



# City of Eloy, Arizona



## Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2018

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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, 2018**

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

# CITY OF ELOY, ARIZONA

## TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	1
GFOA Certificate of Achievement	10
Organizational Chart	11
List of Elected and Principal Officials	12
<b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	14
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)	19
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements:	
Balance Sheet – Governmental Funds	44
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	47
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	48
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	51
Statement of Net Position – Proprietary Funds	52
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	54
Statement of Cash Flows – Proprietary Funds	56
Notes to Financial Statements	57

# CITY OF ELOY, ARIZONA

## TABLE OF CONTENTS

<u>FINANCIAL SECTION</u>	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	94
Highway User Revenue Fund	96
Public Works Facility Fund	97
Pension Schedules	98
OPEB Schedules	101
Notes to Required Supplementary Information	103
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Non-Major Governmental Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	110
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Local Transportation Assistance Fund (LTAF)	112
Economic and Community Development Fund	113
Grants	114
Judicial Collection Enhancement Fund (JCEF)	115
Cemetery	116
Airport	117
Capital Projects	118
Impact Fee	119
Court Recovery	120
City Complex	121
Perpetual Care	122

# CITY OF ELOY, ARIZONA

## TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Page</u>
Financial Trends:	
Net Position by Component	124
Changes in Net Position	125
Fund Balances of Governmental Funds	127
Changes in Fund Balance of Governmental Funds	128
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property	129
Property Tax Rates – Direct and Overlapping Governments	130
Real and Personal Property Tax Levies and Collections	131
Sales Tax Revenues by Industry	132
Direct and Overlapping Sales Tax Rates	133
Actual Excise Tax Collections	134
Debt Capacity:	
Ratios of Outstanding Debt by Type	135
Direct and Overlapping Governmental Activities Debt	136
Legal Debt Margin Information	137
Pledged Revenue Coverage	138

# CITY OF ELOY, ARIZONA

## TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Page</u>
Demographic and Economic Information:	
Demographic and Economic Statistics	139
Principal Employers	140
Authorized Full-Time Government Employees by Function/Program	141
Operating Information:	
Operating Indicators by Function/Program	142
Capital Asset Statistics by Function/Program	144

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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 17, 2018

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, 2018. 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., 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, 2018 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, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a boarder, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The City did not exceed the prescribed threshold and therefore did not have a Single Audit performed for this fiscal year.

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, 2018, the incorporated city limits was 114.66 square miles with a planning area of 504 square miles and has an estimated population of 18,993.

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 and the Council, and 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.

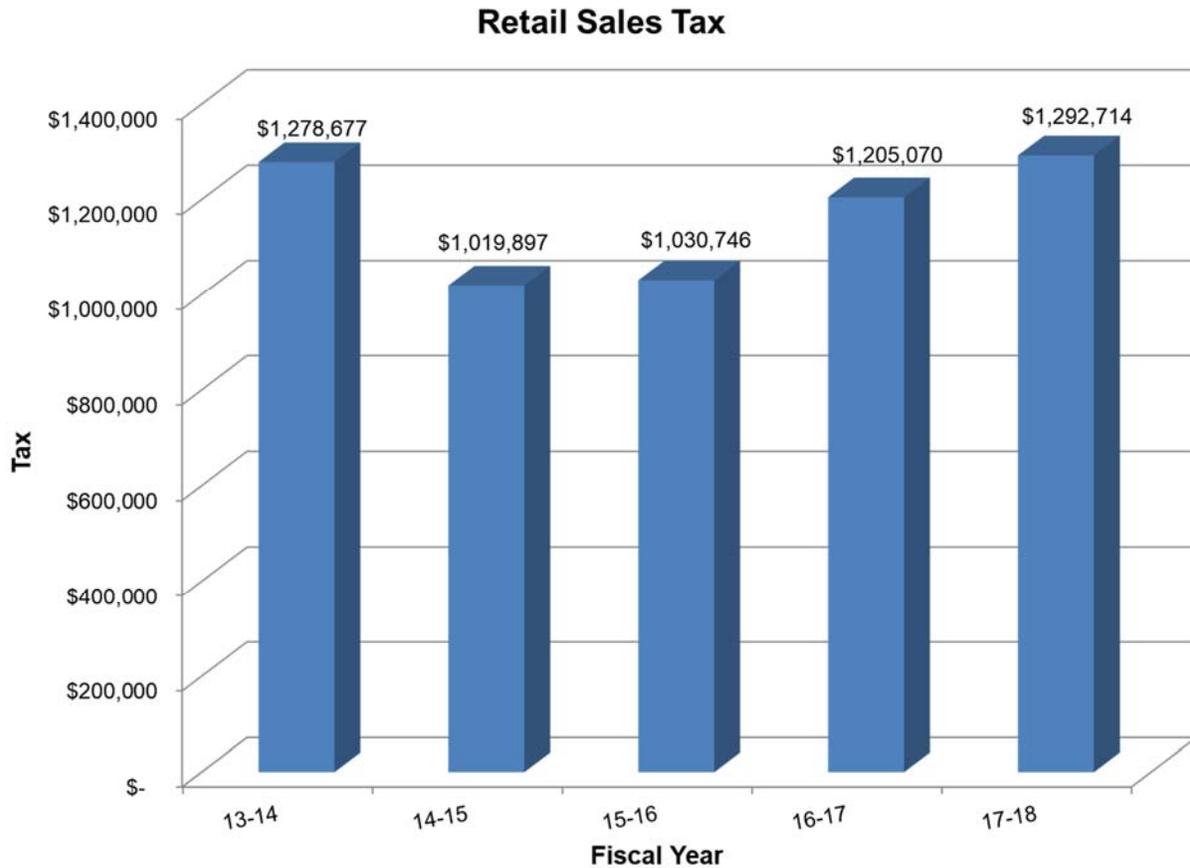
### **ECONOMIC CONDITIONS**

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 2017-2018 revenues in the General Fund increased \$1,140,119 or 9% over last fiscal year. Several factors contributed to this increase in the General Fund. One of the contributing factors was construction sales taxes was \$390,291 more than last fiscal year. Construction activity has increased from the prior year due to construction activity in housing and road projects. In addition, intergovernmental revenue increased \$301,703 or 6.5% more than last year. This is due to the city's population estimates increasing over the prior year by 1,795 or 10%.

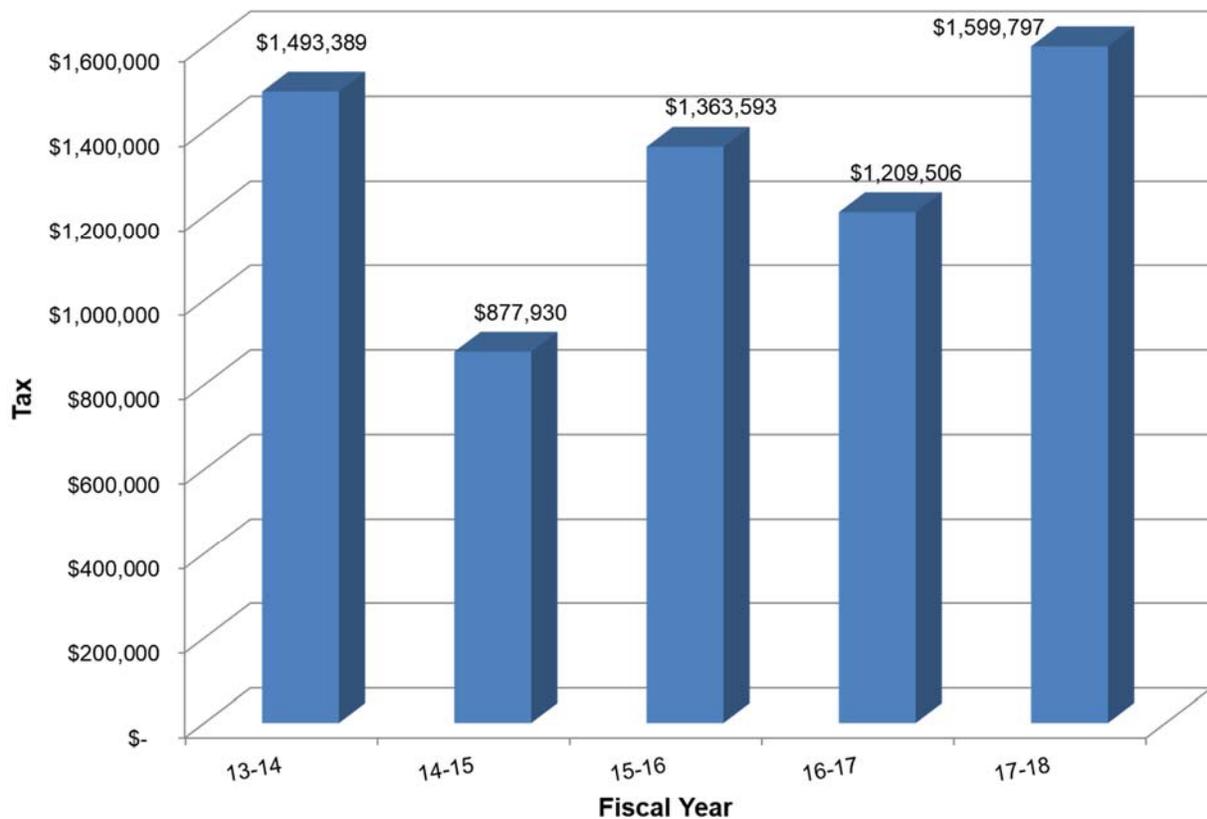
The City, like most municipalities, is significantly dependent upon local sales taxes, which are subject to economic fluctuations. Local sales taxes, also known as city sales tax, comprised 52% of the total general fund revenues collected in FY 2017-2018. Local sales taxes are comprised of retail, construction, restaurant/bar, hotel/motel, and other taxing categories. Of those revenues, retail, construction and restaurant/bars comprised 64% 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 \$1,165,421. Since July 2014, retail sales tax has increased 272,817 or 27% over the last four years. In FY 2017-2018, retail sales tax collections were \$1,292,714 or \$87,644 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.

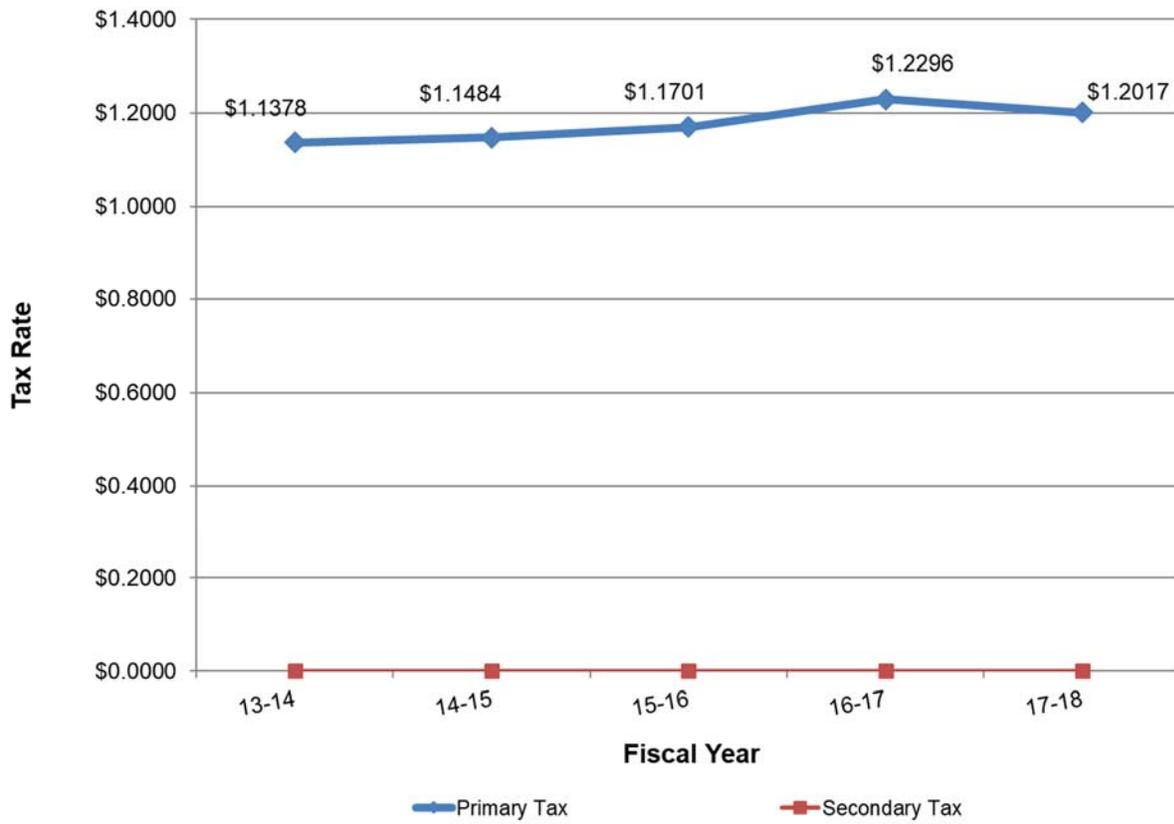
## Construction Sales Tax



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 July 1, 2013, the average construction sales tax collected is \$1,308,843. 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 2017-2018, construction sales tax collections were \$1,599,797 or \$390,291 more than that of the prior year. This increase is primarily attributed to the construction activity occurring in the Robson Ranch community and commercial development along I-10. This construction activity will improve construction sales tax collections through October 2019.

## 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 decreased from \$1.2296 in FY 2016-2017 to \$1.2017 in FY 2017-2018 per \$100 of assessed valuation. In FY 2017-2018, the primary property tax collected was \$1,095,421, which is an increase of \$29,732 over the prior fiscal year.

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

In FY 2017-2018, 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

- Initiated construction phase of the new City Hall, which will be completed in March 2019
- Purchased two new servers for data recovery and backup for city network
- Initiated and implemented the employee Personal Time Off (PTO) Program
- Completed 5 homes as part of the housing rehabilitation/reconstruction grant program
- Acquired land at Eloy Municipal Airport for improvements to taxiway/runway
- Initiated conceptual plan and design build process for the new Public Safety Facility

### Community Development

- Completed a major update and revisions to the City's Zoning and Subdivision Regulations
- Adopt-A-Street: conducted two clean ups and disposing 2.5 tons of trash
- Initiated the Eloy Transit Feasibility Study
- Created the Economic Development Marketing Brochure
- Issued 120 residential and 16 commercial building permits

### Community Services

- Installed a new Ramada and replacement of electrical panel for lights at Shumway Park
- Purchased a 26 foot high community Christmas tree with decorations
- Served approximately 3,000 residents through aquatics programs
- Installed a new block wall with wrought iron fencing around the Cemetery
- Afterschool Program participation increased by 3% to serve 273 participants
- Served approximately 250 seniors (monthly) through senior center programming

### Police

- Implemented NARCAN program for first aid in Opioid overdoses
- Introduced Nexle (emergency notification program) to provide Citizens of Eloy with real time emergency notification
- Held EPD's inaugural 1<sup>st</sup> Citizens Policy Academy
- Purchased two new police vehicles and one community service vehicle
- Through grant funds were able to spay/neuter 28 animals

### Public Works

- Initiated design work for the construction of Pump Station 1 and Tohono 2 lift station
- Constructed new water main on "D" Street
- Completed 8-inch water main expansion to the new City Hall
- Reconstructed 1.33 miles of asphalt along Phoenix Street
- Expanded the server room at Public Works for fiber project
- Completed design for the replacement of Tohono 2 lift station

## **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 2018- 2019, 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 2018-2019 are:

- Update and improve building facades along Main Street.
- Initiated improvements to the Santa Cruz Museum and consolidate the operations of the Eloy Chamber of Commerce and Santa Cruz Visitors Center into the museum.
- Finalize the Fiber Optic project with Airbeam to connect city facilities with fiber.
- Initiate roadway studies and initial improvements at the intersections of Sunland Gin, Arica, Frontier and Main Street.
- Over \$528,000 in street resurfacing projects throughout Eloy.
- Over \$575,000 in various capital related projects and equipment for Parks, Police, and Community Development.
- Over \$3.5 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.
- Finish the construction of the new City Hall which will house Administration, Finance, Human Resources, Community Development and City Clerk.
- Initiate the design phase for the remodel/rebuild of City Hall for the Police Department.

## **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, 2017. This was the fifth consecutive 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.

