



City of Eloy, Arizona



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2019

595 North C Street – Eloy, Arizona 85131

City of Eloy, Arizona



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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

CITY OF ELOY, ARIZONA

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INTRODUCTORY SECTION

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595 North C Street, Eloy, AZ 85122, (520) 466-9201, (520) 466-3760 Fax, (520) 466-7455 TDD

December 18, 2019

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, 2019. This report was prepared by the City's Finance Department.

State Statutes require that cities and towns publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards accepted in the United States by a certified public accounting firm licensed in the State of Arizona.

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

The City's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit is to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019 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, 2019, 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

In 1949, the City of Eloy became incorporated with an estimated population of 4,700. As of June 30, 2019, the City's population is 18,742, with incorporated city limits of 113.4 square miles and a planning area of 506 square miles. Located in central Pinal County, the City is along Interstate 10 (I-10) approximately halfway between the metropolitan areas of Phoenix and Tucson. The City is part of the Santa Cruz Basin, which is one of Arizona's most fertile soil and agricultural regions. Historically, the City's economy has been mostly dependent upon agriculture. However, the economy is 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 prides itself on having a business-friendly environment that offers predictable and competent development services. Eloy's prime location has attracted numerous companies over the years, such as the CoreCivic, Western Distribution Center for Empire Cat, Schuff Steel, Otto Environmental Systems, and ELRUS Aggregate Systems. The City's economic base is enhanced by the presence of Skydive Arizona, at the Eloy Municipal Airport. An abundant amount of vacant, shovel-ready land is available, which is ideally suited for commercial and industrial development.

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 a 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 2018.

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

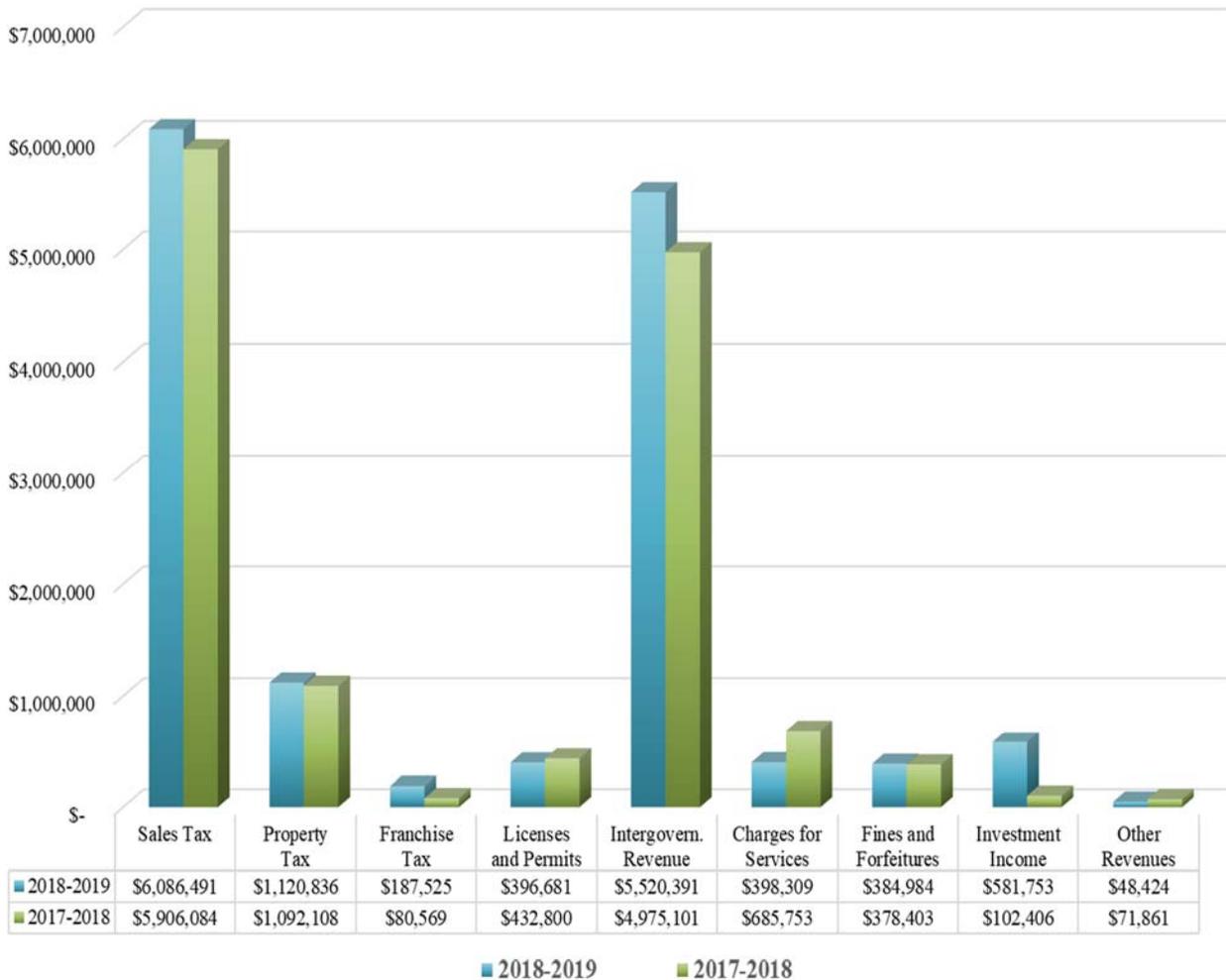
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The local economy of Eloy is a diverse combination of agriculture, retail, 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 2018-2019, total revenues in the General Fund increased \$1,000,309 or 7.29% over last fiscal year exceeding expectations.

Several factors contributed to this increase in the General Fund. One of the contributing factors were intergovernmental revenues increased \$545,290 or 10.96% more than last fiscal year. These funds are from State Sales Tax, State Income Tax, and Vehicle Licensing Tax, which are distributed to cities/towns based on population estimates.

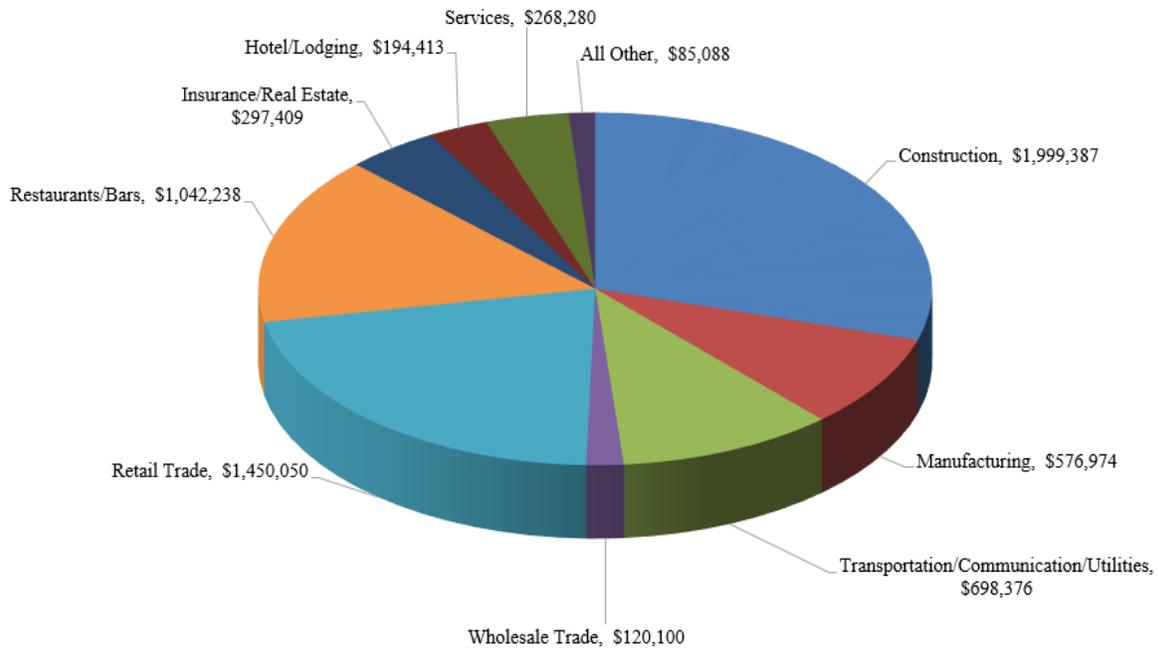
Another contributing factor is that of investment earnings in the General Fund, which have increased \$479,347 or 468% over last fiscal year. Return on investments, both locally and with the City’s investment firm, had higher than anticipated returns on investments during the fiscal year. The average return on investments, locally, went from .25% to 2.00% annually. The chart below illustrates fiscal year comparisons for General Fund revenue categories.

General Fund Comparison



The City, like most municipalities, is significantly dependent upon local sales taxes. Local sales taxes, also known as city sales tax, comprises of 41.33% of total general fund revenues collected in FY 2018-2019. Local sales taxes included retail, construction, hotel/motel restaurant/bar, along with other taxing categories. Of those categories, 66.72% of local sales taxes come from retail, construction, and restaurant/bars categories. The pie graph below illustrates those local sales tax categories.

