130	6.62%
Travel Center of America	95	3.53%	92	4.68%
Santa Cruz Valley Union High School District	75	2.79%	67	3.41%
Otto Plastics Arizona, LLC	74	2.75%	58	2.95%
Schuff Steel	59	2.19%	-	-
Iron Skillet Restaurant	56	2.08%	63	3.21%
Pilot Travel Center	53	1.97%	60	3.05%
	2,425	90.15%	1,034	52.62%

**Source:** The source of this information is from 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	
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
2016	30	43	15	5	10	10	2	3	118
2017	30	43	15	5	10	10	2	3	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Registered Voters	3,135	*	3,314	*	3,322	*	3,810	3,735	4,418	4,911
Votes cast last primary election	369	*	638	*	891	*	*	1,872	1,157	2,688
Police										
Arrests	1,273	937	1,048	972	248	1,703	1,880	1,557	1,560	1,190
Citations	2,992	702	1,007	1,535	371	936	1,698	960	910	1,464
Traffic Stops	4,554	2,504	2,189	1,902	618	2,820	4,490	3,582	3,082	3,610
Officer Reports	4,110	3,905	3,717	3,435	1,031	3,401	3,021	2,463	1,387	2,713
Photo Enforcement - Notices Printed	*	864	1,172	2,383	1,525	1,451	1,358	72	0	-
Calls for Service	16,118	16,707	14,112	13,076	14,524	13,334	18,801	18,150	16,671	16,245
Highways & Streets										
Street resurfacing (miles)	3	3	4	3	1	1	6	23	7	3
Cold Mix for Potholes (tons)	212	271	168	197	145	96	192	240	226	288
Street sweeping (per 1,000 miles)	42	42	42	46	46	46	46	49	52	52
Water										
New Residential Connections	8	1	0	3	0	0	0	0	0	0
Line Breaks	179	252	204	177	69	87	27	35	51	37
Average Daily Consumption	1	1	1	1	1	1	1	1	1	1
Sewer										
Average Daily Sewage Treatment (thousands of gallons)	*	550	490	490	490	600	450	490	495	450
Line cleaning (feet)	*	*	*	90,000	150,000	100,000	100,000	75,000	68,000	34,000
Line Plugs	*	52	54	58	22	43	27	21	39	18
Parks and Recreation										
Park Areas	9	9	9	9	9	9	10	10	10	10
Parkland Acreage	15	15	15	15	15	15	16.29	16.29	16.29	16.29
Playgrounds	6	6	6	6	6	6	6	6	6	6
Afterschool Program Participants	378	382	272	228	216	205	240	300	333	288
Aquatic Center Admissions	2,530	2,120	2,357	2,075	2,268	2,935	4,451	3,316	4,388	3,145

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	38	22	20	14	12	15	19	13	26	14
Building Permits-Residential	44	35	78	48	37	96	99	74	114	99
Housing Rehabilitations	4	6	7	12	1	4	4	6	5	4
Code Enforcement Cases	*	1,104	1,267	2,087	1,601	1,729	4,063	2,429	1,705	2,251
Planning Cases	75	58	50	24	25	32	32	31	24	28
Culture - Library										
Items in Collections	17,809	16,362	18,924	19,086	20,857	23,900	26,540	23,961	28,305	29,837
Total Items Circulated	13,433	14,559	16,544	32,281	35,398	35,867	28,187	28,075	26,610	26,228
Reference Transactions	864	920	817	858	975	991	940	937	903	943
Computer Uses (Hrs.)	9,318	11,636	16,544	17,490	17,481	23,107	22,267	18,996	18,207	11,880
Inter-Library Loan	628	790	1,821	2,204	2,274	3,629	5,618	7,807	7,217	7,602

**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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	15	11	14	13
Highways and Streets										
Streets (miles)	85	90	90	91	93	93	93	93	93	102
Streetlights	616	598	598	598	598	598	598	598	598	598
Street poles	593	575	575	575	598	598	598	598	598	598
Water										
Water mains (miles)	120	120	123	123	123	123	123	123	123	126
Fire hydrants	321	321	321	326	326	327	327	327	340	340
Sewer										
Sanitary Sewer (miles)	45	45	47	47	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	16	16	16	16
Number of Parks	9	9	9	9	9	9	9	9	10	10
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	2	2
Ball Fields	3	3	3	3	3	3	3	3	2	2

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