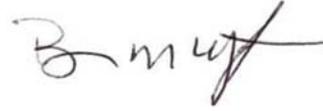
A Certificate of Achievement is valid for only one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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**

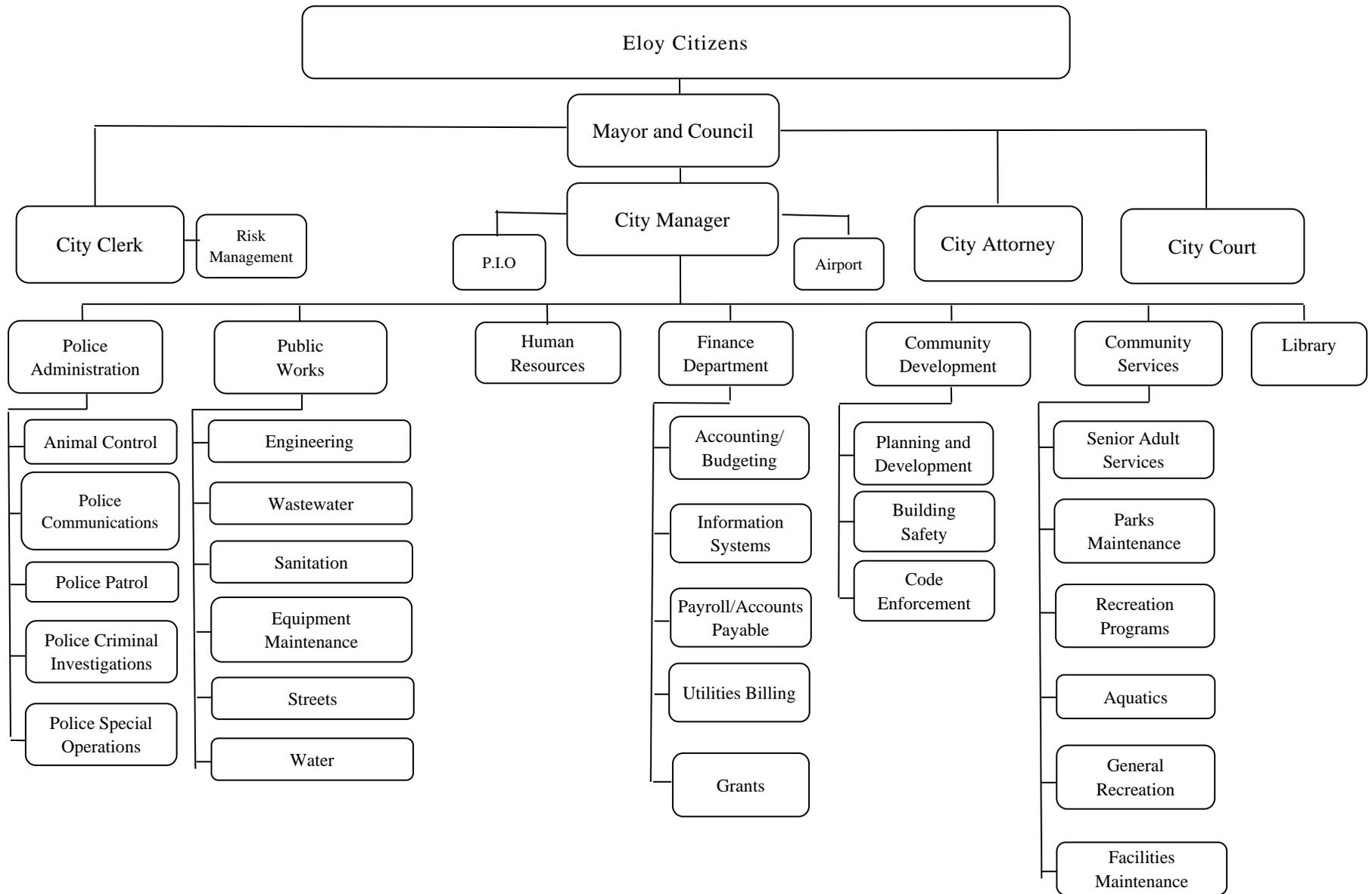
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# City of Eloy Organizational Chart



# CITY OF ELOY



## **List of Elected and Principal Officials for Fiscal Year Ended June 30, 2018**

### **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 M. 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, 2018, 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, 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 17, 2018, 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 17, 2018

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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 (MD&A)  
YEAR ENDED JUNE 30, 2018**

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, 2018. 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 2018 as follows:

- Assets exceeded liabilities at the close of the most recent fiscal year by \$51,345,620 (net position). Of this amount, \$9,657,897 (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 \$12,698,307 or 72 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,973,736 or 28 percent of total governmental activities revenues. The City had \$5,219,896 of program revenues, while \$3,295 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 \$28,934,659, an increase of \$1,668,640 in comparison with the prior fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$17,097,687 or 169 percent of the total general fund expenditures.
- As of June 30, 2018, the net capital assets were \$47,245,537, an increase of \$1,841,806 from the prior fiscal year. Governmental activities increased by \$1,988,281 while business-type activities decreased by \$146,475.
- General Fund revenues exceeded expenditures by \$3,609,368 before other financing sources (uses). After financing sources (uses) of (\$2,359,078), a positive change in fund balance occurred in the amount of \$1,250,290. This positive change was primary due to local sales taxes exceeding budget estimates along with conservative spending.
- Total business-type operating revenues exceeded total business-type operating expenses (excluding transfers) by \$153,225. 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 (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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 accrual basis of accounting is used for government-wide statements.

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 (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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, Public Works Facility, 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 52-56 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 the major Special Revenue Funds as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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 94 of the financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ending June 30, 2018.

**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, 2018. 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	2018	2017	2018	2017	2018
Current and Other Assets	\$ 27,856,135	\$ 30,740,892	\$ 5,137,370	\$ 5,612,938	\$ 32,993,505	\$36,353,830
Capital Assets	26,325,480	28,313,761	19,078,251	18,931,776	45,403,731	47,245,537
<b>Total Assets</b>	<b>54,181,615</b>	<b>59,054,653</b>	<b>24,215,621</b>	<b>24,544,714</b>	<b>78,397,236</b>	<b>83,599,367</b>
Pension Plan Items	2,870,605	2,448,834	219,584	124,110	3,090,189	2,572,944
<b>Total Deferred Outflows</b>	<b>2,870,605</b>	<b>2,448,834</b>	<b>219,584</b>	<b>124,110</b>	<b>3,090,189</b>	<b>2,572,944</b>
Current Liabilities	559,453	1,871,518	467,031	1,208,779	1,026,484	3,080,297
Noncurrent Liabilities	17,168,954	11,452,284	14,826,041	14,535,201	31,994,995	25,987,485
<b>Total Liabilities</b>	<b>17,728,407</b>	<b>13,323,802</b>	<b>15,293,072</b>	<b>15,743,980</b>	<b>33,021,479</b>	<b>29,067,782</b>
Pension Plan Items	685,876	511,882	141,886	87,491	827,762	599,373
<b>Total Deferred Inflows</b>	<b>685,876</b>	<b>511,882</b>	<b>141,886</b>	<b>87,491</b>	<b>827,762</b>	<b>599,373</b>
Net Position:						
Net Investments in Capital Assets	19,872,313	22,018,180	9,882,299	9,768,471	29,754,612	31,786,651
Restricted	9,037,570	9,179,911	719,762	721,161	9,757,332	9,901,072
Unrestricted	9,728,054	10,884,720	(1,601,814)	(1,226,823)	8,126,240	9,657,897
<b>Total Net Position</b>	<b>\$ 38,637,937</b>	<b>\$ 42,082,811</b>	<b>\$ 9,000,247</b>	<b>\$ 9,262,809</b>	<b>\$ 47,638,184</b>	<b>\$51,345,620</b>

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At year-end, the net position of the City totaled \$51,345,620, an increase of \$3,707,436 over the prior fiscal year. Of this amount, \$42,082,811 was in governmental activities, an 8.9 percent increase and \$9,262,809 was in the business-type activities, a 2.9 percent increase from the prior fiscal year.

Net position consists of three components. The largest portion of the City's net position (\$35,552,715 or 69 percent) 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 (\$5,413,847 or 11 percent) 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 (\$9,657,897 or 19 percent), 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 Phoenix Street in the amount of \$900,139.
- Installed a new 8-inch water main to new city hall in the amount of \$70,964.
- Completed the installation of a new water main on D Street in the amount of \$462,054.
- Initiated design and construction of new city hall in the amount of \$1,492,566.
- Purchased vehicles and equipment for Parks, Police, Streets and Sanitation in the amount of \$298,852.
- Installed new fencing, ramada, and electrical upgrades to the various parks and cemetery in the amount of \$62,357.
- Purchase new servers for data recovery and storage in the amount of \$73,535.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Changes in Net Position**

The City's total revenue for the year ended June 30, 2018 was \$22,895,235. The total cost of all programs and services was \$19,296,584. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2018.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 1,498,509	\$ 1,783,509	\$ 5,197,131	\$ 5,219,896	\$ 6,695,640	\$ 7,003,405
Operating Grants and Contributions	2,131,362	2,293,821	-	-	2,131,362	2,293,821
Capital Grants and Contributions	1,061,303	896,406	770,742	-	1,832,045	896,406
General Revenue:						
City Sales Tax	5,685,830	6,400,147	-	-	5,685,830	6,400,147
Property Taxes	1,065,689	1,095,421	-	-	1,065,689	1,095,421
Franchise Taxes	180,793	80,569	-	-	180,793	80,569
Share of State Income Tax	2,087,046	2,160,358	-	-	2,087,046	2,160,358
Share of State Sales Tax	1,564,410	1,689,664	-	-	1,564,410	1,689,664
County Auto Lieu Tax	919,942	1,021,579	-	-	919,942	1,021,579
Investment Earnings (losses)	57,491	161,096	5,015	3,295	62,506	164,391
Other Revenue	119,730	89,473	-	-	119,730	89,473
<b>Total Revenues</b>	<b>\$16,372,105</b>	<b>\$17,672,043</b>	<b>\$ 5,972,888</b>	<b>\$5,223,191</b>	<b>\$22,344,993</b>	<b>\$22,895,234</b>
<b>EXPENSES</b>						
Program Expenses:						
General Government	\$ 3,262,615	\$ 3,507,238	\$	\$	\$ 3,262,615	\$ 3,507,238
Public Safety	4,979,023	4,810,096	-	-	4,979,023	4,810,096
Public Works	2,794,926	2,553,001	-	-	2,794,926	2,553,001
Culture and Recreation	1,501,555	1,611,071	-	-	1,501,555	1,611,071
Community Development	917,185	1,153,077	-	-	917,185	1,153,077
Health and Welfare	134,859	145,777	-	-	134,859	145,777
Interest on Long-Term Debt	123,435	281,861	-	-	123,435	281,861
Water	-	-	2,334,439	2,517,824	2,334,439	2,517,824
Wastewater	-	-	1,139,428	1,130,038	1,139,428	1,130,038
Sanitation	-	-	1,461,200	1,586,601	1,461,200	1,586,601
<b>Total Expenses</b>	<b>13,713,598</b>	<b>14,062,121</b>	<b>4,935,067</b>	<b>5,234,463</b>	<b>18,648,665</b>	<b>19,296,584</b>
<b>Excess before Transfers</b>	<b>2,658,507</b>	<b>3,609,922</b>	<b>1,037,821</b>	<b>(11,272)</b>	<b>3,696,328</b>	<b>3,598,650</b>
<b>Transfers</b>	<b>-</b>	<b>(273,834)</b>	<b>-</b>	<b>273,834</b>	<b>-</b>	<b>-</b>
<b>Changes in Net Position</b>	<b>2,658,507</b>	<b>3,336,088</b>	<b>1,037,821</b>	<b>262,562</b>	<b>3,696,328</b>	<b>3,598,650</b>
<b>Net Position, Beginning</b>	<b>35,979,430</b>	<b>38,637,937</b>	<b>7,962,426</b>	<b>\$9,000,247</b>	<b>43,941,856</b>	<b>47,638,184</b>
<b>Net Effect of Prior Period Adjustments</b>	<b>-</b>	<b>108,786</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,786</b>
<b>Net Position, Beginning Restated</b>	<b>35,979,430</b>	<b>38,746,723</b>	<b>7,962,426</b>	<b>\$9,000,247</b>	<b>43,941,856</b>	<b>47,746,970</b>
<b>Net Position, Ending</b>	<b>\$38,637,937</b>	<b>\$42,082,811</b>	<b>\$ 9,000,247</b>	<b>\$9,262,809</b>	<b>\$47,638,184</b>	<b>\$51,345,620</b>

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

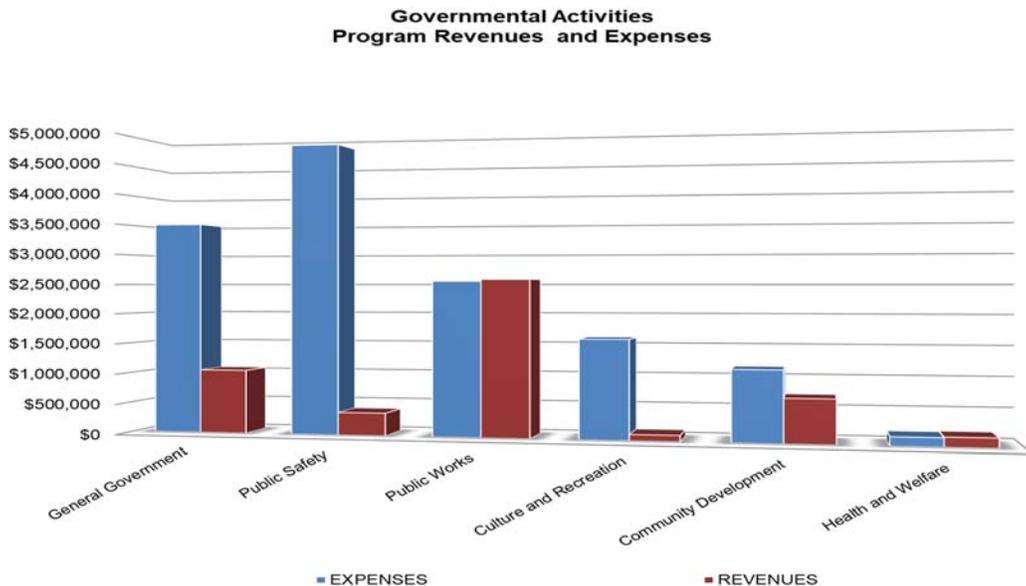
**Government Activities**

During the year, net position for governmental activities increased, \$3,444,874 or 8.92 percent more than the change in net position last year.

Significant variances between fiscal year 2017 and 2018 program revenues are explained below:

- Capital grants and contributions decreased \$164,897 or 15.5 percent 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 \$1,017,376 to \$12,698,307, which comprised 72 percent of all governmental activities revenue sources. Explanations for the primary impacts are:
  - City Sales Taxes were \$714,317 or 12.6 percent more than last year. This increase is primarily attributed to higher than anticipated collections in the construction and retail trade categories.
  - State Shared Revenues were \$198,566 or 5.4 percent more than last year. The attributed increase in state shared revenue collection is a result of the City's population estimates increasing.