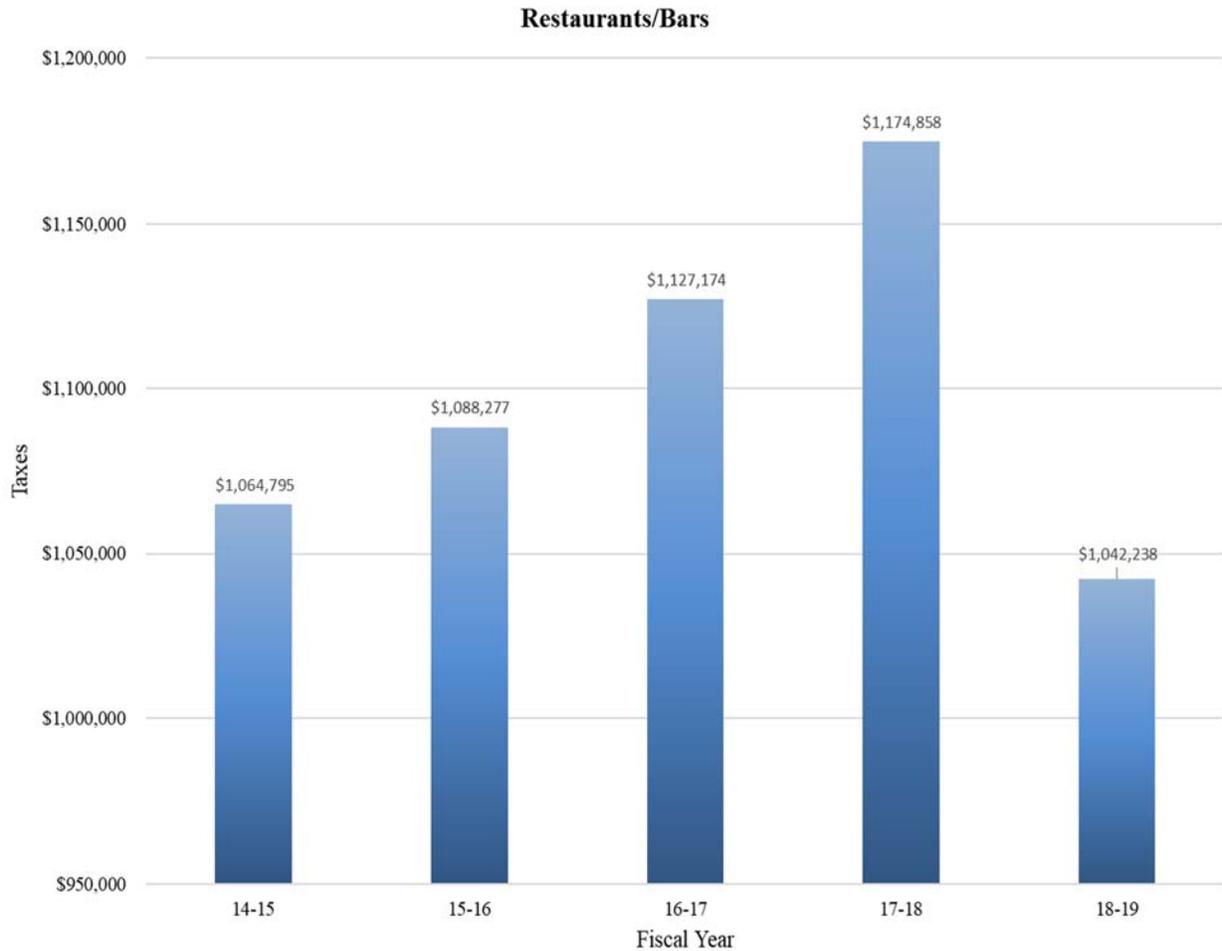
Local Sales Tax by Taxing Category



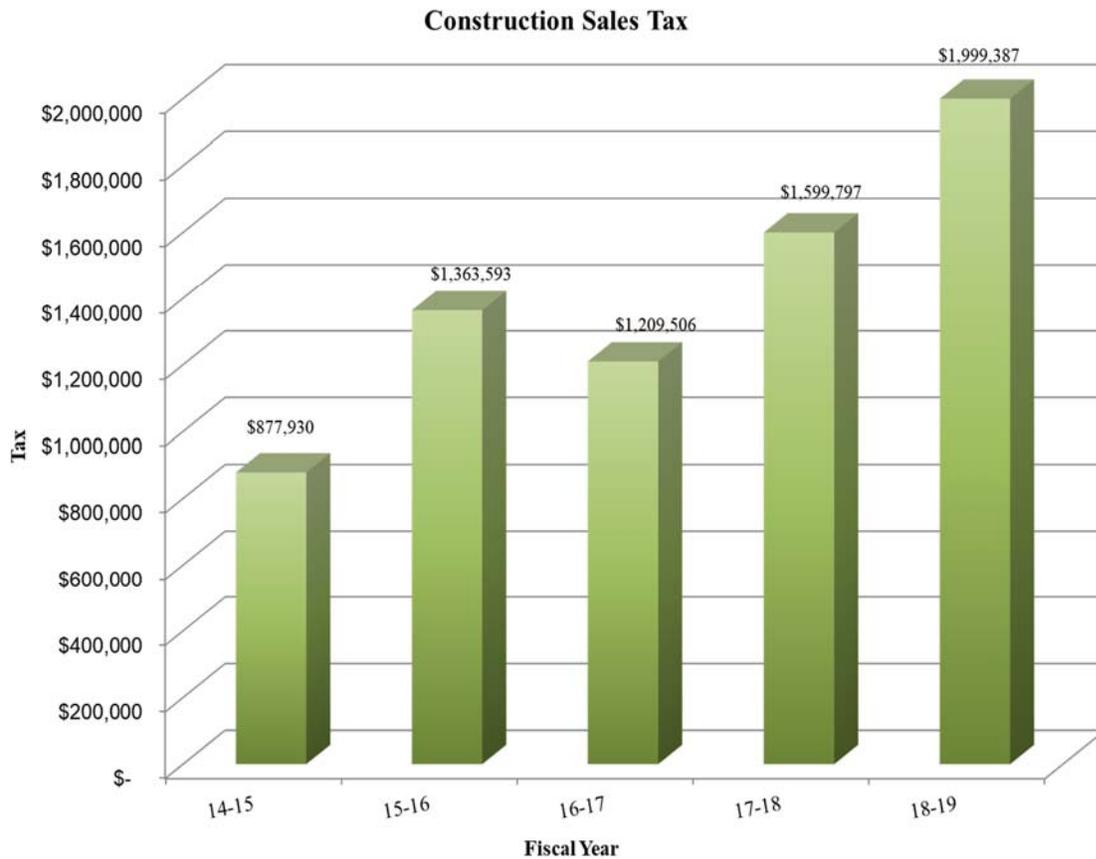
Retail sales tax is collected on items such as supplies, tools, clothing, materials, etc. The tax rate on retail items is 3%. In FY 2018-2019, retail sales tax collections were \$1,450,050 or \$157,336 more than that of the prior year. In January 2016, the Eloy City Council approved the re-establishment of the tax on food for home base consumption, which is part of the retail sales tax category. The tax rate for food for home base consumption is 2%. The revenue collected from this tax is dedicated to community or economic development purposes.

Eloy's local tax base is considered stable; however, some tax categories are subjective to volatility due to economic fluctuations and uncertainties. One of those taxing categories is restaurants/bars tax. Over the last five years, the average restaurant/bar tax collected is \$1,099,469. Since July 2015, restaurant/bar tax has decreased \$22,557 or 2.12%.

In FY 2018-2019, restaurants/bars tax collections were \$1,042,238 or \$132,620 less than that of the prior year. A few contributing factors to this volatile tax category are the continual growth in the Casa Grande area, traffic flow on Interstate 10 and Interstate 8, and the diverse economic conditions surrounding Eloy. The chart below demonstrates the volatility.

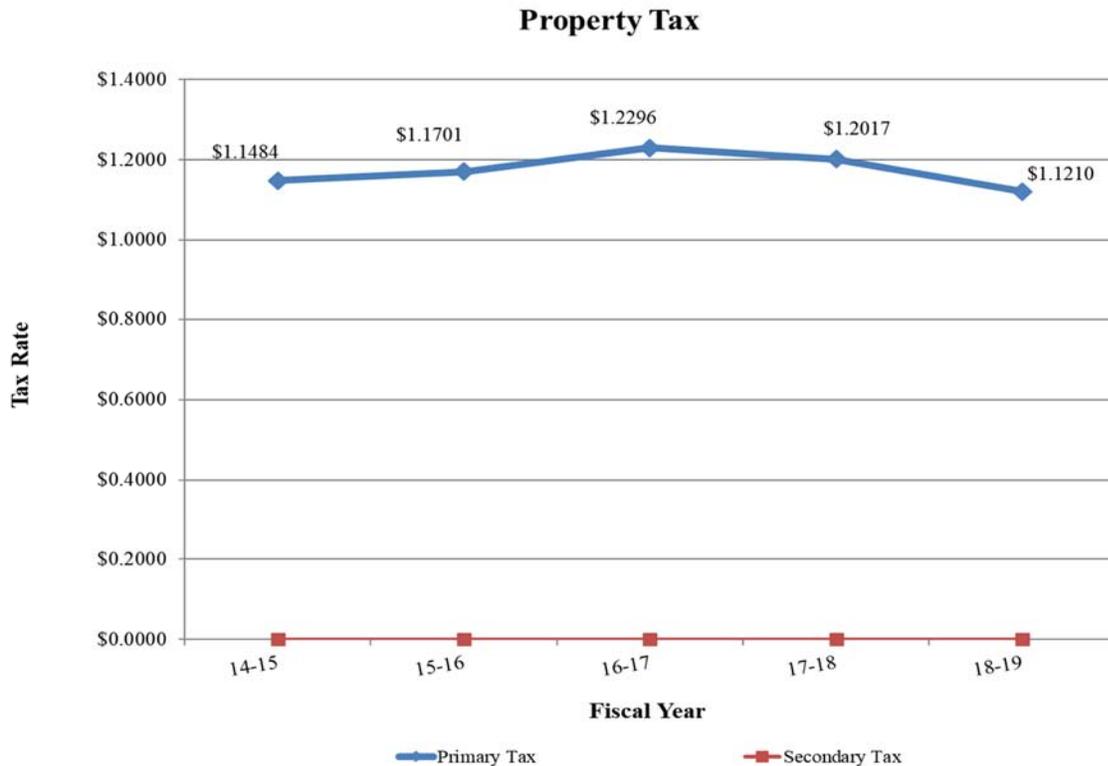


Construction Sales Tax represents one of the largest taxing sources from the City’s local tax base. However, it is the most volatile and unstable tax. Since July 1, 2014, the average construction sales tax collected is \$1,410,043. Much of this fluctuation is due to the housing construction industry and road construction along the Interstate 10 corridor for the past several years. However, in FY 2018-2019, construction sales tax collections were \$1,999,387 or \$399,590 more than that of the prior year. The primary cause for the increase in construction sales tax is from the road construction activity, which occurred on the Interstate 10 corridor. The estimated date of completion for the road construction will be in the fall of 2019. The graph below illustrates volatility within the construction sales tax category.



The tax rate for construction sales tax 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.

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 \$1.2017 in FY 2017-2018 to \$1.1210 in FY 2018-2019 per \$100 of assessed valuation. In FY 2018-2019, the primary property tax collected was \$1,120,836, which is an increase of \$28,728 over the prior fiscal year.



MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

In FY 2018-2019, the City continued to invest in programs and infrastructure that makes Eloy a better community. The following are the significant accomplishments during the year:

General Administration

- o Completed the construction of the new City Hall in March 2019
- o Initiated a conceptual plan and design-build process for the new Public Safety Facility
- o Partnered with Pinal County to consolidate the Eloy Justice Court and Eloy Magistrate Court
- o Entered into Intergovernmental Agreement (IGA) with the City of Surprise for the sale of Eloy’s allotment of Central Arizona Project (CAP) water
- o Entered into an agreement with Enterprise Fleet Management to leasing city vehicles rather than purchase
- o Completed five homes as part of the housing rehabilitation/reconstruction grant program
- o Acquired land at Eloy Municipal Airport for taxiway and drainage improvements
- o Significantly increased interest earnings on City funds by more than 320% over last year

Community Development

- Adopted a revised and updated Zoning Ordinance
- Adopt-A-Street: conducted two clean ups and disposing of 2.0 tons of trash
- Competed and approved the Eloy Transit Feasibility Study
- Initiated an “Eloy Excellence” E-Newsletter for promoting and marketing the community
- Prepared and adopted an Economic Development Strategic Plan
- Issued 98 residential and 16 commercial building permits

Community Services

- Installed a new digital sign at the Toltec Senior Center
- Remodeled the Santa Cruz Museum and consolidated the operations of the Eloy Chamber of Commerce and Santa Cruz Visitors Center into the museum.
- Aquatic Center admissions grew 80% over last year admission to 5,610
- Served approximately 250 seniors (monthly) through senior center programming
- Installed new dugouts and backstop at Shumway Park

Police

- Held two Citizens Policy Academy’s with 22 citizens graduating
- Purchased one new patrol car and three patrol trucks for policing
- Through grant funds were able to spay/neuter 26 animals

Public Works

- Completed the construction of Pump Station 1 and Tohono 2 lift station
- Upgraded equipment at the Sewer Treatment Plant
- Replaced over 200 streetlights with LED lamp for energy and maintenance savings
- Reconstructed .64 miles of asphalt along Toltec Road
- Chip Sealed over 6.57 miles of roadways throughout the Eloy proper area
- Installed solar panels at Public Works through a partnership with APS
- Initiated the design and construction of Pump Station 2
- Purchased several pieces of essential equipment like a new water truck, compact loader, hotbox/reclaimer trailer, and asphalt compactor

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 revenues to fund capital projects along with constructing, repairing, and maintaining city roadways. Also, the City will be undertaking strategic planning during the City’s budgeting process 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 2019- 2020, 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 the continued delivery of quality community services.

A few of the strategies in the budget for FY 2019-2020 are:

- Completed the design phase and begin the construction of the new police facility
- Update and improve the City's website
- Develop a Municipal Airport Business Plan
- Initiate a community survey to gauge citizen satisfaction with city services
- Initiate a Utility User Rate Study
- Complete the design phase and begin construction of Pump Station 2
- Complete the design for Battaglia Road reconstruction from Sunshine to La Palma
- Continue the LED street light replacement program
- Update and improve building facades along Main Street.
- Invested in over \$1.7 million in the street related projects throughout Eloy.
- Invested in over \$1.5 million in various capital-related projects and equipment for Community Services, Police, Community Development, and the Airport.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eloy for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the sixth consecutive year that the City had achieved this prestigious award. To be awarded the 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.

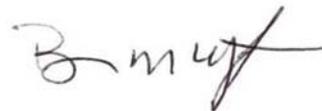
A Certificate of Achievement is valid for only one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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. More importantly, the Mayor and City Council are 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

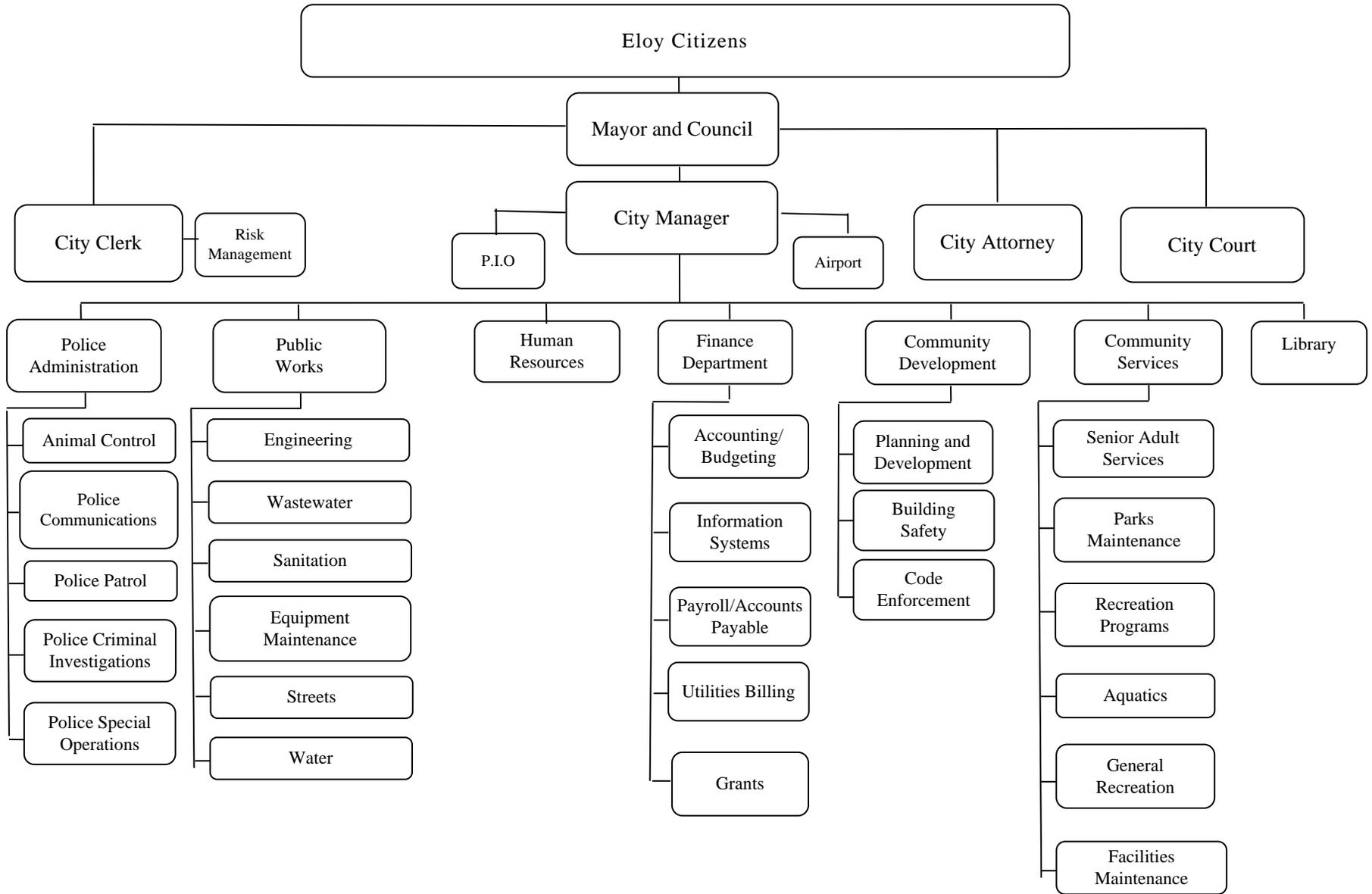
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Merrill

Executive Director/CEO

City of Eloy Organizational Chart



CITY OF ELOY



List of Elected and Principal Officials for Fiscal Year Ended June 30, 2019

City Council
Joel G. Belloc
Mayor

Micah Powell
Vice Mayor

Jose Garcia

Georges Reuter

Andrew Rodriguez

Daniel Snyder

J.W. Tidwell

City Manager
Harvey Krauss

Finance Director
Brian M. Wright

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eloy, Arizona (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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, 2019, 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. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, for the year ended June 30, 2019, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 18, 2019