As shown on the chart below, all functions had grant 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 (MD&A)  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

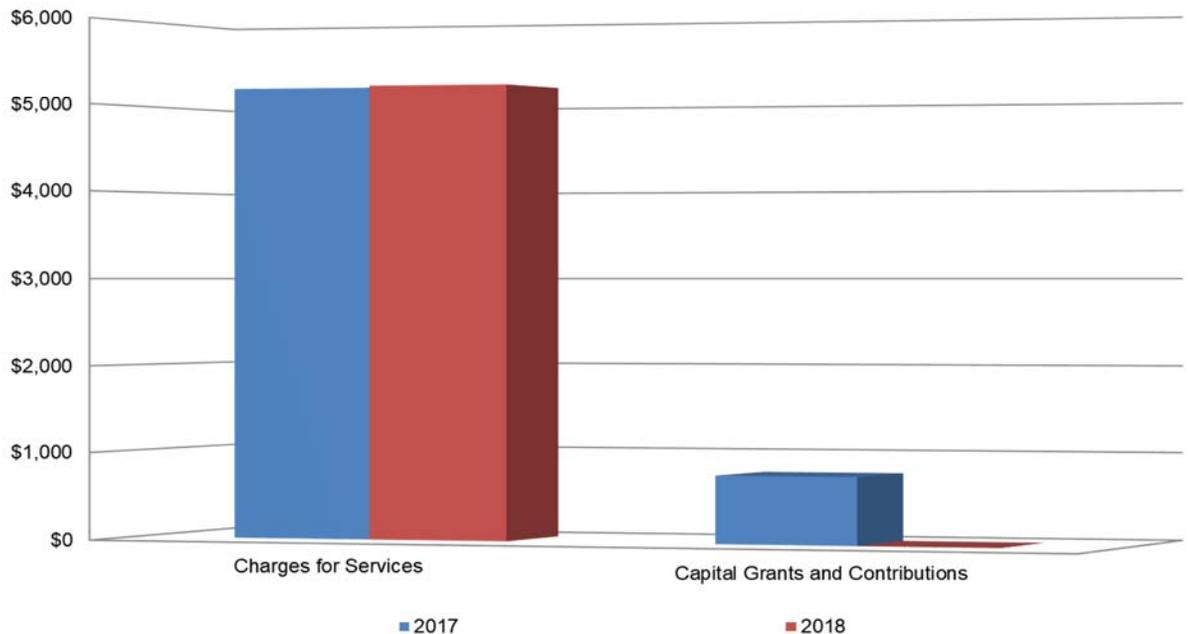
**Business-Type Activities**

The City's net position for Business-Type activities, after transfers, increased \$262,562 in fiscal year 2018. Last year, the change in net position was a positive \$1,037,821, a negative difference of \$775,259 when compared to the current year change.

Significant variances between fiscal year 2017 and 2018 program revenues are explained below:

- Charges for services were \$22,765 or .5 percent more than last fiscal year. The primary cause was due services increasing in sewer and sanitation.
- Capital Grants and Contributions were \$770,742 or 100 percent less than last fiscal year. The primary cause for this decrease was a reimbursement that the City received in the prior fiscal year for a 12-inch water main extension to a business (Monsanto).

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



**CITY OF ELOY, ARIZONA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

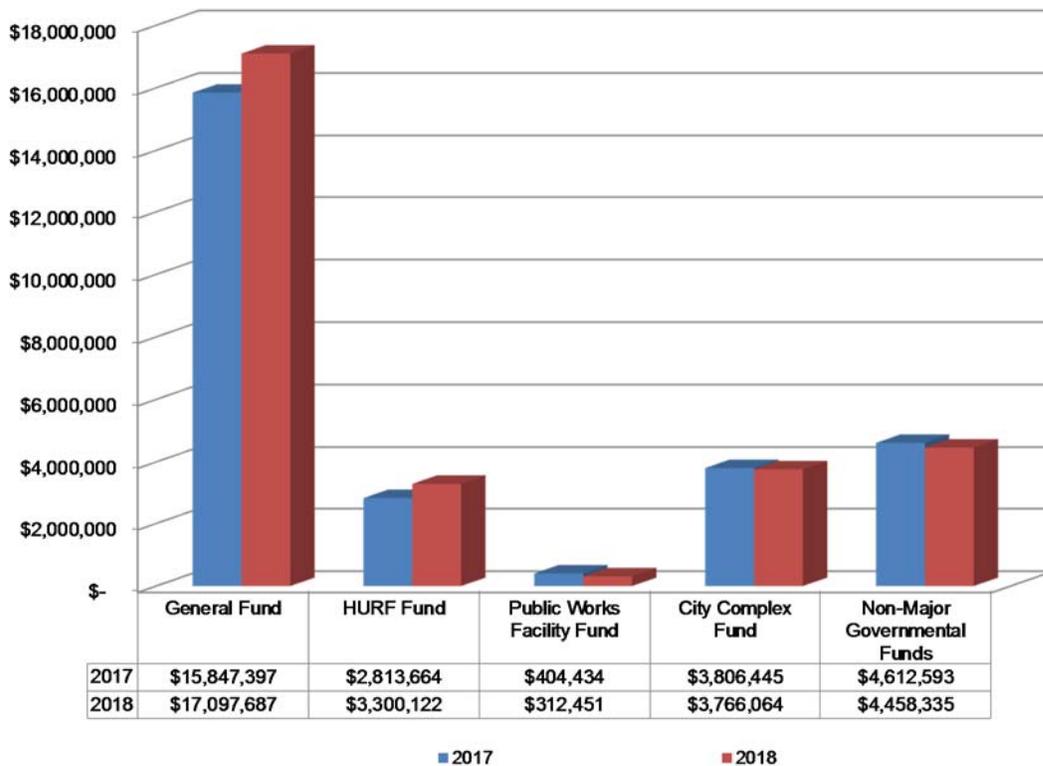
**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

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 44-51) 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, 2018, governmental funds reflect a combined fund balance of \$28,934,659, an increase of \$1,668,640 compared to last fiscal year. Approximately 59 percent of this total amount, \$17,097,687, constitutes fund balance of the General Fund, which is unassigned.

**Governmental Fund Balances**



**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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 \$13,725,085 for fiscal year ending June 30, 2018. The expenditures before other financing sources and uses totaled \$10,115,717.

The net change of fund balance for the General Fund was \$1,250,290 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, license/permits, intergovernmental revenue 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 \$2,126,365, while expenses totaled \$2,064,907 for the fiscal year ending June 30, 2018. The net change of fund balance for the HURF Fund, prior to transfers, was a positive \$61,458. The primary reason for this positive increase was due to infrastructure projects coming in below budgeted expectations.

The City Complex Fund is a \$6,000,000 Excise Tax and State Shared Revenue and Revenue Refunding Obligations Bond for the construction of a new city hall and the pay off of a 2012 Great Western Bank loan. The net change of fund balance for the City Complex Fund was a negative \$40,381. The primary reason for this decrease due to design and construction activities.

Other non-major governmental funds of the City include funds from the Airport, Grants, LTAF, Impact Fee, Economic and Community Development, JCEF, Court Recovery, Cemetery, and Capital Projects. 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 \$64,256. The primary reason for this increase is due to fees and taxes increasing in 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 \$9,262,809 as of June 30, 2018. Total revenues in fiscal year 2018 were \$5,173,955, while total expenses totaled \$5,020,730 resulting in an operating income of \$153,225 before transfers.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**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 94-97. 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 66 for more information on budget policies). No amendments increasing the City's total adopted budget of \$46,767,295 occurred during fiscal year 2018. 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 (MD&A)  
YEAR ENDED JUNE 30, 2018**

**BUDGETARY HIGHLIGHTS**

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

- General fund expenditures of \$10,115,717 were only 82 percent of budgeted expenditures. Reduced expenditures and unfunded personnel were some of the unspent budget items.
- General fund revenue of \$13,725,085 exceed final budget of \$12,556,080 by \$1,169,005 or 9.3 percent. The primary factors to this increase were in the areas of sales taxes, licenses and permits, intergovernmental revenues along with an increase in collection to fines and forfeitures.
- Sales Taxes exceeded budget expectations by \$776,084 or 15 percent primarily due to increased construction activity along I-10 and residential home development.
- Licenses and Permits were \$140,050 or 48 percent more than budget expectations due to an increase in residential home permits and commercial construction projects.
- Fines and Forfeitures were \$116,553 or 45 percent more than budget expectations due to better collection of fines within the Eloy municipal court system.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2018, the City had invested \$35,552,715 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 \$47,245,537. This is a net increase of \$1,841,806. There was an increase in capital assets of \$1,988,281 within governmental activities. While within business-type activities capital assets decreased by \$146,475.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The following table provides a breakdown of capital assets of the City at June 30, 2017 and 2018. 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	2018	2017	2018	2017	2018
Land	\$ 7,344,582	\$ 7,344,582	\$ 455,060	\$ 456,826	\$ 7,799,642	\$ 7,801,408
Land Improvements	1,006,652	967,795	28,489	27,523	1,035,141	995,318
Construction In Progress	503,281	2,451,096	310,566	406,330	813,847	2,857,426
Buildings and Improvements	4,425,485	4,283,566	477	387	4,425,962	4,283,953
Infrastructure	10,504,995	10,883,358	-	-	10,504,995	10,883,358
Furniture, equipment and vehicles	2,540,485	2,383,364	951,571	981,980	3,492,056	3,365,344
Sewer lines and equipment	-	-	7,507,100	7,079,889	7,507,100	7,079,889
Water lines and equipment	-	-	9,824,988	9,978,841	9,824,988	9,978,841
Total	<u>\$ 26,325,480</u>	<u>\$ 28,313,761</u>	<u>\$ 19,078,251</u>	<u>\$ 18,931,776</u>	<u>\$45,403,731</u>	<u>\$47,245,537</u>

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

- The City installed a new 8-inch water main to the new city hall in the amount of \$70,964.
- The City completed 1.33 miles of asphalt reconstruction of roads along Phoenix Street in the amount of \$900,139.
- The City installed a duplex electrical control panel at the sewer treatment plant in the amount of \$49,327.
- The City finished the design phase and began construction of the new city hall complex in the amount of \$1,492,566.
- The City purchased 3 new vehicles and associated equipment for police department in the amount of \$160,014.
- The City installed a new water main on D Street in the amount of \$462,054.

**Long-term Debt.** The City's outstanding long-term debt, including compensated absences, bonds, loans, leases, landfill costs, and pension liability, was \$32,140,052 at June 30, 2018. Of this total, \$17,317,941 was in governmental activities, while business-type activities were \$14,822,111. 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 71-76.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2017 and 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
Bonds Payable	\$ 6,000,000	\$ 5,905,000	\$ -	\$ -	\$ 6,000,000	\$ 5,905,000
Bond Premium	276,967	266,315	-	-	276,967	266,315
Loans Payable	176,200	124,266	8,700,741	8,694,936	8,876,941	8,819,202
Revenue Bonds	-	-	495,211	468,369	495,211	468,369
Compensated Absences	602,253	734,183	72,463	93,860	674,716	828,043
Landfill closure and post-closure costs payable	-	-	4,123,275	4,207,913	4,123,275	4,207,913
Net Pension Liability	8,507,471	10,288,177	1,434,351	1,357,033	9,941,822	11,645,210
	<u>\$ 15,562,891</u>	<u>\$ 17,317,941</u>	<u>\$ 14,826,041</u>	<u>\$ 14,822,111</u>	<u>\$ 30,388,932</u>	<u>\$ 32,140,052</u>

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

City officials considered several factors during the process of developing the budget for fiscal year 2018-19. When developing the fiscal year 2018-19 budget staff considered five strategic factors in the development of the budget. Those factors were economic development, image development, partnerships and relationships, organizational development and capital improvements. In addition, the local economy and stagnant revenue collection were discussed. The adopted fiscal year 2018-19 budget expects general fund revenues to increase by \$576,335 or 4.60 percent before recording fund balance. The primary cause of this increase is local taxes (sales taxes and property taxes) should increase by \$294,900 or 4.6 percent 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 fiscal year 2018-19 will be \$51,779,600, which represents an increase of \$5,012,308 over fiscal year 2017-18. The primary reason for this increase is due to the construction of the new city hall and construction projects in water. The City's population should remain stable in the upcoming year. The unemployment rate in Eloy should remain stable at 6.3 percent, which is above the national average of 4.0 percent and the Pinal County rate of 5.0 percent. All of these indicators were considered when adopting the budget for fiscal year 2018-19.

**CITY OF ELOY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 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.

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## **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, 2018**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and Investments	\$ 28,994,598	\$ 4,167,094	\$ 33,161,692
Other Receivables	38,594		38,594
Property Taxes Receivable	41,799		41,799
Due from Governmental Entities	1,370,887		1,370,887
Accounts Receivable (Net of Allowance)		642,467	642,467
Inventory		82,216	82,216
Total current assets	30,445,878	4,891,777	35,337,655
Noncurrent assets:			
Net other postemployment benefit assets	181,404		181,404
Restricted Cash and Investments	113,610	721,161	834,771
Capital Assets, Non-Depreciable	9,795,678	863,156	10,658,834
Capital Assets, Depreciable (Net)	18,518,083	18,068,620	36,586,703
Total noncurrent assets	28,608,775	19,652,937	48,261,712
<b>Total assets</b>	<b>59,054,653</b>	<b>24,544,714</b>	<b>83,599,367</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension and other postemployment benefit plan items	2,448,834	124,110	2,572,944
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts Payable	1,172,774	181,011	1,353,785
Accrued Salaries and Wages Payable	313,700	15,069	328,769
Customer Deposits		212,162	212,162
Bonds Payable	155,000	28,076	183,076
Loans Payable	52,247	674,904	727,151
Compensated Absences	73,418	9,386	82,804
Interest Payable		87,821	87,821
Other Current Liabilities	104,379	350	104,729
Total current liabilities	1,871,518	1,208,779	3,080,297
Noncurrent liabilities:			
Noncurrent Portion of Long-Term Obligations	17,037,276	14,109,745	31,147,021
Total noncurrent liabilities	17,037,276	14,109,745	31,147,021
<b>Total liabilities</b>	<b>18,908,794</b>	<b>15,318,524</b>	<b>34,227,318</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension and other postemployment benefit plan items	511,882	87,491	599,373
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	25,784,244	9,768,471	35,552,715
Restricted for:			
Debt Service		721,161	721,161
Highways and Streets	3,300,122		3,300,122
Grants	395,214		395,214
Capital Projects	1,469,559		1,469,559
Other Purposes	248,952		248,952
Unrestricted	10,884,720	(1,226,823)	9,657,897
<b>Total net position</b>	<b>\$ 42,082,811</b>	<b>\$ 9,262,809</b>	<b>\$ 51,345,620</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, 2018**

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
Governmental activities:					
General Government	\$ 3,507,238	\$ 1,049,143	\$	\$	\$ (2,458,095)
Public Safety	4,810,096	52,828	174,190	144,926	(4,438,152)
Public Works	2,553,001	177,450	2,110,421	294,095	28,965
Community Development	1,153,077	460,751		252,236	(440,090)
Health and Welfare	145,777			156,016	10,239
Culture and Recreation	1,611,071	43,337	9,210	49,133	(1,509,391)
Interest on Long Term Debt	281,861				(281,861)
Total governmental activities	<u>14,062,121</u>	<u>1,783,509</u>	<u>2,293,821</u>	<u>896,406</u>	<u>(9,088,385)</u>
Business-type activities:					
Water	2,517,824	2,379,120			
Sewer	1,130,038	1,405,264			
Sanitation	1,586,601	1,435,512			
Total business-type activities	<u>5,234,463</u>	<u>5,219,896</u>			
<b>Total primary government</b>	<u>\$ 19,296,584</u>	<u>\$ 7,003,405</u>	<u>\$ 2,293,821</u>	<u>\$ 896,406</u>	<u>(9,088,385)</u>

**General revenues:**

Taxes:

Sales Taxes	6,400,147
Property Taxes Levied for General Purposes	1,095,421
Franchise Taxes	80,569
County Auto Lieu Tax	1,021,579
Unrestricted State Revenues	3,850,022
Investment Income	161,096
Other Revenues	89,473

**Transfers**

<b>Total general revenues and transfers</b>	<u>12,424,473</u>
---	-------------------

**Changes in net position**

**Net position, beginning of year, as restated**

**Net position, end of year**

3,336,088
<u>38,746,723</u>
<u>\$ 42,082,811</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
\$	\$ (2,458,095)
	(4,438,152)
	28,965
	(440,090)
	10,239
	(1,509,391)
	(281,861)
	(9,088,385)
	(138,704)
	(138,704)
	275,226
	275,226
	(151,089)
	(151,089)
	(14,567)
	(14,567)
	(9,102,952)
	6,400,147
	1,095,421
	80,569
	1,021,579
	3,850,022
3,295	164,391
	89,473
273,834	
277,129	12,701,602
262,562	3,598,650
9,000,247	47,746,970
\$ 9,262,809	\$ 51,345,620

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**FUND FINANCIAL STATEMENTS**