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, 2019**

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, 2019. 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 2019 as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$53,169,872 (net position). Of this amount, \$9,834,875 was unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6,510,281, from an as restated net position of \$46,659,591 to \$53,169,872, which represents a 13.95% increase from the prior fiscal year. Net position in governmental activities increased \$4,528,096 as the City completed the construction of the new city hall while the net position in business-activities increased \$1,982,185 with assets increasing due to the completion of Pump Station 1 and Tohono 2 lift station projects.
- As of the close of the current fiscal year, governmental funds reported a combined ending fund balances of \$24,158,377, a decrease of \$4,776,282 in comparison with the prior fiscal year. The primary reason for this decrease is that the city had increased expenditures to complete the construction of the new city hall complex.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$15,851,082 or 147% of the total general fund expenditures.
- As of June 30, 2019, the net capital assets were \$54,651,047, an increase of \$12,091,538 from the prior fiscal year after being restated. Governmental activities increased by \$9,291,391 while business-type activities increased by \$2,800,147.
- General Fund revenues exceeded expenditures by \$3,953,473 before other financing sources (uses). After financing sources (uses) of (\$5,200,078), a negative change in fund balance occurred in the amount of \$1,246,605. This negative change was primarily due to the transfer of General Fund revenues for the completion of the new city hall complex.
- Total business-type revenues exceeded total business-type expenses (excluding transfers and capital contributions) by \$1,521,889. This positive change is due to fees and charges exceeding budgeted estimates along with conservative spending and loan forgiveness amounts of \$1,075,000 from the Water Infrastructure Financing Authority.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Highway User Revenue and Grants 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 54-58 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 Fund as required supplementary information. Schedules for the pension and OPEB plans have been provided as required supplementary information.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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 96 of the financial statements. Schedules for the pension and OPEB plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position

Net position may serve over time as a useful indicator of the City's financial position. The following table reflects the condensed statement of net position as of June 30, 2019. The City has chosen to account for its water, sewer and sanitation operations in the enterprise funds, which are shown as business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2018		2018		2018	
	2019	(as restated)	2019	(as restated)	2019	(as restated)
Current and Other Assets	\$ 25,505,130	\$ 30,740,892	\$ 6,283,270	\$ 5,612,938	\$ 31,788,400	\$36,353,830
Capital Assets	32,866,652	23,575,261	21,784,395	18,984,247	54,651,047	42,459,508
Total Assets	58,371,782	54,316,153	28,067,665	24,597,185	86,439,447	78,913,338
Pension Plan Items	2,106,752	2,448,834	132,664	124,110	2,239,416	2,572,944
Total Deferred Outflows	2,106,752	2,448,834	132,664	124,110	2,239,416	2,572,944
Current Liabilities	1,107,674	1,871,518	499,330	1,208,779	1,607,004	3,080,297
Noncurrent Liabilities	16,613,149	11,452,284	16,274,214	14,535,201	32,887,363	25,987,485
Total Liabilities	17,720,823	13,323,802	16,773,544	15,743,980	34,494,367	29,067,782
Pension Plan Items	885,304	511,882	129,320	87,491	1,014,624	599,373
Total Deferred Inflows	885,304	511,882	129,320	87,491	1,014,624	599,373
Net Position:						
Net Investments in Capital Assets	26,861,174	17,279,680	11,162,030	9,820,942	38,023,204	27,100,622
Restricted	4,589,446	9,179,911	722,347	721,161	5,311,793	9,901,072
Unrestricted	10,421,787	10,884,720	(586,912)	(1,226,823)	9,834,875	9,657,897
Total Net Position	\$ 41,872,407	\$ 37,344,311	\$11,297,465	\$ 9,315,280	\$ 53,169,872	\$46,659,591

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At year-end, the net position of the City totaled \$53,169,872, an increase of \$6,510,281 over the prior fiscal year. Of this amount, \$41,872,407 was in governmental activities and had a 12.13% increase, and \$11,297,465 was in the business-type activities with a 21.28% increase from the prior fiscal year.

The net position consists of three components. The largest portion of the City's net position (\$38,023,204 or 72%) 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 (\$5,311,793 or 10%) 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 (\$9,834,875 or 18%), 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 Toltec Road in the amount of \$516,586.
- Completed the construction of the new city hall in the amount of \$8,841,630.
- Completed the reconstruction of Pump Station 1 in the amount of \$2,831,651.
- Initiated design and construction of a new police facility in the amount of \$688,969.
- Purchased vehicles and equipment for Cemetery, Police, Streets, Sewer, and Sanitation in the amount of \$650,558.
- Completed the reconstruction of Tohono 2 lift station in the amount of \$542,629.
- Purchase land adjacent to the airport in the amount of \$307,721.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Position

The City's total revenue for the year ended June 30, 2019, was \$27,279,155. The total cost of all programs and services was \$20,768,874. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2019.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,479,810	\$ 1,783,509	\$ 5,580,079	\$ 5,219,896	\$ 7,059,889	\$ 7,003,405
Operating Grants and Contributions	2,595,267	2,293,821	-	-	2,595,267	2,293,821
Capital Grants and Contributions	2,343,335	896,406	1,075,000	-	3,418,335	896,406
General Revenue:						
City Sales Tax	6,732,316	6,400,147	-	-	6,732,316	6,400,147
Property Taxes	1,122,197	1,095,421	-	-	1,122,197	1,095,421
Franchise Taxes	187,525	80,569	-	-	187,525	80,569
Share of State Income Tax	2,321,242	2,160,358	-	-	2,321,242	2,160,358
Share of State Sales Tax	1,929,908	1,689,664	-	-	1,929,908	1,689,664
County Auto Lieu Tax	1,165,241	1,021,579	-	-	1,165,241	1,021,579
Investment Earnings (losses)	676,862	161,096	5,350	3,295	682,212	164,391
Other Revenue	65,023	89,473	-	-	65,023	89,473
Total Revenues	\$20,618,726	\$17,672,043	\$ 6,660,429	\$ 5,223,191	\$27,279,155	\$22,895,234
EXPENSES						
Program Expenses:						
General Government	\$ 3,481,395	\$ 3,507,238	\$ -	\$ -	\$ 3,481,395	\$ 3,507,238
Public Safety	5,256,498	4,810,096	-	-	5,256,498	4,810,096
Public Works	3,003,983	2,553,001	-	-	3,003,983	2,553,001
Culture and Recreation	1,680,374	1,611,071	-	-	1,680,374	1,611,071
Community Development	1,792,163	1,153,077	-	-	1,792,163	1,153,077
Health and Welfare	193,482	145,777	-	-	193,482	145,777
Interest on Long-Term Debt	222,439	281,861	-	-	222,439	281,861
Water	-	-	2,314,853	2,517,824	2,314,853	2,517,824
Wastewater	-	-	1,303,539	1,130,038	1,303,539	1,130,038
Sanitation	-	-	1,520,148	1,586,601	1,520,148	1,586,601
Total Expenses	15,630,334	14,062,121	5,138,540	5,234,463	20,768,874	19,296,584
Excess before Transfers	4,988,392	3,609,922	1,521,889	(11,272)	6,510,281	3,598,650
Transfers	(460,296)	(273,834)	460,296	273,834	-	-
Changes in Net Position	4,528,096	3,336,088	1,982,185	262,562	6,510,281	3,598,650
Net Position, Beginning	42,082,811	38,637,937	9,262,809	9,000,247	51,345,620	47,638,184
Net Effect of Prior Period Adjustments	(4,738,500)	108,786	52,471	-	(4,686,029)	108,786
Net Position, Beginning Restated	37,344,311	38,746,723	9,315,280	9,000,247	46,659,591	47,746,970
Net Position, Ending	\$41,872,407	\$42,082,811	\$11,297,465	\$ 9,262,809	\$53,169,872	\$51,345,620

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

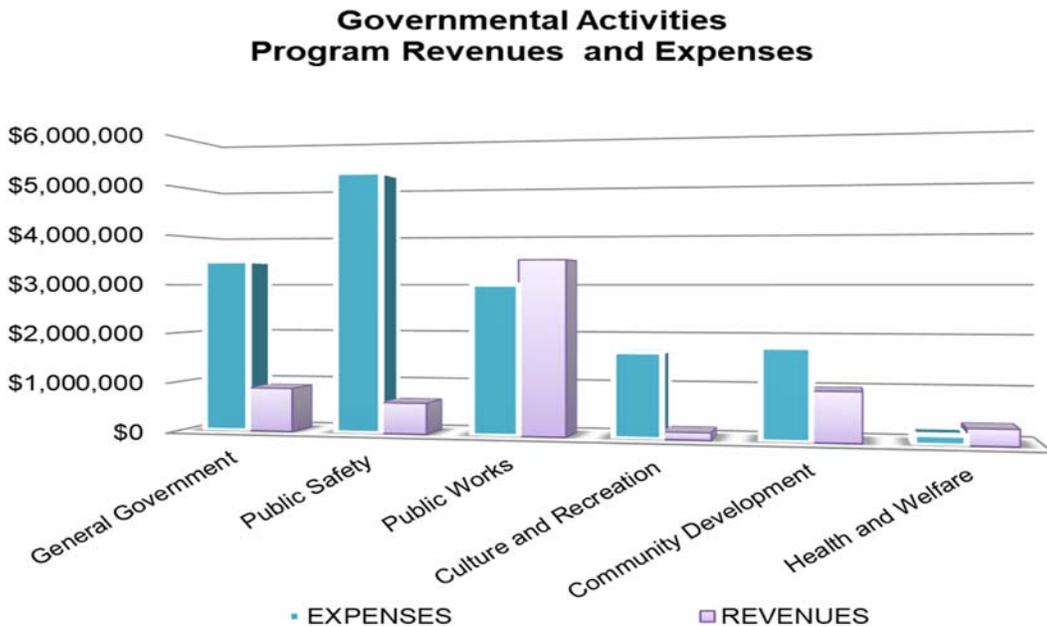
Governmental Activities

During the year, net position for governmental activities increased by \$4,528,096 or 12.13% more than the change in net position last year.