**CITY OF ELOY, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General	Highway User Revenue Fund	Public Works Facility
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 16,781,252	\$ 3,123,723	\$ 673,432
Restricted Cash and Investments	113,610		
Other Receivables	32,262		
Property Taxes Receivable	41,799		
Due from Governmental Entities	929,369	195,948	
<b>Total assets</b>	<b>\$ 17,898,292</b>	<b>\$ 3,319,671</b>	<b>\$ 673,432</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</u></b>			
<b><u>AND FUND BALANCES</u></b>			
Liabilities:			
Accounts Payable	\$ 359,445	\$ 9,877	\$ 360,981
Accrued Salaries and Wages Payable	302,805	9,672	
Other Current Liabilities	104,379		
<b>Total liabilities</b>	<b>766,629</b>	<b>19,549</b>	<b>360,981</b>
Deferred inflows of resources:			
Unavailable Revenue - Property Taxes	33,976		
Fund balances:			
Restricted		3,300,122	
Committed			312,451
Assigned			
Unassigned	17,097,687		
<b>Total fund balances</b>	<b>17,097,687</b>	<b>3,300,122</b>	<b>312,451</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,898,292</b>	<b>\$ 3,319,671</b>	<b>\$ 673,432</b>

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

<u>City Complex</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,147,963	\$ 4,268,228	\$ 28,994,598
	6,332	113,610
		38,594
		41,799
	245,570	1,370,887
<u>\$ 4,147,963</u>	<u>\$ 4,520,130</u>	<u>\$ 30,559,488</u>
\$ 381,899	\$ 60,572	\$ 1,172,774
	1,223	313,700
		104,379
<u>381,899</u>	<u>61,795</u>	<u>1,590,853</u>
		<u>33,976</u>
3,766,064	2,113,725	9,179,911
	866,506	1,178,957
	1,478,104	1,478,104
		17,097,687
<u>3,766,064</u>	<u>4,458,335</u>	<u>28,934,659</u>
<u>\$ 4,147,963</u>	<u>\$ 4,520,130</u>	<u>\$ 30,559,488</u>

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**CITY OF ELOY, ARIZONA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>28,934,659</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	\$ 39,775,899	
Less accumulated depreciation	<u>(11,462,138)</u>	28,313,761
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		33,976
<p>Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	2,448,834	
Deferred inflows of resources related to pensions	<u>(511,882)</u>	1,936,952
<p>The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.</p>		
		181,404
<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	(734,183)	
Loans payable	(124,266)	
Net pension liability	(10,288,177)	
Bonds payable	<u>(6,171,315)</u>	<u>(17,317,941)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>42,082,811</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, 2018**

	General	Highway User Revenue Fund	Public Works Facility
<b>Revenues:</b>			
Sales Taxes	\$ 5,906,084	\$	\$ 268,998
Property Taxes	1,092,108		
Franchise Taxes	80,569		
Licenses, Permits, and Fees	432,800		
Intergovernmental Revenue	4,975,101	2,119,246	
Charges for Services	685,753		
Fines and Forfeitures	378,403		
Investment Income	102,406	7,119	
Impact Fees			
Other Revenues	71,861		
<b>Total revenues</b>	13,725,085	2,126,365	268,998
<b>Expenditures:</b>			
Current -			
General Government	3,031,680		
Public Safety	3,888,195		
Public Works	634,147	1,164,768	
Community Development	518,262		
Health and Welfare			
Culture and Recreation	1,615,252		
Capital Outlay	41,582	900,139	360,981
Debt service -			
Principal Retirement	95,000		
Interest and Fiscal Charges	291,599		
<b>Total expenditures</b>	10,115,717	2,064,907	360,981
<b>Excess (deficiency) of revenues over expenditures</b>	3,609,368	61,458	(91,983)
<b>Other financing sources (uses):</b>			
Transfers In		425,000	
Transfers Out	(2,359,078)		
<b>Total other financing sources (uses)</b>	(2,359,078)	425,000	
<b>Changes in fund balances</b>	1,250,290	486,458	(91,983)
<b>Fund balances, beginning of year</b>	15,847,397	2,813,664	404,434
<b>Fund balances, end of year</b>	\$ 17,097,687	\$ 3,300,122	\$ 312,451

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

<u>City Complex</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 225,065	\$ 6,400,147
		1,092,108
		80,569
		432,800
	889,156	7,983,503
	250,214	935,967
		378,403
47,102	4,469	161,096
	114,664	114,664
	17,612	89,473
<u>47,102</u>	<u>1,501,180</u>	<u>17,668,730</u>
	132,884	3,164,564
	149,924	4,038,119
		1,798,915
50,729	586,545	1,155,536
	11,589	11,589
	7,767	1,623,019
1,044,500	1,147,864	3,495,066
	51,935	146,935
	914	292,513
<u>1,095,229</u>	<u>2,089,422</u>	<u>15,726,256</u>
<u>(1,048,127)</u>	<u>(588,242)</u>	<u>1,942,474</u>
1,007,746	655,964	2,088,710
	(3,466)	(2,362,544)
<u>1,007,746</u>	<u>652,498</u>	<u>(273,834)</u>
<u>(40,381)</u>	<u>64,256</u>	<u>1,668,640</u>
3,806,445	4,394,079	27,266,019
<u>\$ 3,766,064</u>	<u>\$ 4,458,335</u>	<u>\$ 28,934,659</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, 2018**

**Changes in fund balances - total governmental funds** **\$ 1,668,640**

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	\$ 3,241,925	
Less current year depreciation	<u>(1,253,644)</u>	1,988,281

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.

Property taxes in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,313
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Repayments of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Loan principal retirement	51,934	
Bond principal retirement	<u>105,652</u>	157,586

Governmental funds report pension/OPEB 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/net OPEB asset, adjusted for deferred pension items, is reported as pension/OPEB expense in the Statement of Activities.

Current year pension contributions	846,516	
Pension/OPEB expense	<u>(1,196,318)</u>	(349,802)

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

Compensated absences	<u>(131,930)</u>	<u>(131,930)</u>
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**Changes in net position in governmental activities** **\$ 3,336,088**

**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, 2018**

	Enterprise Funds		
	Water	Sewer	Sanitation
<b><u>ASSETS</u></b>			
Current assets:			
Cash and Cash Equivalents	\$ 2,139,267	\$ 627,774	\$ 1,400,053
Accounts Receivable (Net of Allowance)	349,455	140,528	152,484
Inventory	82,216		
<b>Total current assets</b>	<b><u>2,570,938</u></b>	<b><u>768,302</u></b>	<b><u>1,552,537</u></b>
Noncurrent assets:			
Restricted Cash and Investments	86,908	634,253	
Capital Assets, Non-Depreciable	258,124	605,032	
Capital Assets, Depreciable (Net)	10,109,983	7,455,740	502,897
<b>Total noncurrent assets</b>	<b><u>10,455,015</u></b>	<b><u>8,695,025</u></b>	<b><u>502,897</u></b>
<b>Total assets</b>	<b><u>13,025,953</u></b>	<b><u>9,463,327</u></b>	<b><u>2,055,434</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Pension and other postemployment benefit plan items	<u>93,824</u>	<u>11,664</u>	<u>18,622</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts Payable	63,890	16,175	100,946
Accrued Salaries and Wages Payable	11,358	1,531	2,180
Customer Deposits	152,977	22,095	37,090
Bonds Payable	28,076		
Loans Payable	283,928	390,976	
Compensated Absences	8,229		1,157
Interest Payable	37,282	50,539	
Other Current Liabilities	350		
<b>Total current liabilities</b>	<b><u>586,090</u></b>	<b><u>481,316</u></b>	<b><u>141,373</u></b>
Noncurrent liabilities:			
Compensated Absences	74,060		10,414
Landfill Closure and Post Closure Costs			4,207,913
Bonds Payable	440,293		
Loans Payable	2,983,824	5,036,208	
Net Pension Liability	737,179	119,900	499,954
<b>Total noncurrent liabilities</b>	<b><u>4,235,356</u></b>	<b><u>5,156,108</u></b>	<b><u>4,718,281</u></b>
<b>Total liabilities</b>	<b><u>4,821,446</u></b>	<b><u>5,637,424</u></b>	<b><u>4,859,654</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Pension and other postemployment benefit plan items	<u>66,141</u>	<u>8,223</u>	<u>13,127</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	6,631,986	2,633,588	502,897
Restricted for:			
Debt Service	86,908	634,253	
Unrestricted	1,513,296	561,503	(3,301,622)
<b>Total net position</b>	<b><u>\$ 8,232,190</u></b>	<b><u>\$ 3,829,344</u></b>	<b><u>\$ (2,798,725)</u></b>

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

Enterprise Funds

Totals

\$ 4,167,094  
642,467  
82,216  
4,891,777

721,161  
863,156  
18,068,620  
19,652,937  
24,544,714

124,110

181,011  
15,069  
212,162  
28,076  
674,904  
9,386  
87,821  
350  
1,208,779

84,474  
4,207,913  
440,293  
8,020,032  
1,357,033  
14,109,745  
15,318,524

87,491

9,768,471

721,161  
(1,226,823)  
\$ 9,262,809

**CITY OF ELOY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Enterprise Funds		
	Water	Sewer	Sanitation
<b>Operating revenues:</b>			
Charges for Services	\$ 2,351,600	\$ 1,386,843	\$ 1,435,422
Rent and Other Revenues			90
<b>Total operating revenues</b>	<u>2,351,600</u>	<u>1,386,843</u>	<u>1,435,512</u>
<b>Operating expenses:</b>			
Salaries	544,263	63,278	89,689
Employee Benefits	241,193	26,341	37,142
Service, Supplies and Other	1,164,175	373,595	1,311,571
Landfill Closure and Post Closure Expense			84,637
Depreciation	493,720	527,564	63,562
<b>Total operating expenses</b>	<u>2,443,351</u>	<u>990,778</u>	<u>1,586,601</u>
<b>Operating income (loss)</b>	<u>(91,751)</u>	<u>396,065</u>	<u>(151,089)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment Income	1,038	2,253	4
Impact Fees	27,520	18,421	
Interest Expense and Fiscal Charges	(74,473)	(139,260)	
<b>Total nonoperating revenues (expenses)</b>	<u>(45,915)</u>	<u>(118,586)</u>	<u>4</u>
<b>Income (loss) before transfers</b>	<u>(137,666)</u>	<u>277,479</u>	<u>(151,085)</u>
<b>Transfers In</b>	<u>171,073</u>		<u>102,761</u>
<b>Changes in net position</b>	<u>33,407</u>	<u>277,479</u>	<u>(48,324)</u>
<b>Total net position, beginning of year</b>	8,198,783	3,551,865	(2,750,401)
<b>Total net position, end of year</b>	<u>\$ 8,232,190</u>	<u>\$ 3,829,344</u>	<u>\$ (2,798,725)</u>

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

Enterprise Funds

Totals  
\$ 5,173,865  
90  
5,173,955

697,230  
304,676  
2,849,341  
84,637  
1,084,846  
5,020,730  
153,225

3,295  
45,941  
(213,733)  
(164,497)  
(11,272)

273,834  
262,562  
9,000,247  
\$ 9,262,809

**CITY OF ELOY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018**

	<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	\$ 2,591,047	\$ 1,403,904	\$ 1,403,562	\$ 5,398,513
Cash received from Customers, Other	-	-	90	90
Cash paid to Suppliers	(1,467,533)	(391,918)	(1,281,743)	(3,141,194)
Cash paid to Employees	(551,245)	(66,528)	(90,563)	(708,336)
<b>Net cash provided by operating activities</b>	<b>572,269</b>	<b>945,458</b>	<b>31,346</b>	<b>1,549,073</b>
<b>Cash flows from non-capital financing activities:</b>				
Transfers in	171,073	-	102,761	273,834
<b>Net cash provided by non-capital financing activities</b>	<b>171,073</b>	<b>-</b>	<b>102,761</b>	<b>273,834</b>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(692,322)	(107,211)	(138,838)	(938,371)
Loan proceeds	620,666	33,969	-	654,635
Decrease in loan receivable	-	-	-	-
Principal paid on debt	(304,400)	(382,882)	-	(687,282)
Interest paid on debt	(77,157)	(143,331)	-	(220,488)
Impact Fees	27,520	18,421	-	45,941
<b>Net cash (used for) capital and related financing activities</b>	<b>(425,693)</b>	<b>(581,034)</b>	<b>(138,838)</b>	<b>(1,145,565)</b>
<b>Cash flows from investing activities:</b>				
Investment income	1,038	2,253	4	3,295
<b>Net cash provided by investing activities</b>	<b>1,038</b>	<b>2,253</b>	<b>4</b>	<b>3,295</b>
<b>Net increase in cash and cash equivalents</b>	<b>318,687</b>	<b>366,677</b>	<b>(4,727)</b>	<b>680,637</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,907,488</b>	<b>895,350</b>	<b>1,404,780</b>	<b>4,207,618</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,226,175</b>	<b>\$ 1,262,027</b>	<b>\$ 1,400,053</b>	<b>\$ 4,888,255</b>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>				
Cash and cash equivalents	\$ 2,139,267	\$ 627,774	\$ 1,400,053	\$ 4,167,094
Restricted cash and investments	86,908	634,253	-	721,161
<b>Total cash and cash equivalents</b>	<b>\$ 2,226,175</b>	<b>\$ 1,262,027</b>	<b>\$ 1,400,053</b>	<b>\$ 4,888,255</b>
<b><u>Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities</u></b>				
Operating income (loss)	\$ (91,751)	\$ 396,065	\$ (151,089)	\$ 153,225
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	493,720	527,564	63,562	1,084,846
Changes in assets and liabilities:				
Decrease (Increase) in accounts receivable	236,207	12,441	(43,614)	205,034
Decrease in inventory	35	-	-	35
Increase in compensated absences payable	17,623	-	3,774	21,397
Increase in deposits held for others	3,240	4,620	11,754	19,614
Increase in accrued payroll and employee benefits	2,789	157	790	3,736
Increase (decrease) in accounts payable	(62,200)	8,018	66,969	12,787
Increase in landfill closure and post closure payable	-	-	84,638	84,638
(Decrease) in pension items	(27,394)	(3,407)	(5,438)	(36,239)
<b>Total adjustments</b>	<b>664,020</b>	<b>549,393</b>	<b>182,435</b>	<b>1,395,848</b>
<b>Net cash provided by operating activities</b>	<b>\$ 572,269</b>	<b>\$ 945,458</b>	<b>\$ 31,346</b>	<b>\$ 1,549,073</b>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. The net asset and liability was not significant to the financial statements and therefore additional disclosures were not presented.

The more significant of the City 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, 2018**

**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, 2018**

**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, unrestricted state revenue, 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.

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

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, 2018**

**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, 2018**

**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, 2018**

**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 \$5,000 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.

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.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**K. Compensated Absences**

For governmental funds, amounts of vested or accumulated vacation, sick and personal 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, sick and personal 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 and Other Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefit (OPEB) assets and liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the 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, 2018**

**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, 2018**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Public Works Facility Fund</u>	<u>City Complex Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:					
Restricted:					
Highways and streets	\$	\$ 3,300,122	\$	\$	\$ 10,268
Grants					395,214
Capital projects				3,766,064	1,469,559
Court equipment					110,443
Cemetery					128,241
Committed:					
Highways and streets			312,451		
Airport					352,468
Cemetery					81,196
Community development					432,842
Assigned:					
Capital projects					1,478,104
Unassigned	17,097,687				
Total Fund Balances	<u>\$ 17,097,687</u>	<u>\$ 3,300,122</u>	<u>\$ 312,451</u>	<u>\$ 3,766,064</u>	<u>\$ 4,458,335</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 \$2,798,725 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, 2018**

**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 \$18,613,952 and the bank balance was \$19,960,418. 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

For level 2 investments, one method used to establish fair market value is the evaluators gather information from market.