Significant variances between fiscal year 2018 and 2019 program revenues are explained below:

- Capital grants and contributions increased \$1,446,929 or 161% over the prior fiscal year as the City completed several federal grants during the fiscal year. Some of those grants were for Housing Rehabilitation, Airport Improvements, and Street Projects.
- General revenues increased \$1,502,007 to \$14,200,314, which comprised 69% of all governmental activities revenue sources. Explanations for the primary impacts are:
 - City Sales Taxes were \$332,169 or 5.19% more than last year. This increase is primarily attributed to higher than anticipated collections in the construction and retail trade categories.
 - State Shared Revenues (State Income, State Sales and County Auto Lieu) were \$544,790 or 11.18% more than last year. The attributed increase in state shared revenue collections is a result of the City's population estimates increasing along with more distribution from state coffers.

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, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

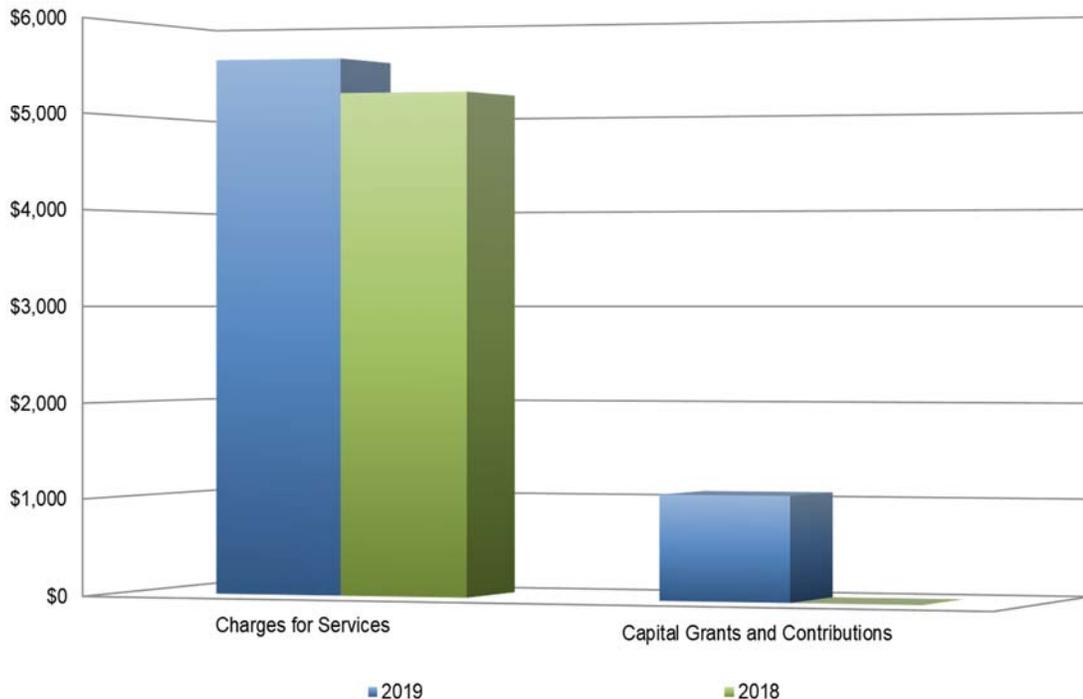
Business-Type Activities

The City's net position for business-type activities, after transfers, increased \$1,982,185 in fiscal year 2019. Last year, the change in net position was a positive \$262,562, a positive difference of \$1,719,623 when compared to the current year change.

Significant variances between fiscal year 2018 and 2019 program revenues are explained below:

- Charges for services were \$360,183 or 6.9 % more than last fiscal year. The primary causes for this increase were the selling of the City's CAP water allocation to the City of Surprise along with an increase in the collection of landfill fees at the landfill.
- Capital Grants and Contributions were \$1,075,000 or 100% more than the previous fiscal year. The primary cause for this increase was the loan forgiveness received from the Water Infrastructure Finance Authority (WIFA) for the completion of Pump Station 1 and Tohono 2 lift station.

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



**CITY OF ELOY, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

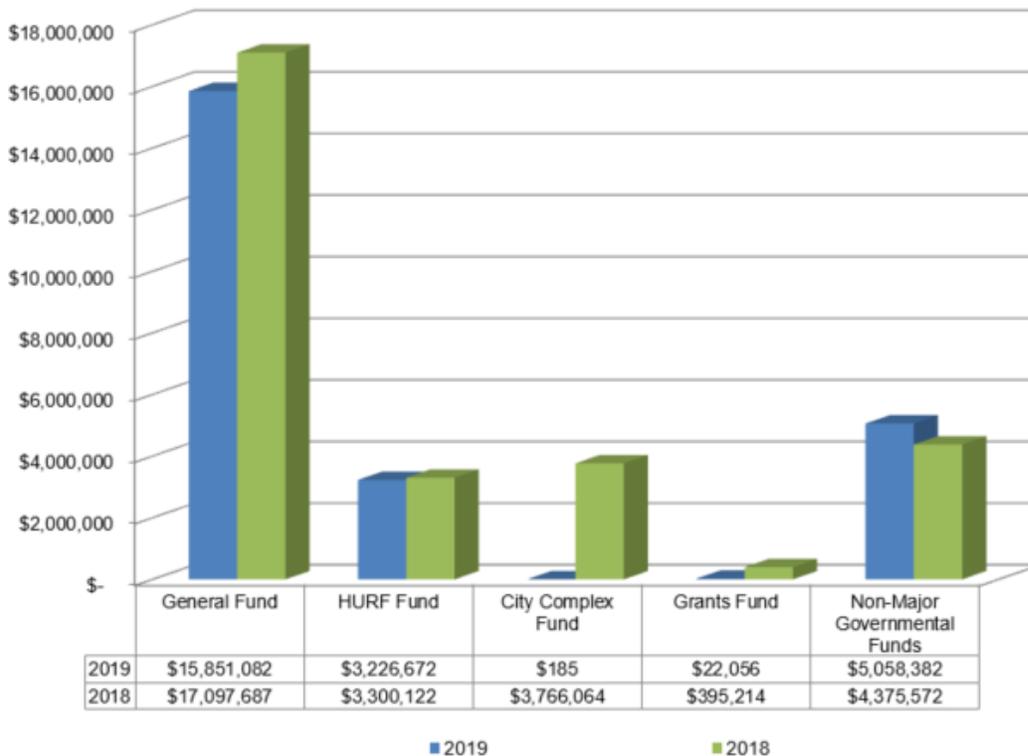
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

The focus of the City’s governmental fund financial statements (pages 46-53) 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 valuable measure of a government’s net resources available for spending at the end of the fiscal year.

For the fiscal year ending June 30, 2019, governmental funds reflect a combined fund balance of \$24,158,377, a decrease of \$4,776,282 compared to last fiscal year. The primary reason for this decrease is increased expenditures for the completion of the new city hall, street projects, and design of the new police facility. Approximately 65.61% of this total amount, \$15,851,082, constitutes fund balance of the General Fund, which is available for contribution to assigned or committed fund balance.

Governmental Fund Balances



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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 totaled \$14,725,394 for fiscal year ending June 30, 2019. The expenditures before other financing sources and uses totaled \$10,771,921.

The net change of fund balance for the General Fund was a negative \$1,246,605 after other financing sources and uses. This negative change was due to the city utilizing cash for the completion of the new city hall and the preliminary design of the new police facility.

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 \$2,400,301, while expenses totaled \$2,911,751 for the fiscal year ending June 30, 2019. The net change of fund balance for the HURF Fund, prior to transfers, was a negative \$73,450. The primary reason for this negative decrease was for various infrastructure projects being completed along with purchasing a new water truck and compactor loader.

The City Complex Fund was used to establish funding for the new city complex and account for the \$6,000,000 Excise Tax and State Shared Revenue and Revenue Refunding Obligations Bond issued for the construction of a new city hall. This bond issuance paid off the 2012 Great Western Bank loan. The net change of fund balance for the City Complex Fund was a negative \$3,765,879. The primary reason for this decrease is due to the completion of the city hall.

In the Grants Fund, the net change in fund balance, prior to transfers, was a negative \$728,158. After transfers in of \$355,000, the net change in fund balance was a negative \$373,158. This negative variance was attributed to housing and airport grant expenditures, in which the funds were received in the prior fiscal year.

Other non-major governmental funds of the City include funds from the Airport, LTAF, Impact Fee, Public Works Facility, Economic and Community Development, JCEF, Court Recovery, Cemetery, Police Facility and Capital Projects. All non-major funds of the City are combined into one column on the governmental fund statements. The net change to fund balance for all other major governmental funds has increased by \$682,810. The primary reason for this increase is from city sales taxes, which are dedicated, to the Public Works Facility and Economic and Community Development Funds.