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	Fair Value	Category	Investment Maturities (in Years)	
			Less than 1	1-5
U.S. Treasuries	\$ 11,243,066	Level 2	\$	\$ 11,243,066
U.S. Agencies	3,908,118	Level 2	1,845,921	2,062,197
Cash	27,702	Not Applicable	27,702	
			<u>\$ 1,873,623</u>	<u>\$ 13,305,263</u>
State Treasurer’s investment pool 5	33,224	Not Applicable	33 days average maturities	
State Treasurer’s investment pool 7	170,401	Not Applicable	33 days average maturities	
Total	<u>\$ 15,382,511</u>			

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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, 99 percent of the City's investments are in Federal Home Loan Mortgage Corporation notes, U.S. Treasury, and FNMA notes, which make up 11, 74, and 14 percent of the City's total investments.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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	\$	\$	\$ 124,879
Due from state government	929,369	132,241	77,223
Due from county government		63,707	43,468
Net Due from Governmental Entities	<u>\$ 929,369</u>	<u>\$ 195,948</u>	<u>\$ 245,570</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	\$ 7,344,582	\$	\$	\$ 7,344,582
Construction in progress	503,281	1,947,815		2,451,096
Total capital assets, not being depreciated	<u>7,847,863</u>	<u>1,947,815</u>		<u>9,795,678</u>
Capital assets, being depreciated:				
Buildings and improvements	7,499,357	60,959		7,560,316
Furniture, equipment and vehicles	6,960,521	333,012	180,405	7,113,128
Land improvements	1,132,803			1,132,803
Infrastructure	13,273,835	900,139		14,173,974
Total capital assets being depreciated	<u>28,866,516</u>	<u>1,294,110</u>	<u>180,405</u>	<u>29,980,221</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,073,872)	(202,878)		(3,276,750)
Furniture, equipment and vehicles	(4,420,036)	(490,133)	(180,405)	(4,729,764)
Land improvements	(126,151)	(38,857)		(165,008)
Infrastructure	(2,768,840)	(521,776)		(3,290,616)
Total accumulated depreciation	<u>(10,388,899)</u>	<u>(1,253,644)</u>	<u>(180,405)</u>	<u>(11,462,138)</u>
Total capital assets, being depreciated, net	<u>18,477,617</u>	<u>40,466</u>		<u>18,518,083</u>
Governmental activities capital assets, net	<u>\$ 26,325,480</u>	<u>\$ 1,988,281</u>	<u>\$</u>	<u>\$ 28,313,761</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 145,245
Public safety	209,059
Public works/streets	765,152
Health and welfare	134,188
Total depreciation expense	<u>\$ 1,253,644</u>

<b>Business-Type Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land and water rights	\$ 455,060	\$ 1,766	\$	\$ 456,826
Construction in progress	<u>310,566</u>	<u>193,275</u>	<u>97,511</u>	<u>406,330</u>
Total capital assets, not being depreciated	<u>765,626</u>	<u>195,041</u>	<u>97,511</u>	<u>863,156</u>
Capital assets, being depreciated:				
Water system	15,950,444	629,638	763	16,579,319
Sewer system	14,781,626	49,328	16,987	14,813,967
Land improvements	28,982			28,982
Buildings and improvements	32,704			32,704
Furniture, equipment and vehicles	<u>3,076,009</u>	<u>161,875</u>	<u>97,850</u>	<u>3,140,034</u>
Total capital assets being depreciated	<u>33,869,765</u>	<u>840,841</u>	<u>115,600</u>	<u>34,595,006</u>
Less accumulated depreciation for:				
Water system	(6,125,456)	(475,785)	(763)	(6,600,478)
Sewer system	(7,274,526)	(476,539)	(16,987)	(7,734,078)
Land improvements	(493)	(966)		(1,459)
Buildings and improvements	(32,227)	(90)		(32,317)
Furniture, equipment and vehicles	<u>(2,124,438)</u>	<u>(131,466)</u>	<u>(97,850)</u>	<u>(2,158,054)</u>
Total accumulated depreciation	<u>(15,557,140)</u>	<u>(1,084,846)</u>	<u>(115,600)</u>	<u>(16,526,386)</u>
Total capital assets, being depreciated, net	<u>18,312,625</u>	<u>(244,005)</u>		<u>18,068,620</u>
Business-type activities capital assets, net	<u>\$ 19,078,251</u>	<u>\$ (48,964)</u>	<u>\$ 97,511</u>	<u>\$ 18,931,776</u>

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

Water	\$ 493,720
Sewer	527,564
Sanitation	63,562
Total Depreciation Expense	<u>\$ 1,084,846</u>

**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 \$2,857,426 on the projects and had an estimated remaining contractual commitment of \$12,965,000.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2018	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	\$ 5,905,000	\$ 155,000

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
2019	\$ 155,000	\$ 233,050
2020	160,000	228,400
2021	165,000	223,600
2022	170,000	217,000
2023	175,000	210,200
2024-28	995,000	939,400
2029-33	1,205,000	724,200
2034-38	1,475,000	462,800
2039-42	1,405,000	143,200
Total	<u>\$ 5,905,000</u>	<u>\$ 3,381,850</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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.	\$ 186,175
Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	<u>282,194</u>
Total Revenue Bonds Payable	468,369
Less Current Portion	<u>28,076</u>
Total revenue bonds, net of current portion	<u><u>\$ 440,293</u></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
2019	\$ 28,076	\$ 21,076
2020	29,366	19,814
2021	30,714	18,492
2022	32,126	17,110
2023	33,603	15,664
2024-28	192,630	54,200
2029-31	<u>121,854</u>	<u>10,420</u>
Total	<u><u>\$ 468,369</u></u>	<u><u>\$ 156,776</u></u>

**Pledged Revenues – Business-Type Activities.** The City has pledged future water and sewer revenues to repay the outstanding Water Revenue Bonds loans of \$468,369. 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 \$625,144. The current total customer gross revenues were \$2.5 million and the total principal and interest paid on the bonds was \$49,127, or two percent of gross revenues.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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.	\$ 4,277,496
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.	329,167
Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.625% due in semiannual principal and interest installments maturing July 1, 2031.	1,504,589
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, 2018, the City had only drawn down \$289,183. The City expects to draw down the remaining balance during fiscal year 2019.	230,249
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, 2018, the City had only drawn down \$1,844,144. The City expects to draw down the remaining balance during fiscal year 2019.	1,433,997
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>919,438</u>
Total Loans Payable	8,694,936
Less Current Portion	<u>674,904</u>
Total Loans Payable, net of Current Portion	<u>\$ 8,020,032</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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:	Business-Type Activities	
	Principal	Interest
2019	\$ 674,904	\$ 303,890
2020	689,695	293,359
2021	704,824	274,651
2022	720,298	255,509
2023	736,122	235,924
2024-28	3,930,966	891,360
2029-33	2,344,625	411,110
2034-38	712,728	200,768
2039-43	234,931	104,242
2044-46	107,886	13,422
Total	\$ 10,856,979	\$ 2,984,235

**Pledged Revenues – Business-Type Activities.** The City has pledged future water and sewer system revenues to repay outstanding WIFA loan 910103-09 and 92A150-10 of \$4.6 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 and sewer system revenues and are payable through 2028 and 2029, respectively. The total principal and interest to be paid on the loans is \$5.3 million. The current total water and sewer system tax revenues were \$3.7 million and the total principal and interest paid on the loans was \$478,326, or 13 percent of gross revenues.

The City has pledged future water and sewer system revenues to repay WIFA loan 920216-12, 910164-15, and 920256-15 of \$6.3 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 and sewer system revenues and are payable through 2034. The total principal and interest to be paid on the loans is \$7.9 million. The current total water customer gross revenues were \$3.7 million and the total principal and interest paid on the loans was \$448,375, or 12 percent of gross revenues.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7 – LONG-TERM DEBT**

The City has pledged future excise 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 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 tax revenues were \$11.9 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, 2018.	<u>\$ 124,266</u>
Less Current Portion	<u>52,247</u>
Total Loans Payable, net of Current Portion	<u><u>\$ 72,019</u></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
2019	\$ 52,247	\$ 601
2020	52,561	287
2021	19,458	26
Total	<u><u>\$ 124,266</u></u>	<u><u>\$ 914</u></u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**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 \$4,207,913 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 \$3,169,777 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:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 6,000,000	\$	\$ 95,000	\$ 5,905,000	\$ 155,000
Bond premium	276,967		10,652	266,315	
Loans payable	176,200		51,934	124,266	52,247
Compensated absences	602,253	451,269	319,339	734,183	73,418
Net pension liability	10,113,534	174,643		10,288,177	
Governmental activity long-term liabilities	<u>\$ 17,168,954</u>	<u>\$ 625,912</u>	<u>\$ 476,925</u>	<u>\$ 17,317,941</u>	<u>\$ 280,665</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 495,211	\$	\$ 26,842	\$ 468,369	\$ 28,076
Loans payable	8,700,741	654,635	660,440	8,694,936	674,904
Compensated absences	72,463	58,797	37,400	93,860	9,386
Landfill closure and post-closure costs payable	4,123,275	84,638		4,207,913	
Net pension liability	1,434,351		77,318	1,357,033	
Business-type activity long-term liabilities	<u>\$ 14,826,041</u>	<u>\$ 798,070</u>	<u>\$ 802,000</u>	<u>\$ 14,822,111</u>	<u>\$ 712,366</u>

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 – INTERFUND TRANSFERS**

	Transfers in						Total
	City Complex Fund	Highway User Revenue Fund	Non-Major Governmental Funds	Water Fund	Sanitation Fund		
Transfers Out							
General Fund	\$ 1,007,746	\$ 425,000	\$ 652,498	\$ 171,073	\$ 102,761		\$ 2,359,078
Non-Major Governmental Funds			3,466				3,466
<b>Total</b>	<u>\$ 1,007,746</u>	<u>\$ 425,000</u>	<u>\$ 655,964</u>	<u>\$ 171,073</u>	<u>\$ 102,761</u>		<u>\$ 2,362,544</u>

Transfers were made from the General Fund to the City Complex Fund to fund the construction of the City Hall. Also, transfers were made from the General Fund to the Highway User Revenue Fund to subsidize street related expenses. In addition, transfers were made from the General Fund to the Water and Sanitation Funds for capital related projects. Finally, transfers were made from the General Fund to the Grants, Capital Projects, Court Recovery and Perpetual Care Funds for capital projects along with subsidizing operations.

**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, 2018**

**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 \$575,029 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 \$4.0 million per occurrence on a follow form, claims made basis. The aggregate limit is also \$6.0 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, 2018**

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

The City contributes to the plans below. The City also contributes to the Arizona State Retirement System for other postemployment benefits; however, the plan is not described below because of its relative insignificance to the financial statement. The plans are component units of the State of Arizona.

**Aggregate Amounts.** At June 30, 2018, the city reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes.

	Governmental Activities	Business-type Activities	Total
Pension and OPEB assets	\$ 181,404	\$	\$ 181,404
Total pension and OPEB liability	10,288,177	1,357,033	11,645,210
Net pension and OPEB assets	181,404		181,404
Net pension and OPEB liability	10,106,773	1,357,033	11,463,806
Deferred outflows of resources	2,448,834	124,110	2,572,944
Deferred inflows of resources	511,882	87,491	599,373
Pension and OPEB expense	1,196,319	32,667	1,228,986

The City reported \$915,422 of pension and OPEB contributions as expenditures in the governmental funds related to all 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. Due to the insignificance of the OPEB assets and OPEB liabilities related to these plans, additional footnote disclosures related to GASB 75 were not disclosed. 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).

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**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

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.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**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 11.50 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members’ annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 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, 2018 were \$414,859.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 for retirement, 0.10 percent for health insurance premium benefit, and 0.13 percent for long-term disability). ACR contributions are included in employer contributions presented above.

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:				
2018	\$	16,747	\$	6,090
2017		21,542		5,386
2016		18,388		4,413

**Pension Liability.** At June 30, 2018, the City reported a liability of \$6.1 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017.

The City’s proportion of the net pension liability was based on the City’s actual contributions to the pension plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2017. At June 30, 2017, the City’s proportion was 0.039 percent, which was a decrease of 0.002 from its proportion measured as of June 30, 2016.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Pension Expense and Deferred Outflows/Inflows of Resources.** The City has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension and liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2018, the City recognized pension expense of \$196,679.

The City 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	\$	\$ 184,044
Changes of assumptions or other inputs	266,577	
Net difference between projected and actual earnings on pension plan investments	44,065	183,530
Changes in proportion and differences between contributions and proportionate share of contributions	21,720	159,181
Contributions subsequent to the measurement date	414,859	
Total	<u>\$ 747,221</u>	<u>\$ 526,755</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, 2019. 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:	
2019	\$ (297,711)
2020	183,764
2021	60,740
2022	(141,187)

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 14 – PENSION 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, 2016
Actuarial roll forward date	June 30, 2017
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
Healthcare cost trend rate	Not applicable

The actuarial assumptions used in the June 30, 2016 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 8.70 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, 2018**

**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 8.70 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
City’s proportionate share of the net pension liability	\$ 7,877,911	\$ 6,137,752	\$4,683,700

**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  
JUNE 30, 2018**

**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, disability, and survivor 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:	
	Tier 1	Tier 2
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive 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%	1.5 % to 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% to 100% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Employees Covered by Benefit Terms.** At June 30, 2018, the following employees were covered by the agent plan’s benefit terms:

	PSPRS - Police	
	Pension	Health Insurance
Retirees and beneficiaries	12	12
Inactive, non-retired members	7	7
Active members	24	24
<b>Total</b>	<b>43</b>	<b>43</b>

**Contributions.** State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS - Police
Active members – pension	7.65 - 11.65%
City:	
Pension	34.75%
Health insurance	0%

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to PSPRS. The City was required by statute to contribute at the actuarially determined rate of 19.12 percent for the PSPRS. ACR contributions are included in employer contributions presented above.

The contributions to the pension and OPEB plans for the year ended were:

	Contributions
	PSPRS - Police
Pension	\$ 500,563
Health insurance	0

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The City’s pension and OPEB contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

**Pension and OPEB Assets/Liability.** At June 30, 2018, the City reported the following assets and liabilities.

	<u>Net (Assets) Liability</u>
	PSPRS - Police
Pension	\$ 5,507,458
Health insurance	(181,404)

The net pension and OPEB assets/liability were measured as of June 30, 2017. The total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liability as of June 30, 2017, reflects changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4.0 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions.

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

	<u>Pension</u>	<u>OPEB</u>
Actuarial valuation date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.4%	7.4%
Projected salary increases	3.5%	Not applicable
Inflation	2.5%	Not applicable
Permanent benefit increase	Included	Not applicable
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable	Not applicable

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

**CITY OF ELOY, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.40 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	0.25%
Absolute return	2	3.75
Risk parity	4	5.00
Fixed income	5	1.25
Real assets	9	4.52
GTAA	10	3.96
Private credit	12	6.75
Real estate	10	3.75
Credit opportunities	16	5.83
Non-U.S. equity	14	8.70
U.S. equity	16	7.60
Total	<u>100%</u>	

**Discount Rate.** At June 30, 2017, the discount rate used to measure the total pension and OPEB liability was 7.4 percent, which was a decrease of 0.1 percent from the discount rate used as of June 30, 2016.

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 rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension and OPEB liability.

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Changes in Net (Assets)/Liability**

	Pension			Health Insurance		
	Increase (Decrease)			Increase (Decrease)		
	Total (Assets) Liability	Plan Fiduciary Net Position	Net (Assets) Liability	Total (Assets) Liability	Plan Fiduciary Net Position	Net (Assets) Liability
<b>PSPRS - Police</b>						
Balances at June 30, 2017	\$ 11,597,291	\$6,638,164	\$ 4,959,127	\$ 204,394	\$ (313,180)	\$ (108,786)
Changes for the year:						
Service cost	363,807		363,807	6,536		6,536
Interest on the total liability	844,433		844,433	15,462		15,462
Changes of benefit terms	118,417		118,417	2,063		2,063
Differences between expected and actual experience in the measurement of the liability	216,841		216,841	(49,235)		(49,235)
Changes of assumptions or other inputs	362,038		362,038	(11,038)		(11,038)
Contributions – employer		390,066	(390,066)	(3,000)	\$3,000	
Contributions – employee		202,074	(202,074)			
Net investment income		767,305	(767,305)		(\$36,731)	(36,731)
Benefit payments, including refunds of employee contributions	(1,040,165)	(1,040,165)				
Administrative expense		(7,189)			\$325	325
Other changes		4,949	(4,949)			
Net changes	<u>865,371</u>	<u>317,040</u>	<u>548,331</u>	<u>(39,212)</u>	<u>(33,406)</u>	<u>(72,618)</u>
Balances at June 30, 2018	<u>\$ 12,462,662</u>	<u>\$6,955,204</u>	<u>\$ 5,507,458</u>	<u>\$ 165,182</u>	<u>\$ (346,586)</u>	<u>\$ (181,404)</u>

**Sensitivity of the Net Pension and OPEB Assets (Liability) to Changes in the Discount Rate.** The following presents the City’s net pension and OPEB assets (liability) calculated using the discount rates noted above, as well as what the net assets (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	Current Discount Rate	1% Increase
<b>PSPRS - Police:</b>			
Rate	6.40%	7.40%	8.40%
Net pension (assets) liability	\$ 7,355,428	\$ 5,507,458	\$ 4,024,886
Net OPEB (assets) liability	(156,558)	(181,404)	(201,763)

**CITY OF ELOY, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Plan Fiduciary Net Position.** Detailed information about the plans' 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).