Proprietary Funds

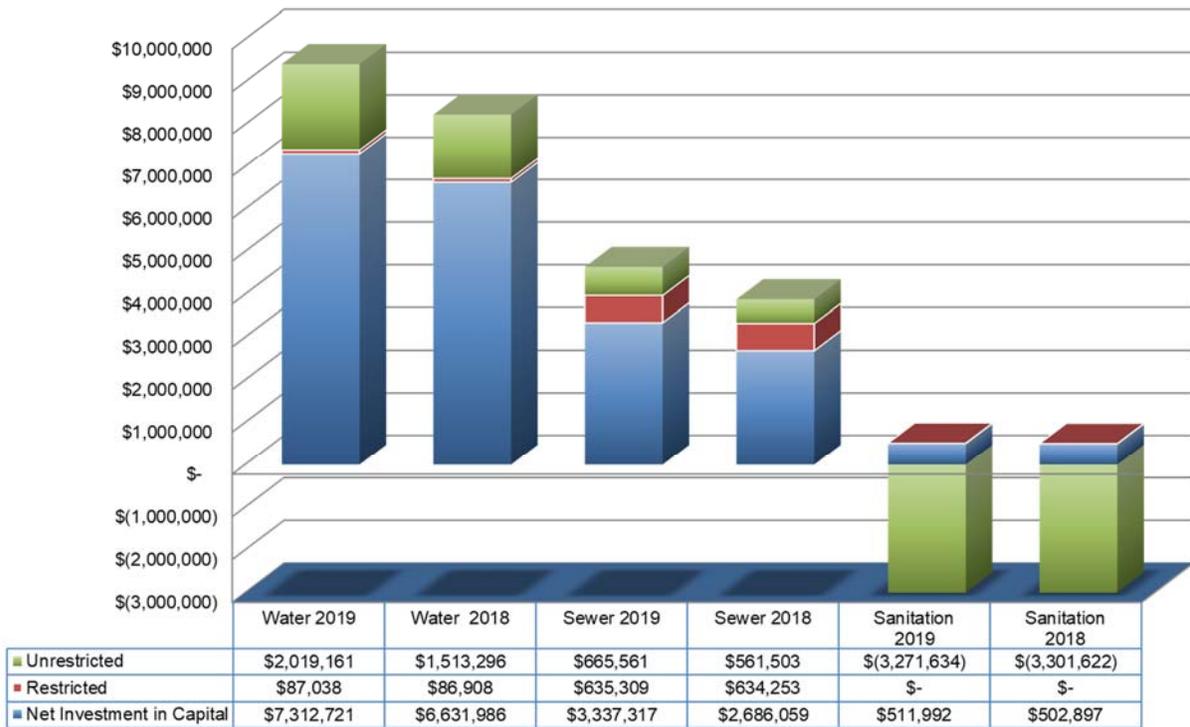
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is discretely presented.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The net position of the Proprietary Funds was \$11,297,465 as of June 30, 2019. Operating revenues in fiscal year 2019 were \$5,558,766, while operating expenses totaled \$4,923,991 resulting in an operating income of \$634,775 before non-operating activity and transfers.

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 96-99. 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 pages 68-69 for more information on budget policies). No amendments increasing the City's total adopted budget of \$51,779,600 occurred during the fiscal year 2019. Budget amendments between funds or from budgeted contingencies into operational expense/expenditures accounts did not happen.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

BUDGETARY HIGHLIGHTS

Budgetary comparison highlights for the General Fund are as follows:

- General fund expenditures of \$10,771,921 were only 86% of budgeted expenditures. Reduced expenditures, unfunded personnel, and unspent contingency funds were some of the unspent budget items.
- General fund revenue of \$14,725,394 exceeded final budget of \$13,148,415 by \$1,576,979 or 12%. The primary factors to this increase were an increase in the collection of sales taxes, intergovernmental revenues, and greater interest income earned.
- Sales Taxes exceeded budget expectations by \$680,041 or 12.58%, primarily due to increased construction activity along I-10. Also, retail trade exceeded budget expectations.
- Investment Income was \$488,253 or 522% more than budget expectations due to the city moving banking accounts into higher yield money market accounts, thus exceeding budgetary forecasts for investment income.
- Intergovernmental Revenues were \$468,966 or 9.28% more than budget expectations due to the increase in State Shared Revenues, which is allocated to the cities/towns based on the City of Eloy's population.
- Fines and Forfeitures were \$69,134 or 21.88% 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, 2019, the City had invested \$38,023,204 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 \$54,651,047. This is a net increase of \$12,091,538. There was an increase in capital assets of \$9,291,391 within governmental activities. While within business-type activities capital assets increased by \$2,800,147.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following table provides a breakdown of capital assets of the City at June 30, 2018 and 2019. Additional information on the City's capital assets can be found in Note 7 on pages 72-73.

	Governmental Activities		Business-Type Activities		Totals	
	2018		2018		2018	
	2019	(as restated)	2019	(as restated)	2019	(as restated)
Land	\$ 4,048,379	\$ 2,606,082	\$ 509,298	\$ 509,298	\$ 4,557,677	\$ 3,115,379
Land Improvements	928,937	967,795	26,557	27,523	955,499	995,318
Construction In Progress	1,141,134	2,451,096	82,965	406,330	1,224,099	2,857,426
Buildings and Improvements	12,831,392	4,283,566	297	387	12,831,689	4,283,953
Infrastructure	11,386,060	10,883,358	-	-	11,386,060	10,883,358
Furniture, equipment and vehicles	2,530,750	2,383,364	1,024,497	981,980	3,555,247	3,365,344
Sewer lines and equipment	-	-	7,591,019	7,079,889	7,591,019	7,079,889
Water lines and equipment	-	-	12,549,762	9,978,841	12,549,762	9,978,841
Total	<u>\$ 32,866,652</u>	<u>\$ 23,575,261</u>	<u>\$ 21,784,395</u>	<u>\$ 18,984,248</u>	<u>\$ 54,651,047</u>	<u>\$ 42,559,508</u>

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

- The City completed the construction of the new city hall for \$8,841,630.
- The City completed .62 miles of asphalt reconstruction of roads along Toltec Road in the amount of \$516,586.
- Completed the reconstruction of Pump Station 1 in the amount of \$2,831,651.
- The City began the design phase of the new police facility in the amount of \$688,969.
- The City purchased four new vehicles and associated equipment for the Police Department in the amount of \$277,767.
- The City purchased land and buildings for the Airport, City Court, and Community Services in the amount of 561,379.

Long-term Debt

The City's outstanding long-term debt, including compensated absences, bonds, loans, leases, landfill costs, and pension liability, was \$32,887,363 at June 30, 2019. Of this total, \$16,613,149 was in governmental activities, while business-type activities were \$16,274,214. All outstanding debt required to be secured by specific revenues sources were secured by pledges of specific revenue sources of the City. Additional information on the City's long-term debt can be found in Notes 8-10 on pages 74-78.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2018 and 2019.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Bonds Payable	\$ 5,750,000	\$ 5,905,000	\$ -	\$ -	\$ 5,750,000	\$ 5,905,000
Bond Premium	255,663	266,315	-	-	255,663	266,315
Loans Payable	-	124,266	10,182,074	8,694,936	10,182,074	8,819,202
Revenue Bonds	-	-	440,293	468,368	440,293	468,368
Compensated Absences	817,228	734,183	87,387	93,860	904,615	828,043
Landfill closure and post-closure costs payable	-	-	4,314,304	4,207,913	4,314,304	4,207,913
Net Pension Liability	9,790,258	10,288,177	1,250,156	1,357,033	11,040,414	11,645,210
	<u>\$16,613,149</u>	<u>\$17,317,941</u>	<u>\$16,274,214</u>	<u>\$14,822,110</u>	<u>\$32,887,363</u>	<u>\$32,140,051</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

City officials considered several factors during the process of developing the budget for FY 2019-2020. When developing the FY 2019-2020 budget, the staff considered three strategic areas in the development of the budget. Those areas were economic development, infrastructure improvements, and financial management. Also, staff has taken a fiscally prudent approach to expenditures and revenue projections, with an emphasis on continuing to invest in Eloy with additional street improvements, upgrades to City facilities and buildings, and a focus on promoting and expanding the City's economic base.

The adopted FY 2019-2020 budget expects general fund revenues to increase by \$443,835 or 3.38% before recording fund balance. The primary cause of this increase is state shared revenue (sales income tax, state sales tax, and auto lieu tax) should increase by \$338,390 or 6.84% over the prior fiscal year. This increase is based on data figures subject from the Arizona Department of Revenue (DOR) which is distributed to cities and towns based on population figures. The overall budget for FY 2019-2020 will be \$42,599,295, which represents a decrease of \$9,180,305 over FY 2018-2019. The primary reason for this decrease is due to the completion of the new city hall and significant projects to the water and sewer systems. The City's population should remain stable in the upcoming year. The unemployment rate in Eloy should remain steady at 8.5%, which is above the national average of 3.7% and the Pinal County rate of 5.5%. All of these indicators were considered when adopting the budget for FY 2019-2020.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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 contained in this report, or requests for additional financial information, should be directed to the Finance Department, City of Eloy, 595 North C Street, Suite 103, 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, 2019

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and Investments	\$ 22,961,663	\$ 4,881,345	\$ 27,843,008
Other Receivables	71,094		71,094
Property Taxes Receivable	44,871		44,871
Due from Governmental Entities	2,109,130		2,109,130
Accounts Receivable (Net of Allowance)		597,362	597,362
Inventory		82,216	82,216
Total current assets	<u>25,186,758</u>	<u>5,560,923</u>	<u>30,747,681</u>
Noncurrent assets:			
Net other postemployment benefit assets	203,742		203,742
Restricted Cash and Investments	114,630	722,347	836,977
Capital Assets, Non-Depreciable	5,189,513	592,263	5,781,776
Capital Assets, Depreciable (Net)	27,677,139	21,192,132	48,869,271
Total noncurrent assets	<u>33,185,024</u>	<u>22,506,742</u>	<u>55,691,766</u>
Total assets	<u>58,371,782</u>	<u>28,067,665</u>	<u>86,439,447</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>2,106,752</u>	<u>132,664</u>	<u>2,239,416</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable	798,626	165,599	964,225
Accrued Salaries and Wages Payable	204,091	17,324	221,415
Customer Deposits		232,272	232,272
Bonds Payable	160,000	29,366	189,366
Loans Payable		689,696	689,696
Compensated Absences	81,723	8,739	90,462
Interest Payable		83,785	83,785
Other Current Liabilities	104,957	350	105,307
Total current liabilities	<u>1,349,397</u>	<u>1,227,131</u>	<u>2,576,528</u>
Noncurrent liabilities:			
Noncurrent Portion of Long-Term Obligations	<u>16,371,426</u>	<u>15,546,413</u>	<u>31,917,839</u>
Total noncurrent liabilities	<u>16,371,426</u>	<u>15,546,413</u>	<u>31,917,839</u>
Total liabilities	<u>17,720,823</u>	<u>16,773,544</u>	<u>34,494,367</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>885,304</u>	<u>129,320</u>	<u>1,014,624</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	26,861,174	11,162,030	38,023,204
Restricted	4,589,446	722,347	5,311,793
Unrestricted	10,421,787	(586,912)	9,834,875
Total net position	<u>\$ 41,872,407</u>	<u>\$ 11,297,465</u>	<u>\$ 53,169,872</u>

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

**CITY OF ELOY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General Government	\$ 3,481,395	\$ 872,581	\$	\$	\$ (2,608,814)
Public Safety	5,256,498	32,528	202,868	381,001	(4,640,101)
Public Works	3,003,983	176,306	2,378,662	935,119	486,104
Community Development	1,792,163	352,503		620,098	(819,562)
Health and Welfare	193,482			322,749	129,267
Culture and Recreation	1,680,374	45,892	13,737	84,368	(1,536,377)
Interest on Long Term Debt	222,439				(222,439)
Total governmental activities	<u>15,630,334</u>	<u>1,479,810</u>	<u>2,595,267</u>	<u>2,343,335</u>	<u>(9,211,922)</u>
Business-type activities:					
Water	2,314,853	2,643,556		600,000	
Sewer	1,303,539	1,393,963		475,000	
Sanitation	1,520,148	1,542,560			
Total business-type activities	<u>5,138,540</u>	<u>5,580,079</u>		<u>1,075,000</u>	
Total primary government	<u>\$ 20,768,874</u>	<u>\$ 7,059,889</u>	<u>\$ 2,595,267</u>	<u>\$ 3,418,335</u>	<u>(9,211,922)</u>

General revenues:

Taxes:

Sales Taxes	6,732,316
Property Taxes Levied for General Purposes	1,122,197
Franchise Taxes	187,525
County Auto Lieu Tax	1,165,241
Unrestricted State Revenues	4,251,150
Investment Income	676,862
Other Revenues	65,023

Transfers

Total general revenues and transfers	<u>13,740,018</u>
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Changes in net position 4,528,096

Net position, beginning of year, as restated 37,344,311

Net position, end of year \$ 41,872,407

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
\$	\$ (2,608,814)
	(4,640,101)
	486,104
	(819,562)
	129,267
	(1,536,377)
	(222,439)
	(9,211,922)
928,703	928,703
565,424	565,424
22,412	22,412
1,516,539	1,516,539
1,516,539	(7,695,383)
	6,732,316
	1,122,197
	187,525
	1,165,241
	4,251,150
5,350	682,212
	65,023
460,296	
465,646	14,205,664
1,982,185	6,510,281
9,315,280	46,659,591
\$ 11,297,465	\$ 53,169,872

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FUND FINANCIAL STATEMENTS

CITY OF ELOY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Highway User Revenue Fund	Grants
<u>ASSETS</u>			
Cash and Investments	\$ 14,483,481	\$ 3,373,484	\$
Restricted Cash and Investments	114,630		
Other Receivables	55,767		
Property Taxes Receivable	44,871		
Due from Governmental Entities	1,107,802	210,353	790,975
Due from Other Funds	598,076		
Total assets	\$ 16,404,627	\$ 3,583,837	\$ 790,975
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 224,369	\$ 343,904	\$ 169,432
Accrued Salaries and Wages Payable	188,882	13,261	1,411
Due to Other Funds			598,076
Other Current Liabilities	104,957		
Total liabilities	518,208	357,165	768,919
Deferred inflows of resources:			
Unavailable Revenue - Property Taxes	35,337		
Fund balances:			
Restricted		3,226,672	22,056
Committed			
Assigned			
Unassigned	15,851,082		
Total fund balances	15,851,082	3,226,672	22,056
 Total liabilities, deferred inflows of resources and fund balances	 \$ 16,404,627	 \$ 3,583,837	 \$ 790,975

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>
\$ 185	\$ 5,104,513	\$ 22,961,663
	15,327	114,630
		71,094
		44,871
		2,109,130
		598,076
<u>\$ 185</u>	<u>\$ 5,119,840</u>	<u>\$ 25,899,464</u>
\$	\$ 60,921	\$ 798,626
	537	204,091
		598,076
		104,957
<u></u>	<u>61,458</u>	<u>1,705,750</u>
		35,337
185	1,340,718	4,589,631
	1,790,407	1,790,407
	1,927,257	1,927,257
		15,851,082
<u>185</u>	<u>5,058,382</u>	<u>24,158,377</u>
<u>\$ 185</u>	<u>\$ 5,119,840</u>	<u>\$ 25,899,464</u>

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total governmental fund balances	\$	24,158,377
<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	\$ 45,399,213	
Less accumulated depreciation	<u>(12,532,561)</u>	32,866,652
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		35,337
<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/OPEB	2,106,752	
Deferred inflows of resources related to pensions/OPEB	<u>(885,304)</u>	1,221,448
<p>The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.</p>		
		203,742
<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	(817,228)	
Net pension liability	(9,790,258)	
Bonds payable	<u>(6,005,663)</u>	<u>(16,613,149)</u>
Net position of governmental activities	\$	<u>41,872,407</u>

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, 2019

	<u>General</u>	<u>Highway User Revenue Fund</u>	<u>Grants</u>
Revenues:			
Sales Taxes	\$ 6,086,491	\$	\$
Property Taxes	1,120,836		
Franchise Taxes	187,525		
Licenses, Permits, and Fees	396,681		
Intergovernmental Revenue	5,520,391	2,378,662	2,276,590
Charges for Services	398,309		
Fines and Forfeitures	384,984		
Investment Income	581,753	21,639	
Impact Fees			
Other Revenues	48,424		200
Total revenues	<u>14,725,394</u>	<u>2,400,301</u>	<u>2,276,790</u>
Expenditures:			
Current -			
General Government	3,127,978		
Public Safety	4,190,008		383,205
Public Works	753,486	1,528,850	
Community Development	588,759		1,172,763
Health and Welfare			63,411
Culture and Recreation	1,696,632		10,894
Capital Outlay	27,093	1,382,901	1,374,675
Debt service -			
Principal Retirement	155,000		
Interest and Fiscal Charges	232,965		
Total expenditures	<u>10,771,921</u>	<u>2,911,751</u>	<u>3,004,948</u>
Excess (deficiency) of revenues over expenditures	<u>3,953,473</u>	<u>(511,450)</u>	<u>(728,158)</u>
Other financing sources (uses):			
Transfers In		438,000	355,000
Transfers Out	(5,200,078)		
Total other financing sources (uses)	<u>(5,200,078)</u>	<u>438,000</u>	<u>355,000</u>
Changes in fund balances	<u>(1,246,605)</u>	<u>(73,450)</u>	<u>(373,158)</u>
Fund balances, beginning of year	17,097,687	3,300,122	395,214
Fund balances, end of year	<u>\$ 15,851,082</u>	<u>\$ 3,226,672</u>	<u>\$ 22,056</u>

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>
\$	\$ 645,825	\$ 6,732,316
		1,120,836
		187,525
		396,681
	33,897	10,209,540
	265,939	664,248
		384,984
61,665	11,805	676,862
	179,350	179,350
	16,399	65,023
<u>61,665</u>	<u>1,153,215</u>	<u>20,617,365</u>
	196,604	3,324,582
		4,573,213
		2,282,336
	105,199	1,866,721
		63,411
		1,707,526
6,794,423	1,024,113	10,603,205
	124,266	279,266
	126	233,091
<u>6,794,423</u>	<u>1,450,308</u>	<u>24,933,351</u>
<u>(6,732,758)</u>	<u>(297,093)</u>	<u>(4,315,986)</u>
2,966,879	983,644	4,743,523
	(3,741)	(5,203,819)
<u>2,966,879</u>	<u>979,903</u>	<u>(460,296)</u>
<u>(3,765,879)</u>	<u>682,810</u>	<u>(4,776,282)</u>
3,766,064	4,375,572	28,934,659
<u>\$ 185</u>	<u>\$ 5,058,382</u>	<u>\$ 24,158,377</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, 2019

Changes in fund balances - total governmental funds **\$ (4,776,282)**

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	\$ 10,649,965	
Less current year depreciation	<u>(1,355,020)</u>	9,294,945

Property taxes in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		1,361
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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	124,266	
Bond principal retirement	<u>165,652</u>	289,918

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	866,928	
Pension/OPEB expense	<u>(1,062,175)</u>	(195,247)

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.