**Expense.** For the year ended June 30, 2018, the City recognized the following as pension and OPEB expense:

	Expense
	PSPRS - Police
Pension	\$ 1,032,307
Health insurance	0

**Deferred Outflows/Inflows of Resources.** At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Police:</b>				
Differences between expected and actual experience	\$ 284,643	\$	\$	\$ 41,677
Changes of assumptions or other inputs	941,286			20,247
Net difference between projected and actual earnings on plan investments	99,231			10,694
Contributions subsequent to the measurement date	500,563			
Total	\$ 1,825,723	\$	\$	\$ 72,618

**CITY OF ELOY, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	PSPRS - Police	
	Pension	Health Insurance
	2019	\$ 371,918
2020	431,242	(11,925)
2021	314,464	(11,925)
2022	123,689	(11,927)
2023	83,847	(9,252)
Thereafter		(4,761)

**Beginning Net Position Restatement.** The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, represents a change in accounting principle. Net position as of July 1, 2017, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2017, as previously reported	\$ 38,637,937
Net OPEB asset	108,786
Net position, July 1, 2017, as restated	\$ 38,746,723

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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, 2018**

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
<b>Revenues:</b>			
Sales Taxes	\$ 5,130,000	\$ 5,906,084	\$ 776,084
Property Taxes	1,097,370	1,092,108	(5,262)
Franchise Taxes	146,900	80,569	(66,331)
Licenses, Permits, and Fees	292,750	432,800	140,050
Intergovernmental Revenue	4,810,010	4,975,101	165,091
Charges for Services	659,150	685,753	26,603
Fines and Forfeitures	261,850	378,403	116,553
Investment Income	122,000	102,406	(19,594)
Other Revenues	36,050	71,861	35,811
<b>Total revenues</b>	<b>12,556,080</b>	<b>13,725,085</b>	<b>1,169,005</b>
<b>Expenditures:</b>			
Current -			
General Government			
Mayor and Council	179,445	165,450	13,995
City Clerk	361,985	302,192	59,793
Human Resources	218,285	217,969	316
Magistrate	401,880	401,820	60
City Manager	397,480	352,286	45,194
Finance	776,490	765,137	11,353
Legal and Professional	154,845	144,715	10,130
Contingency	1,436,600	605,932	830,668
Total General Government	3,927,010	2,955,501	971,509
Public Safety			
Law Enforcement	4,526,730	3,888,195	638,535
Total Public Safety	4,526,730	3,888,195	638,535
Public Works			
Vehicle Maintenance	243,835	221,837	21,998
Facilities Maintenance	290,865	259,140	31,725
Public Works Administration	220,365	153,170	67,195
G.I.S	112,210	76,179	36,031
Total Public Works	867,275	710,326	156,949
Community Development			
Community Development	752,405	518,262	234,143
Total Community Development	752,405	518,262	234,143

(Continued)

See accompanying notes to this schedule.

	Budgeted Amounts		Variance with Final Budget
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Culture and Recreation			
Park Maintenance	382,105	374,121	7,984
Parks and Recreation	576,620	541,748	34,872
Library	299,950	299,899	51
Recreation	399,485	399,484	1
Total Culture and Recreation	<u>1,658,160</u>	<u>1,615,252</u>	<u>42,908</u>
Capital Outlay	<u>263,175</u>	<u>41,582</u>	<u>221,593</u>
Debt Services			
Principal Retirement	95,000	95,000	
Interest and Fiscal Charges	291,600	291,599	1
Total Debt Services	<u>386,600</u>	<u>386,599</u>	<u>1</u>
<b>Total expenditures</b>	<u>12,381,355</u>	<u>10,115,717</u>	<u>2,265,638</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>174,725</u>	<u>3,609,368</u>	<u>(3,434,643)</u>
<b>Other financing sources (uses):</b>			
Transfers Out	(4,800,010)	(2,359,078)	(2,440,932)
<b>Total other financing sources (uses)</b>	<u>(4,800,010)</u>	<u>(2,359,078)</u>	<u>(2,440,932)</u>
<b>Change in fund balances</b>	<u>(4,625,285)</u>	<u>1,250,290</u>	<u>5,875,575</u>
<b>Fund balances, beginning of year</b>	4,238,685	15,847,397	11,608,712
<b>Fund balances (deficits), end of year</b>	<u>\$ (386,600)</u>	<u>\$ 17,097,687</u>	<u>\$ 17,484,287</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, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 1,942,365	\$ 2,119,246	\$ 176,881
Investment Income	7,500	7,119	(381)
Other Revenues	500		(500)
<b>Total revenues</b>	<u>1,950,365</u>	<u>2,126,365</u>	<u>176,000</u>
<b>Expenditures:</b>			
Current -			
Public Works	1,575,145	1,164,768	410,377
Capital Outlay	934,510	900,139	34,371
<b>Total expenditures</b>	<u>2,509,655</u>	<u>2,064,907</u>	<u>444,748</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(559,290)</u>	<u>61,458</u>	<u>620,748</u>
<b>Other financing sources (uses):</b>			
Transfers In	425,000	425,000	
<b>Total other financing sources (uses)</b>	<u>425,000</u>	<u>425,000</u>	
<b>Changes in fund balances</b>	<u>(134,290)</u>	<u>486,458</u>	<u>620,748</u>
<b>Fund balances, beginning of year</b>	134,290	2,813,664	2,679,374
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 3,300,122</u>	<u>\$ 3,300,122</u>

See accompanying notes to this schedule.

**CITY OF ELOY, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
PUBLIC WORKS FACILITY  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Sales Taxes	\$ 200,000	\$ 268,998	\$ 68,998
Investment Income	2,000		(2,000)
<b>Total revenues</b>	<u>202,000</u>	<u>268,998</u>	<u>66,998</u>
<b>Expenditures:</b>			
Current -			
General Government	232,125		232,125
Capital Outlay	314,875	360,981	(46,106)
<b>Total expenditures</b>	<u>547,000</u>	<u>360,981</u>	<u>186,019</u>
<b>Changes in fund balances</b>	<u>(345,000)</u>	<u>(91,983)</u>	<u>253,017</u>
<b>Fund balances, beginning of year</b>	345,000	404,434	59,434
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 312,451</u>	<u>\$ 312,451</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 FOUR FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension (assets) liability	0.04%	0.04%	0.04%	0.04%
City's proportionate share of the net pension (assets) liability	\$ 6,137,752	\$ 6,588,758	\$ 6,347,429	\$ 5,781,350
City's covered payroll	\$ 3,846,865	\$ 3,677,696	\$ 3,739,605	\$ 3,522,084
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	159.55%	179.15%	169.74%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

NOTE: The pension and OPEB 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 FOUR FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Arizona State Retirement System:</b>				
Actuarially determined contribution	\$ 414,859	\$ 414,692	\$ 399,030	\$ 407,409
Contributions in relation to the actuarially determined contribution	<u>414,859</u>	<u>414,692</u>	<u>399,030</u>	<u>407,409</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 3,806,046	\$ 3,846,865	\$ 3,677,696	\$ 3,739,605
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.89%
<b>Public Safety Personnel Retirement System - Police:</b>				
Actuarially determined contribution	\$ 500,563	\$ 404,607	\$ 388,131	\$ 284,738
Contributions in relation to the actuarially determined contribution	<u>500,563</u>	<u>404,607</u>	<u>388,131</u>	<u>284,738</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 1,442,545	\$ 1,643,408	\$ 1,658,679	\$ 1,738,327
Contributions as a percentage of covered payroll	34.70%	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 CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE**  
**LAST FOUR FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 363,807	\$ 297,654	\$ 333,771	\$ 326,003
Interest	844,433	781,825	723,594	590,306
Changes of benefit terms	118,417	467,870		130,020
Differences between expected and actual experience	216,841	19,646	86,283	120,039
Changes of assumptions	362,038	439,912		882,961
Benefit payments, including refunds of employee contributions	(1,040,165)	(440,693)	(326,877)	(383,684)
<b>Net change in total pension liability</b>	865,371	1,566,214	816,771	1,665,645
<b>Total pension liability—beginning</b>	11,597,291	10,031,077	9,214,306	7,548,661
<b>Total pension liability—ending</b>	<u>\$ 12,462,662</u>	<u>\$ 11,597,291</u>	<u>\$ 10,031,077</u>	<u>\$ 9,214,306</u>
<b>Plan fiduciary net position</b>				
Contributions—employer	\$ 390,066	\$ 390,887	\$ 284,427	\$ 306,183
Contributions—employee	202,074	209,336	290,218	220,644
Net investment income	767,305	37,912	225,871	725,455
Benefit payments, including refunds of employee contributions	(1,040,165)	(440,693)	(326,877)	(383,684)
Administrative expense	(7,189)	(5,855)	(5,892)	(5,842)
Other	4,949	(30,902)	(14,603)	(67,854)
<b>Net change in plan fiduciary net position</b>	317,040	160,685	453,144	794,902
<b>Plan fiduciary net position—beginning</b>	6,638,164	6,477,479	6,024,335	5,229,433
<b>Plan fiduciary net position—ending</b>	<u>\$ 6,955,204</u>	<u>\$ 6,638,164</u>	<u>\$ 6,477,479</u>	<u>\$ 6,024,335</u>
<b>Net pension liability—ending</b>	<u>\$ 5,507,458</u>	<u>\$ 4,959,127</u>	<u>\$ 3,553,598</u>	<u>\$ 3,189,971</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	55.81%	57.24%	64.57%	65.38%
<b>Covered payroll</b>	\$ 1,594,245	\$ 1,658,679	\$ 1,738,327	\$ 1,172,432
<b>Net pension liability as a percentage of covered payroll</b>	345.46%	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 OPEB CONTRIBUTIONS  
ALL OPEB PLANS  
JUNE 30, 2018**

**2018**

**Public Safety Personnel Retirement System - Police - Health Insurance Premium:**

Actuarially determined contribution	\$	
Contributions in relation to the actuarially determined contribution		_____
Contribution deficiency (excess)	\$	_____
City's covered payroll	\$	1,442,545
Contributions as a percentage of covered payroll		0.00%

NOTE: The pension and OPEB 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 OPEB LIABILITY AND RELATED RATIOS**  
**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE - HEALTH INSURANCE PREMIUM**  
**JUNE 30, 2018**

**2018**

Measurement date	June 30, 2017
<b>Total OPEB liability</b>	
Service cost	\$ 6,536
Interest	15,462
Changes of benefit terms	2,063
Differences between expected and actual experience	(49,235)
Changes of assumptions or other inputs	(11,038)
Benefit payments	<u>(3,000)</u>
<b>Net change in total OPEB liability</b>	<u>(39,212)</u>
<b>Total OPEB liability—beginning</b>	<u>204,394</u>
<b>Total OPEB liability—ending</b>	<u><u>\$ 165,182</u></u>
<b>Plan fiduciary net position</b>	
Contributions—employer	\$
Contributions—employee	
Net investment income	36,731
Benefit payments	(3,000)
Administrative expense	(325)
Other	
<b>Net change in plan fiduciary net position</b>	<u>33,406</u>
<b>Plan fiduciary net position—beginning</b>	<u>313,180</u>
<b>Plan fiduciary net position—ending</b>	<u><u>\$ 346,586</u></u>
<b>Net OPEB (assets) liability—ending</b>	<u><u>\$ (181,404)</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	209.82%
<b>Covered payroll</b>	\$ 1,594,245
<b>Net OPEB (assets) liability as a percentage of covered payroll</b>	-11.38%

NOTE: The pension and OPEB 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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

**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, 2017, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date.

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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.

**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.

**Perpetual Care** – accounts for 10% of all cemetery plot sales and can be used to maintain the ongoing general care of the grounds of the community cemetery.

### 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.

**CITY OF ELOY, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

Special Revenue

	<u>LTAf</u>	<u>Economic and Community Development Fund</u>	<u>Grants</u>	<u>JCEF</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 10,268	\$ 432,842	\$ 154,957	\$ 94,387
Other Receivables				689
Due from Governmental Entities			245,570	
<b>Total assets</b>	<u>\$ 10,268</u>	<u>\$ 432,842</u>	<u>\$ 400,527</u>	<u>\$ 95,076</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts Payable	\$	\$	\$ 4,090	\$
Accrued Salaries and Wages Payable			1,223	
<b>Total liabilities</b>			<u>5,313</u>	
Fund balances:				
Restricted	10,268		395,214	95,076
Committed		432,842		
Assigned				
<b>Total fund balances</b>	<u>10,268</u>	<u>432,842</u>	<u>395,214</u>	<u>95,076</u>
<b>Total liabilities and fund balances</b>	<u>\$ 10,268</u>	<u>\$ 432,842</u>	<u>\$ 400,527</u>	<u>\$ 95,076</u>

Special Revenue			Capital Projects			Total Non-Major Governmental Funds
Cemetery	Airport	Perpetual Care	Capital Projects	Impact Fee	Court Recovery	
\$ 80,084 3,837	\$ 365,506	\$ 128,241	\$ 1,514,419	\$ 1,469,559	\$ 17,965 1,806	\$ 4,268,228 6,332 245,570
<u>\$ 83,921</u>	<u>\$ 365,506</u>	<u>\$ 128,241</u>	<u>\$ 1,514,419</u>	<u>\$ 1,469,559</u>	<u>\$ 19,771</u>	<u>\$ 4,520,130</u>
\$ 2,725	\$ 13,038	\$	\$ 36,315	\$	\$ 4,404	\$ 60,572 1,223
<u>2,725</u>	<u>13,038</u>	<u></u>	<u>36,315</u>	<u></u>	<u>4,404</u>	<u>61,795</u>
81,196	352,468	128,241		1,469,559	15,367	2,113,725 866,506
<u>81,196</u>	<u>352,468</u>	<u>128,241</u>	<u>1,478,104</u>	<u>1,469,559</u>	<u>15,367</u>	<u>1,478,104</u> <u>4,458,335</u>
<u>\$ 83,921</u>	<u>\$ 365,506</u>	<u>\$ 128,241</u>	<u>\$ 1,514,419</u>	<u>\$ 1,469,559</u>	<u>\$ 19,771</u>	<u>\$ 4,520,130</u>

**CITY OF ELOY, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2018**

	Special Revenue			
	LTAF	Economic and Community Development Fund	Grants	JCEF
<b>Revenues:</b>				
Sales Taxes	\$	\$ 225,065	\$	\$
Intergovernmental Revenue			861,642	8,296
Charges for Services				
Investment Income	209			
Impact Fees				
Other Revenues			1,116	
<b>Total revenues</b>	<u>209</u>	<u>225,065</u>	<u>862,758</u>	<u>8,296</u>
<b>Expenditures:</b>				
Current -				
General Government				
Public Safety			149,924	
Community Development		20,500	566,045	
Health and Welfare			11,589	
Culture and Recreation			7,767	
Capital Outlay			31,433	4,000
Debt service -				
Principal Retirement				
Interest and Fiscal Charges				
<b>Total expenditures</b>		<u>20,500</u>	<u>766,758</u>	<u>4,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>209</u>	<u>204,565</u>	<u>96,000</u>	<u>4,296</u>
<b>Other financing sources (uses):</b>				
Transfers In			77,000	
Transfers Out				
<b>Total other financing sources (uses):</b>			<u>77,000</u>	
<b>Changes in fund balances</b>	<u>209</u>	<u>204,565</u>	<u>173,000</u>	<u>4,296</u>
<b>Fund balances, beginning of year</b>	10,059	228,277	222,214	90,780
<b>Fund balances, end of year</b>	<u>\$ 10,268</u>	<u>\$ 432,842</u>	<u>\$ 395,214</u>	<u>\$ 95,076</u>

Special Revenue			Capital Projects			Total Non-Major Governmental Funds
Cemetery	Airport	Perpetual Care	Capital Projects	Impact Fee	Court Recovery	
\$	\$	\$	\$	\$	\$	\$ 225,065
81,589	168,625	176			19,218	889,156
	756			3,328		250,214
				114,664		4,469
16,496						114,664
98,085	169,381	176		117,992	19,218	17,612
						1,501,180
57,112	75,772					132,884
						149,924
						586,545
						11,589
18,218	31,267		393,766	669,180		7,767
						1,147,864
					51,935	51,935
					914	914
75,330	107,039		393,766	669,180	52,849	2,089,422
22,755	62,342	176	(393,766)	(551,188)	(33,631)	(588,242)
		3,466	546,148		29,350	655,964
(3,466)						(3,466)
(3,466)		3,466	546,148		29,350	652,498
19,289	62,342	3,642	152,382	(551,188)	(4,281)	64,256
61,907	290,126	124,599	1,325,722	2,020,747	19,648	4,394,079
\$ 81,196	\$ 352,468	\$ 128,241	\$ 1,478,104	\$ 1,469,559	\$ 15,367	\$ 4,458,335

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**LTAf**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Investment Income	\$ 150	\$ 209	\$ 59
<b>Total revenues</b>	<u>150</u>	<u>209</u>	<u>59</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>(9,810)</u>	<u>209</u>	<u>10,019</u>
<b>Fund balances, beginning of year</b>	9,810	10,059	249
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 10,268</u>	<u>\$ 10,268</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, 2018**

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
<b>Revenues:</b>			
Sales Taxes	\$ 210,000	\$ 225,065	\$ 15,065
Investment Income	1,000		(1,000)
<b>Total revenues</b>	<u>211,000</u>	<u>225,065</u>	<u>14,065</u>
<b>Expenditures:</b>			
Current -			
Community Development	426,000	20,500	405,500
<b>Total expenditures</b>	<u>426,000</u>	<u>20,500</u>	<u>405,500</u>
<b>Changes in fund balances</b>	<u>(215,000)</u>	<u>204,565</u>	<u>419,565</u>
<b>Fund balances, beginning of year</b>	215,000	228,277	13,277
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 432,842</u>	<u>\$ 432,842</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GRANTS**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 10,016,220	\$ 861,642	\$ (9,154,578)
Other Revenues	11,900	1,116	(10,784)
<b>Total revenues</b>	<u>10,028,120</u>	<u>862,758</u>	<u>(9,165,362)</u>
<b>Expenditures:</b>			
Current -			
Public Safety	518,820	149,924	368,896
Community Development	977,000	566,045	410,955
Health and Welfare	7,088,100	11,589	7,076,511
Culture and Recreation	21,200	7,767	13,433
Capital Outlay	1,500,000	31,433	1,468,567
<b>Total expenditures</b>	<u>10,105,120</u>	<u>766,758</u>	<u>9,338,362</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(77,000)</u>	<u>96,000</u>	<u>173,000</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>173,000</u>	<u>173,000</u>
<b>Fund balances, beginning of year</b>		222,214	222,214
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 395,214</u>	<u>\$ 395,214</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**JCEF**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 9,200	\$ 8,296	\$ (904)
<b>Total revenues</b>	<u>9,200</u>	<u>8,296</u>	<u>(904)</u>
<b>Expenditures:</b>			
Current -			
Capital Outlay	97,700	4,000	93,700
<b>Total expenditures</b>	<u>97,700</u>	<u>4,000</u>	<u>93,700</u>
<b>Changes in fund balances</b>	<u>(88,500)</u>	<u>4,296</u>	<u>92,796</u>
<b>Fund balances, beginning of year</b>	88,500	90,780	2,280
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 95,076</u>	<u>\$ 95,076</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CEMETERY**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 69,500	\$ 81,589	\$ 12,089
Other Revenues	12,000	16,496	4,496
<b>Total revenues</b>	<u>81,500</u>	<u>98,085</u>	<u>16,585</u>
<b>Expenditures:</b>			
Current -			
General Government	61,625	57,112	4,513
Capital Outlay	17,025	18,218	(1,193)
<b>Total expenditures</b>	<u>78,650</u>	<u>75,330</u>	<u>3,320</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,850</u>	<u>22,755</u>	<u>19,905</u>
<b>Other financing sources (uses):</b>			
Transfers Out	(2,850)	(3,466)	(616)
<b>Total other financing sources (uses)</b>	<u>(2,850)</u>	<u>(3,466)</u>	<u>(616)</u>
<b>Changes in fund balances</b>		<u>19,289</u>	<u>19,289</u>
<b>Fund balances, beginning of year</b>		61,907	61,907
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 81,196</u>	<u>\$ 81,196</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**AIRPORT**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 159,420	\$ 168,625	\$ 9,205
Investment Income	350	756	406
<b>Total revenues</b>	<u>159,770</u>	<u>169,381</u>	<u>9,611</u>
<b>Expenditures:</b>			
Current -			
General Government	126,755	75,772	50,983
Capital Outlay	33,015	31,267	1,748
<b>Total expenditures</b>	<u>159,770</u>	<u>107,039</u>	<u>52,731</u>
<b>Changes in fund balances</b>		<u>62,342</u>	<u>62,342</u>
<b>Fund balances, beginning of year</b>		290,126	290,126
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 352,468</u>	<u>\$ 352,468</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Expenditures:</b>			
Current -			
General Government	\$ 650,000	\$	\$ 650,000
Capital Outlay	<u>867,235</u>	<u>393,766</u>	<u>473,469</u>
<b>Total expenditures</b>	<u>1,517,235</u>	<u>393,766</u>	<u>1,123,469</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,517,235)</u>	<u>(393,766)</u>	<u>1,123,469</u>
<b>Other financing sources (uses):</b>			
Transfers In	<u>650,000</u>	<u>546,148</u>	<u>(103,852)</u>
<b>Total other financing sources (uses)</b>	<u>650,000</u>	<u>546,148</u>	<u>(103,852)</u>
<b>Changes in fund balances</b>	<u>(867,235)</u>	<u>152,382</u>	<u>1,019,617</u>
<b>Fund balances, beginning of year</b>	867,235	1,325,722	458,487
<b>Fund balances, end of year</b>	<u><u>\$</u></u>	<u><u>\$ 1,478,104</u></u>	<u><u>\$ 1,478,104</u></u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**IMPACT FEE**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Investment Income	\$ 3,805	\$ 3,328	\$ (477)
Impact Fees	46,500	114,664	68,164
<b>Total revenues</b>	<u>50,305</u>	<u>117,992</u>	<u>67,687</u>
<b>Expenditures:</b>			
Current -			
Capital Outlay	2,064,405	669,180	1,395,225
<b>Total expenditures</b>	<u>2,064,405</u>	<u>669,180</u>	<u>1,395,225</u>
<b>Changes in fund balances</b>	<u>(2,014,100)</u>	<u>(551,188)</u>	<u>1,462,912</u>
<b>Fund balances, beginning of year</b>	2,014,100	2,020,747	6,647
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 1,469,559</u>	<u>\$ 1,469,559</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COURT RECOVERY**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 23,500	\$ 19,218	\$ (4,282)
<b>Total revenues</b>	<u>23,500</u>	<u>19,218</u>	<u>(4,282)</u>
<b>Expenditures:</b>			
Debt service -			
Principal Retirement	52,850	51,935	915
Interest and Fiscal Charges		914	(914)
<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>(33,631)</u>	<u>(4,281)</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>(4,281)</u>	<u>(4,281)</u>
<b>Fund balances, beginning of year</b>		19,648	19,648
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 15,367</u>	<u>\$ 15,367</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CITY COMPLEX**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$	\$ 47,102	\$ 47,102
<b>Total revenues</b>		<u>47,102</u>	<u>47,102</u>
<b>Expenditures:</b>			
Current -			
Community Development	6,802,755	50,729	6,752,026
Capital Outlay		1,044,500	(1,044,500)
<b>Total expenditures</b>	<u>6,802,755</u>	<u>1,095,229</u>	<u>5,707,526</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,802,755)</u>	<u>(1,048,127)</u>	<u>5,754,628</u>
<b>Other financing sources (uses):</b>			
Transfers In	3,000,000	1,007,746	(1,992,254)
<b>Total other financing sources (uses)</b>	<u>3,000,000</u>	<u>1,007,746</u>	<u>(1,992,254)</u>
<b>Changes in fund balances</b>	<u>(3,802,755)</u>	<u>(40,381)</u>	<u>3,762,374</u>
<b>Fund balances, beginning of year</b>	3,802,755	3,806,445	3,690
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 3,766,064</u>	<u>\$ 3,766,064</u>

**CITY OF ELOY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PERPETUAL CARE**  
**YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
<b>Revenues:</b>			
Investment Income	\$ 150	\$ 176	\$ 26
<b>Total revenues</b>	<u>150</u>	<u>176</u>	<u>26</u>
<b>Expenditures:</b>			
Current -			
General Government	3,000		3,000
<b>Total expenditures</b>	<u>3,000</u>		<u>3,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,850)</u>	<u>176</u>	<u>3,026</u>
<b>Other financing sources (uses):</b>			
Transfers In	2,850	3,466	616
<b>Total other financing sources (uses)</b>	<u>2,850</u>	<u>3,466</u>	<u>616</u>
<b>Changes in fund balances</b>		<u>3,642</u>	<u>3,642</u>
<b>Fund balances, beginning of year</b>		124,599	124,599
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 128,241</u>	<u>\$ 128,241</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.	126
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.	131
<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.	137
<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.	141
<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.	144

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets:	\$ 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	\$ 25,784,244
Restricted	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	5,413,847
Unrestricted	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	10,884,720
Total Governmental Activities Net Position	\$ 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	\$ 42,082,811
<b>Business-type activities</b>										
Net Investment in Capital Assets:	\$ 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	\$ 9,768,471
Restricted	379,454	343,584	289,448	291,532	559,631	715,299	716,976	718,370	719,762	721,161
Unrestricted	(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)	(1,226,823)
Total Business-Type Activities Net Position	\$ 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	\$ 9,262,809
<b>Primary government</b>										
Net Investment in Capital Assets:	\$ 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	\$ 35,552,715
Restricted	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	6,135,008
Unrestricted	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	9,657,897
	\$ 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	\$ 51,345,620

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

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

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

Expenses	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
General Government	\$ 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	\$ 3,507,238
Public Safety	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	4,810,096
Public Works	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	2,553,001
Culture and Recreation	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	1,611,071
Community Development	-	-	-	597,877	805,789	1,119,187	1,021,468	1,282,378	917,185	1,153,077
Health and Welfare	84,934	18,618	-	290,000	147,876	260,682	191,679	155,982	134,859	145,777
Interest on Long-Term Debt	175,834	93,818	63,294	58,225	79,484	83,892	82,075	79,352	123,435	281,861
Total Governmental Activities Expenses	13,097,954	11,481,360	10,866,108	11,452,015	11,008,423	12,394,971	12,843,299	12,640,474	13,713,598	14,062,121
Business-Type Activities:										
Water	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	2,517,824
Sewer	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	1,130,038
Sanitation and Other	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	1,586,601
Memorial Park	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	4,634,083	8,780,165	4,483,783	5,594,890	4,695,490	4,672,249	4,939,184	4,899,449	4,935,067	5,234,463
Total Primary Government Expenses	\$ 17,732,037	\$ 20,261,525	\$ 15,349,891	\$ 17,046,905	\$ 15,703,913	\$ 17,067,220	\$ 17,782,483	\$ 17,539,923	\$ 18,648,665	\$ 19,296,584
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 873,656	\$ 650,814	\$ 618,181	\$ 589,588	\$ 531,214	\$ 572,950	\$ 790,722	\$ 947,386	\$ 967,746	\$ 1,049,143
Public Safety	289,858	282,085	380,459	332,861	116,604	85,214	53,755	29,560	36,678	52,828
Public Works	402,654	89,682	72,434	79,779	120,518	131,316	154,961	163,363	157,132	177,450
Community Development	-	-	-	-	314,702	361,925	213,971	511,015	301,319	460,751
Culture and Recreation	24,407	21,863	19,598	18,350	26,199	30,310	29,856	43,348	35,634	43,337
Operating Grants and Contributions	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	2,293,821
Capital Grants and Contributions	3,103,924	674,887	1,314,342	1,251,911	572,622	1,378,869	656,941	1,267,399	1,061,303	896,406
Total Governmental Activities Program Revenues	7,093,139	4,044,204	4,600,761	4,132,523	3,573,584	4,524,053	3,965,519	5,137,387	4,691,174	4,973,736
Business-Type Activities:										
Charges for Services:										
Water	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	2,379,120
Sewer	1,025,676	1,053,803	977,215	945,290	978,252	1,141,294	1,217,763	1,304,684	1,375,832	1,405,264
Sanitation and Other	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	1,435,512
Memorial Park	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	2,314,606	2,821,830	69,930	792,051	10,688	6,170	-	-	770,742	-
Total Business-Type Activities Program Revenues	6,507,780	7,074,830	4,094,351	4,995,412	4,175,642	4,511,268	4,935,155	5,031,509	5,967,873	5,219,896
Total Primary Government Program Revenues	\$ 13,600,919	\$ 11,119,034	\$ 8,695,112	\$ 9,127,935	\$ 7,749,226	\$ 9,035,321	\$ 8,900,674	\$ 10,168,896	\$ 10,659,047	\$ 10,193,632

(continued)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenues</b>										
Governmental Activities	\$ (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)	\$ (9,088,385)
Business-Type Activities	1,873,697	(1,705,335)	(389,432)	(599,478)	(519,848)	(160,982)	(4,029)	130,561	1,032,806	(14,567)
Total Primary Government Net Expense	\$ (4,131,118)	\$ (9,142,491)	\$ (6,654,779)	\$ (7,918,970)	\$ (7,954,687)	\$ (8,031,900)	\$ (8,881,809)	\$ (7,372,526)	\$ (7,989,618)	\$ (9,102,952)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
City Sales Tax	\$ 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	\$ 6,400,147
State Sales Taxes	885,140	816,412	887,563	1,299,551	1,361,278	1,447,688	1,519,806	1,571,675	1,564,410	1,689,664
Auto Lieu Tax	728,472	696,980	682,530	703,979	724,822	774,269	831,046	900,658	919,942	1,021,579
State Sales Taxes-Revenue Sharing	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	2,160,358
Property Tax	648,196	713,073	786,184	846,923	897,160	918,511	951,247	1,000,499	1,065,689	1,095,421
Franchise Tax	129,343	121,542	132,653	135,939	139,478	141,905	144,163	145,408	180,793	80,569
Unrestricted Investment Earnings	232,670	137,475	63,965	64,587	56,673	49,941	37,981	157,229	57,491	161,096
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	56,513	33,058	53,810	66,815	119,730	89,473
Transfers	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,658,577)	(618,537)	(39,327)	-	(273,834)
Total Governmental Activities	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	12,424,473
Business-Type Activities:										
Unrestricted Investment Earnings	27,813	4,152	1,954	1,908	1,748	1,725	8,837	2,365	5,015	3,295
Transfers	802,846	396,626	296,353	420,978	707,671	1,658,577	618,537	39,327	-	273,834
Total Business-Type Activities	830,659	400,778	298,307	422,886	709,419	1,660,302	627,374	41,692	5,015	277,129
Total Primary Government	\$ 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	\$ 12,701,602
<b>Change in Net Position</b>										
Governmental Activities	\$ 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	\$ 3,336,088
Business-Type Activities	2,704,356	(1,304,557)	(91,125)	(176,592)	189,571	1,499,320	623,345	172,752	1,037,821	262,562
Total Primary Government	\$ 6,632,652	\$ (1,428,604)	\$ 2,070,630	\$ 1,698,425	\$ 1,779,487	\$ 2,705,459	\$ 1,479,479	\$ 4,036,063	\$ 3,696,328	\$ 3,598,650

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Unreserved	\$ 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	17,097,687
<b>Total General Fund</b>	<b>\$ 7,954,418</b>	<b>\$ 8,009,884</b>	<b>\$ 8,766,677</b>	<b>\$ 9,855,191</b>	<b>\$ 10,968,659</b>	<b>\$ 12,042,236</b>	<b>\$ 13,284,750</b>	<b>\$ 14,692,428</b>	<b>\$ 15,847,397</b>	<b>\$ 17,097,687</b>
<b>All other Governmental Funds</b>										
Restricted:										
Highway and Streets	\$ 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	\$ 3,310,390
Impact Fees	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	1,469,559
Court Funds	87,644	95,200	101,915	114,621	116,956	118,647	113,901	116,613	110,428	110,443
Perpetual Care Fund	-	-	108,605	111,354	114,339	118,379	121,469	121,585	124,599	128,241
City Complex	-	-	-	-	-	-	-	-	3,806,445	3,766,064
Other Purposes	542,002	434,694	161,692	147,581	146,408	137,143	130,875	146,919	222,214	395,214
Committed for:										
Airport	114,271	140,275	148,855	152,519	157,852	145,756	221,259	270,215	290,126	352,468
Cemetery	48,702	42,794	34,250	23,642	46,337	92,052	82,025	72,689	61,907	81,196
Highway and Streets					388,304	724,740	192,798	362,690	475,020	312,451
Economic Development	-	-	-	-	-	-	-	30,002	228,277	432,842
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	1,478,104
<b>Total all other Governmental Funds</b>	<b>\$ 12,796,712</b>	<b>\$ 9,750,968</b>	<b>\$ 7,554,828</b>	<b>\$ 7,403,972</b>	<b>\$ 7,216,119</b>	<b>\$ 7,434,233</b>	<b>\$ 6,316,037</b>	<b>\$ 6,724,025</b>	<b>\$ 11,418,622</b>	<b>\$ 11,836,972</b>

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 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	\$ 7,572,824
Licenses and Permits	654,224	311,252	415,189	361,173	374,593	421,266	276,596	439,952	306,849	432,800
Intergovernmental	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	7,983,503
Charges for Services	119,015	118,283	105,856	113,925	221,980	250,749	680,055	982,147	862,531	935,967
Impact Fees	59,193	110,755	114,901	50,521	43,833	49,941	24,771	179,974	39,337	114,664
Fines and Forfeitures	340,520	292,267	277,601	264,739	235,923	290,289	244,576	241,462	311,813	378,403
Interest	232,670	137,475	63,965	64,587	56,673	50,725	37,981	157,229	57,491	161,096
Other Revenues	130,040	159,211	270,504	133,214	56,513	33,058	53,810	66,815	119,730	89,473
<b>Total Revenues</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>\$ 17,668,730</b>
<b>Expenditures</b>										
Current:										
General Government	\$ 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	\$ 3,164,564
Public Safety	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	4,038,119
Public Works	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	1,798,915
Health and Welfare	84,842	18,587	-	290,000	59,249	166,926	89,707	34,957	-	11,589
Community Development	-	-	-	597,877	802,369	1,112,418	1,087,171	1,284,061	919,829	1,155,536
Culture and Recreation	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	1,623,019
Capital Outlay	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	3,495,066
Debt Service										
Principal	508,096	1,996,608	855,204	641,584	1,576,959	231,411	227,879	217,918	51,624	146,935
Interest and Fiscal Charges	151,198	86,882	69,226	79,082	82,515	83,892	82,075	79,352	123,435	292,513
Loan Issuance Costs	-	-	-	-	12,425	-	-	-	190,991	-
<b>Total Expenditures</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>	<b>15,726,256</b>
Revenues Over (Under) Expenditures	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	1,942,474
<b>Other Finance Sources (Uses)</b>										
Sale of Assets	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	3,200,000	-	-	-	2,900,000	-	-	-	3,993,748	-
Transfers In (Out)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)	(1,017,067)	-	(39,327)	-	(273,834)
<b>Total other Finance Sources (Uses)</b>	<b>2,397,154</b>	<b>(396,626)</b>	<b>(296,353)</b>	<b>(420,978)</b>	<b>2,192,329</b>	<b>(1,017,067)</b>	<b>-</b>	<b>(39,327)</b>	<b>3,993,748</b>	<b>(273,834)</b>
<b>Net Change in Fund Balances</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>	<b>\$ 1,668,640</b>
Expenditures for capitalized assets	\$ 3,167,747	\$ 1,491,989	\$ 660,283	\$ 948,465	\$ 3,010,266	\$ 2,170,080	\$ 2,410,390	\$ 2,570,896	\$ 2,513,183	\$ 3,061,520
Debt Service as a Percentage of Noncapital Expenditures	5.85%	16.23%	8.31%	6.29%	13.95%	2.56%	2.46%	2.44%	1.46%	3.47%

**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>	
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%
2018	99,538,514	730,560,545	108,068,405	793,991,882	14%

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City of Eloy	0.9514	0.8363	0.8195	0.9562	1.0387	1.1378	1.1484	1.1701	1.2296	1.2017
Pinal County	3.4355	3.2316	3.9999	3.9999	3.7999	3.7999	3.9999	3.9999	3.8699	3.9399
Eloy Fire District	1.6388	1.6881	1.9655	2.2835	2.3358	2.4735	2.4693	2.4699	2.4999	2.4999
Pinal County Jr. College	1.41	1.4636	1.5854	1.8529	1.8786	2.2507	2.2633	2.6498	2.6269	2.5429
Toltec Elementary School District	3.0585	2.3283	2.3255	2.3255	2.9326	3.7556	3.7556	3.7556	3.7556	2.9503
Casa Grande Union High School District	2.8887	2.3972	2.3624	2.486	2.5266	3.0509	3.0509	3.1498	3.2193	3.1807
Santa Cruz Unified School District	3.9656	3.7581	3.6517	3.7308	4.4195	4.3045	4.1508	4.3007	4.0669	3.4304
Eloy Elementary School District	5.4636	4.0013	3.9656	4.1156	4.7645	4.9345	4.9299	5.1967	5.2750	5.0644
Other Taxing Authorities	0.4008	0.7516	0.7878	0.8664	0.9182	1.0381	0.9933	1.0279	1.0225	1.0077

**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**

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

Fiscal Year	Tax Levy	Collections	Taxes Receivable	Percent of Tax Levy	Adjustments
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	999,858	972,087	27,771	97.22%	(668)
2017	1,073,221	1,047,016	26,206	97.56%	(4,175)
2018	1,094,169	1,071,712	22,457	97.95%	(4,006)

**(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 2009		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012		Fiscal Year 2013	
	Tax Paid	Percentage of Total								
Construction	\$ 2,998,610	46.51%	\$ 830,116	20.15%	\$ 1,637,402	31.17%	\$ 1,257,602	24.59%	\$ 986,143	20.60%
Manufacturing	215,210	3.34%	286,748	6.96%	273,899	5.21%	268,820	5.26%	223,290	4.66%
Transportation/Communication/Utility	683,860	10.61%	684,547	16.62%	659,001	12.55%	638,519	12.49%	646,302	13.50%
Wholesale Trade	63,534	0.99%	91,143	2.21%	124,332	2.37%	118,652	2.32%	150,107	3.14%
Retail Trade	1,071,019	16.61%	940,694	22.84%	981,398	18.68%	1,172,126	22.92%	1,181,505	24.68%
Restaurants/Bars	942,401	14.62%	836,373	20.30%	1,042,401	19.84%	1,107,200	21.65%	959,115	20.04%
Insurance/Real Estate	101,791	1.58%	121,700	2.95%	219,347	4.18%	202,784	3.97%	247,337	5.17%
Hotel/Lodging	87,157	1.35%	84,893	2.06%	84,651	1.61%	82,686	1.62%	71,811	1.50%
Services	129,296	2.01%	154,429	3.75%	126,222	2.40%	156,361	3.06%	170,100	3.55%
All Other	153,807	2.39%	88,512	2.15%	104,424	1.99%	109,512	2.14%	150,885	3.15%
<b>Total</b>	<b>\$ 6,446,684</b>	<b>100.00%</b>	<b>\$ 4,119,154</b>	<b>100.00%</b>	<b>\$ 5,253,079</b>	<b>100.00%</b>	<b>\$ 5,114,261</b>	<b>100.00%</b>	<b>\$ 4,786,595</b>	<b>100.00%</b>

	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018	
	Tax Paid	Percentage of Total								
Construction	\$ 1,493,389	27.09%	\$ 877,930	18.33%	\$ 1,363,593	24.52%	\$ 1,208,506	21.25%	\$ 1,599,797	25.00%
Manufacturing	313,380	5.68%	354,911	7.41%	469,659	8.45%	499,068	8.78%	520,358	8.13%
Transportation/Communication/Utility	669,495	12.14%	705,863	14.74%	721,349	12.97%	718,900	12.64%	784,662	12.26%
Wholesale Trade	98,775	1.79%	115,576	2.41%	116,521	2.10%	158,743	2.79%	120,602	1.88%
Retail Trade	1,278,677	23.19%	1,019,897	21.30%	1,030,746	18.54%	1,205,070	21.19%	1,292,714	20.20%
Restaurants/Bars	1,037,957	18.83%	1,064,795	22.23%	1,088,277	19.57%	1,127,174	19.82%	1,174,858	18.36%
Insurance/Real Estate	259,296	4.70%	272,974	5.70%	292,015	5.25%	300,786	5.29%	366,067	5.72%
Hotel/Lodging	73,479	1.33%	94,408	1.97%	135,047	2.43%	154,873	2.72%	184,824	2.89%
Services	143,231	2.60%	143,607	3.00%	205,743	3.70%	195,081	3.43%	243,148	3.80%
All Other	145,546	2.64%	138,984	2.90%	138,121	2.48%	117,629	2.07%	113,117	1.76%
<b>Total</b>	<b>\$ 5,513,225</b>	<b>100.00%</b>	<b>\$ 4,788,945</b>	<b>100.00%</b>	<b>\$ 5,561,071</b>	<b>100.00%</b>	<b>\$ 5,685,830</b>	<b>100.00%</b>	<b>\$ 6,400,147</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 (b)
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%
2018	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.6%

**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.
- (b) In 2018 Pinal County voters passed a half cent (.5%) increase to fund transportation improvements that became effective April 1, 2018.

**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>
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	4,786,595	1,519,806	2,013,285	144,163	831,046	9,294,895
2016	5,561,071	1,571,675	2,002,370	145,408	900,658	10,181,182
2017	5,685,830	1,564,410	2,087,046	180,793	919,942	10,438,021
2018	6,400,147	1,689,664	2,160,358	80,569	1,021,579	11,352,317

**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 Bonds Payable	General Obligation Bonds	Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Loans Payable			
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
2018	-	5,905,000	-	124,266	-	-	468,369	8,694,936	15,192,571	800	1.28

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

**Source:** 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, 2018**

Jurisdiction	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Casa Grande ESD #4	\$ 33,420,000	3.59%	\$ 1,199,778
Casa Grande UHS #82	19,155,000	47.41%	9,081,386
Central Arizona College	76,730,000	4.08%	3,130,584
Toltec ESD #22	1,660,000	43.82%	727,412
Eloy ESD #11	1,140,000	13.56%	154,584
Santa Cruz Valley UHS#840	3,660,000	52.67%	1,927,722
<b>Subtotal, overlapping debt</b>	135,765,000		16,221,466
<b>City direct debt</b>	6,029,266	100%	6,029,266
<b>Total direct and overlapping debt</b>			<b>\$ 22,250,732</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 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 are estimated by determining the portion of Pinal County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Secondary Assessed Value	\$ 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	\$ 108,068,405
<b>20% Limitation (a)</b>										
Debt Limit Equal to 20% of Assessed Valuation	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	21,613,681
Total Debt Applicable to 20% Limit	-	-	-	-	-	-	-	-	-	-
Legal 20% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 21,613,681</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limi	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	\$ 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	\$ 6,484,104
Total Debt Applicable to 6% Limit	-	-	-	-	-	-	-	-	-	-
Legal 6% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 6,484,104</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limi	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	
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
2018	2,351,600	1,949,631	401,969	26,842	21,681	8.28

Water Infrastructure Finance Authority Loans						
Fiscal Year Ended June 30th	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2018	3,738,443	2,412,845	1,325,598	655,946	153,870	1.64

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	
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
2018	1,386,843	463,214	923,629	18,958	37,927	16.24

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	
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	10,906,162	10,125,716	780,446	-	-	-
2018	11,874,778	10,115,717	1,759,061	95,000	291,599	4.55

**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>
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%
2018	18,993	427,603	11,825,052	27.65	1,528	6.3%	5.0%

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

**Note:** Amount for fiscal year 2018 is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year.

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

Employer	2018		2009	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Corporation Corrections of America	1,583	60.30%	825	44.24%
Eloy Elementary School District	150	5.71%	149	7.99%
City of Eloy	118	4.50%	123	6.60%
Travel Center of America	110	4.19%	95	5.09%
Schuff Steel	107	4.08%	-	-
Republic Plastics	102	3.89%	-	-
Santa Cruz Valley Union High School District	80	3.05%	78	4.18%
Otto Plastics Arizona, LLC	70	2.67%	65	3.49%
Iron Skillet Restaurant	56	2.13%	60	3.22%
Pilot Travel Center	47	1.79%	53	2.84%
	2,423	92.31%	1,448	77.65%

**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	
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
2018	30	43	15	6	10	10	2	3	119

**Source:** The source of this information is the City's adopted budget document

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

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

<b>Function/Program</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Registered Voters	*	3,314	*	3,322	*	3,810	3,735	4,418	4,911	5,302
Votes cast last primary election	*	638	*	891	*	*	1,872	1,157	2,688	1,438
<b>Police</b>										
Arrests	937	1,048	972	248	1,703	1,880	1,557	1,560	1,190	1,177
Citations	702	1,007	1,535	371	936	1,698	960	910	1,464	2,388
Traffic Stops	2,504	2,189	1,902	618	2,820	4,490	3,582	3,082	3,610	5,578
Officer Reports	3,905	3,717	3,435	1,031	3,401	3,021	2,463	1,387	2,713	3,366
Photo Enforcement - Notices Printed	864	1,172	2,383	1,525	1,451	1,358	72	-	-	-
Calls for Service	16,707	14,112	13,076	14,524	13,334	18,801	18,150	16,671	16,245	16,450
<b>Highways &amp; Streets</b>										
Street resurfacing (miles)	3	4	3	1	1	6	23	7	3	2
Cold Mix for Potholes (tons)	271	168	197	145	96	192	240	226	288	288
Street sweeping (per 1,000 miles)	42	42	46	46	46	46	49	52	52	26
<b>Water</b>										
New Residential Connections	1	0	3	0	0	0	0	0	0	0
Line Breaks	252	204	177	69	87	27	35	51	37	40
Average Daily Consumption	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Average Daily Sewage Treatment (thousands of gallons)	550	490	490	490	600	450	490	495	450	450
Line cleaning (feet)	*	*	90,000	150,000	100,000	100,000	75,000	68,000	34,000	20,000
Line Plugs	52	54	58	22	43	27	21	39	18	15
<b>Parks and Recreation</b>										
Park Areas	9	9	9	9	9	10	10	10	10	10
Parkland Acreage	15	15	15	15	15	16.29	16.29	16.29	16.29	16.29
Playgrounds	6	6	6	6	6	6	6	6	6	6
Afterschool Program Participants	382	272	228	216	205	240	300	333	288	297
Aquatic Center Admissions	2,120	2,357	2,075	2,268	2,935	4,451	3,316	4,388	3,145	3,115

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	22	20	14	12	15	19	13	26	14	16
Building Permits-Residential	35	78	48	37	96	99	74	114	99	120
Housing Rehabilitations	6	7	12	1	4	4	6	5	4	5
Code Enforcement Cases	1,104	1,267	2,087	1,601	1,729	4,063	2,429	1,705	2,251	*
Planning Cases	58	50	24	25	32	32	31	24	28	25
Culture - Library										
Items in Collections	16,362	18,924	19,086	20,857	23,900	26,540	23,961	28,305	29,837	29,837
Total Items Circulated	14,559	16,544	32,281	35,398	35,867	28,187	28,075	26,610	26,228	26,228
Reference Transactions	920	817	858	975	991	940	937	903	943	943
Computer Uses (Hrs.)	11,636	16,544	17,490	17,481	23,107	22,267	18,996	18,207	11,880	11,880
Inter-Library Loan	790	1,821	2,204	2,274	3,629	5,618	7,807	7,217	7,602	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	12	12	12	12	12	15	11	14	13	14
Highways and Streets										
Streets (miles)	90	90	91	93	93	93	93	93	102	102
Streetlights	598	598	598	598	598	598	598	598	598	598
Street poles	575	575	575	598	598	598	598	598	598	598
Water										
Water mains (miles)	120	123	123	123	123	123	123	123	126	126
Fire hydrants	321	321	326	326	327	327	327	340	340	342
Sewer										
Sanitary Sewer (miles)	45	47	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	16	16	16	16	16
Number of Parks	9	9	9	9	9	9	9	10	10	10
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	2	2	2
Ball Fields	3	3	3	3	3	3	3	2	2	2

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