Loss on disposal of assets	(3,554)	
Compensated absences	<u>(83,045)</u>	<u>(86,599)</u>

Changes in net position in governmental activities **\$ 4,528,096**

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, 2019**

	Enterprise Funds		
	Water	Sewer	Sanitation
<u>ASSETS</u>			
Current assets:			
Cash and Investments	\$ 2,604,992	\$ 751,017	\$ 1,525,336
Accounts Receivable (Net of Allowance)	348,924	150,380	98,058
Inventory	82,216		
Total current assets	<u>3,036,132</u>	<u>901,397</u>	<u>1,623,394</u>
Noncurrent assets:			
Restricted Cash and Investments	87,038	635,309	
Capital Assets, Non-Depreciable	50,093	525,526	16,644
Capital Assets, Depreciable (Net)	12,662,969	8,033,815	495,348
Total noncurrent assets	<u>12,800,100</u>	<u>9,194,650</u>	<u>511,992</u>
Total assets	<u>15,836,232</u>	<u>10,096,047</u>	<u>2,135,386</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>96,103</u>	<u>17,650</u>	<u>18,911</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts Payable	68,982	62,422	34,195
Accrued Salaries and Wages Payable	13,314	1,467	2,543
Customer Deposits	155,942	27,740	48,590
Bonds Payable	29,366		
Loans Payable	290,448	399,248	
Compensated Absences	7,596		1,143
Interest Payable	46,246	37,539	
Other Current Liabilities	350		
Total current liabilities	<u>612,244</u>	<u>528,416</u>	<u>86,471</u>
Noncurrent liabilities:			
Compensated Absences	68,362		10,286
Landfill Closure and Post Closure Costs			4,314,304
Bonds Payable	410,927		
Loans Payable	4,669,601	4,822,777	
Net Pension Liability	658,600	107,113	484,443
Total noncurrent liabilities	<u>5,807,490</u>	<u>4,929,890</u>	<u>4,809,033</u>
Total liabilities	<u>6,419,734</u>	<u>5,458,306</u>	<u>4,895,504</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>93,681</u>	<u>17,204</u>	<u>18,435</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,312,721	3,337,317	511,992
Restricted	87,038	635,309	
Unrestricted	2,019,161	665,561	(3,271,634)
Total net position	<u>\$ 9,418,920</u>	<u>\$ 4,638,187</u>	<u>\$ (2,759,642)</u>

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

Enterprise Funds

Totals

\$ 4,881,345
597,362
82,216
5,560,923

722,347
592,263
21,192,132
22,506,742
28,067,665

132,664

165,599
17,324
232,272
29,366
689,696
8,739
83,785
350
1,227,131

78,648
4,314,304
410,927
9,492,378
1,250,156
15,546,413
16,773,544

129,320

11,162,030
722,347
(586,912)
\$ 11,297,465

CITY OF ELOY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds		
	Water	Sewer	Sanitation
Operating revenues:			
Charges for Services	\$ 2,628,589	\$ 1,387,617	\$ 1,542,369
Rent and Other Revenues			191
Total operating revenues	<u>2,628,589</u>	<u>1,387,617</u>	<u>1,542,560</u>
Operating expenses:			
Salaries	459,997	150,191	101,031
Employee Benefits	192,964	60,972	46,186
Service, Supplies and Other	1,066,195	426,605	1,189,793
Landfill Closure and Post Closure Expense			106,392
Depreciation	509,596	537,323	76,746
Total operating expenses	<u>2,228,752</u>	<u>1,175,091</u>	<u>1,520,148</u>
Operating income (loss)	<u>399,837</u>	<u>212,526</u>	<u>22,412</u>
Nonoperating revenues (expenses):			
Investment Income	2,176	3,147	27
Grant Revenue	600,000	475,000	
Impact Fees	14,967	6,346	
Interest Expense and Fiscal Charges	(86,101)	(128,448)	
Total nonoperating revenues (expenses)	<u>531,042</u>	<u>356,045</u>	<u>27</u>
Income (loss) before transfers	<u>930,879</u>	<u>568,571</u>	<u>22,439</u>
Transfers In	<u>255,851</u>	<u>187,801</u>	<u>16,644</u>
Changes in net position	<u>1,186,730</u>	<u>756,372</u>	<u>39,083</u>
Total net position, beginning of year, as restated	8,232,190	3,881,815	(2,798,725)
Total net position, end of year	<u>\$ 9,418,920</u>	<u>\$ 4,638,187</u>	<u>\$ (2,759,642)</u>

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

Enterprise Funds

Totals
\$ 5,558,575
191
5,558,766

711,219
300,122
2,682,593
106,392
1,123,665
4,923,991
634,775

5,350
1,075,000
21,313
(214,549)
887,114

1,521,889

460,296

1,982,185

9,315,280

\$ 11,297,465

**CITY OF ELOY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Enterprise Funds			
	Water	Sewer	Sanitation	Total
<u>Increase/(decrease) in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from Customers, Service Fees	\$ 2,632,085	\$ 1,383,410	\$ 1,608,295	\$ 5,623,790
Cash received from Customers, Other	-	-	191	191
Cash paid to Suppliers	(1,254,067)	(441,330)	(1,302,730)	(2,998,127)
Cash paid to Employees	(517,690)	(160,047)	(111,302)	(789,039)
Other receipts	600,000	475,000	-	1,075,000
Net cash provided by operating activities	1,460,328	1,257,033	194,454	2,911,815
Cash flows from non-capital financing activities:				
Transfers in	255,851	187,801	16,644	460,296
Net cash provided by non-capital financing activities	255,851	187,801	16,644	460,296
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,854,551)	(983,422)	(85,841)	(3,923,814)
Loan proceeds	1,976,225	185,818	-	2,162,043
Principal paid on debt	(312,005)	(390,975)	-	(702,980)
Interest paid on debt	(77,137)	(141,448)	-	(218,585)
Impact Fees	14,967	6,346	-	21,313
Net cash (used for) capital and related financing activities	(1,252,501)	(1,323,681)	(85,841)	(2,662,023)
Cash flows from investing activities:				
Investment income	2,177	3,146	26	5,349
Net cash provided by investing activities	2,177	3,146	26	5,349
Net increase/(decrease) in cash and cash equivalents	465,855	124,299	125,283	715,437
Cash and cash equivalents, beginning of year	2,226,175	1,262,027	1,400,053	4,888,255
Cash and cash equivalents, end of year	\$ 2,692,030	\$ 1,386,326	\$ 1,525,336	\$ 5,603,692
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>				
Cash and cash equivalents	\$ 2,604,992	\$ 751,017	\$ 1,525,336	\$ 4,881,345
Restricted cash and investments	87,038	635,309	-	722,347
Total cash and cash equivalents	\$ 2,692,030	\$ 1,386,326	\$ 1,525,336	\$ 5,603,692
<u>Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities</u>				
Operating income (loss)	\$ 399,837	\$ 212,526	\$ 22,412	\$ 634,775
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	509,596	537,323	76,746	1,123,665
Grant revenue from forgiven loans	600,000	475,000	-	-
Changes in assets and liabilities:				
Decrease (Increase) in accounts receivable	531	(9,852)	54,426	45,105
Increase in compensated absences payable	(6,331)	-	(142)	(6,473)
Increase in deposits held for others	2,965	5,645	11,500	20,110
Increase (decrease) in accrued payroll and employee benefits	1,956	(64)	363	2,255
Increase (decrease) in accounts payable	5,092	46,247	(66,751)	(15,412)
Increase in landfill closure and post closure payable	-	-	106,392	106,392
(Decrease) in pension items	(53,318)	(9,792)	(10,492)	(73,602)
Total adjustments	1,060,491	1,044,507	172,042	1,202,040
Net cash provided by operating activities	\$ 1,460,328	\$ 1,257,033	\$ 194,454	\$ 1,836,815

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, the City implemented the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement requires enhanced note disclosures and clarifies which liabilities governments should include when disclosing information related to debt.

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, 2019

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, 2019

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.

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

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

	General Fund	Highway User Revenue Fund	Grants Fund	City Complex Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Highways and streets	\$	\$ 3,226,672	\$	\$	\$ 10,482
Grants			22,056		
Capital projects				185	1,078,511
Court equipment					118,683
Cemetery					133,042
Committed:					
Highways and streets					720,508
Airport					384,278
Cemetery					120,210
Community development					565,411
Assigned:					
Capital projects					1,927,257
Unassigned	15,851,082				
Total Fund Balances	<u>\$ 15,851,082</u>	<u>\$ 3,226,672</u>	<u>\$ 22,056</u>	<u>\$ 185</u>	<u>\$ 5,058,382</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – RESTRICTED NET POSITION

The table below provides detail of the major components of the District’s restricted net position at year end.

	Governmental Activities
Restricted Net Position:	
Highways and streets	\$ 3,226,672
Grants	22,056
Capital projects	1,078,511
Other purposes	262,207
Total	\$ 4,589,446

NOTE 4 – 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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 \$2,759,642 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 the future along with increased user rates, are expected to help reduce the deficit.

NOTE 5 – 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 \$12,795,020 and the bank balance was \$15,073,563. 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 \$1,000.

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – CASH AND INVESTMENTS

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	1-2	2-3	3-4
U.S. Treasuries	\$ 7,871,330	Level 2	\$ 497,237	\$ 3,768,601	\$ 3,153,471	\$ 452,021
Federal agencies	2,598,669	Level 2	150,000	1,080,376	1,368,293	
Money market fund	95,682	Not applicable	95,682			
Receivables for Securities Matured	5,110,000	Not applicable	5,110,000			
			<u>\$5,852,919</u>	<u>\$ 4,848,977</u>	<u>\$ 4,521,764</u>	<u>\$ 452,021</u>
State Treasurer’s investment pool 5	34,028	Not applicable	37 days average maturities			
State Treasurer’s investment pool 7	174,256	Not applicable	44 days average maturities			
Total	<u>\$15,883,965</u>					

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

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – CASH AND INVESTMENTS

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

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

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

Custodial Credit Risk – Investments. The City’s investment in the State Treasurer’s investment pools represents a proportionate interest in the pool’s portfolio; however, the City’s portion is not identified with specific investments and is not subject to custodial credit risk.

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 eight, 50, and nine percent of the City’s total investments.

NOTE 6 – 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 were as follows:

	General Fund	Highway User Revenue Fund	Grants Fund
Due from Other Governmental Entities:			
Due from federal government	\$	\$ 138,509	\$ 603,583
Due from state government	1,107,802		187,392
Due from county government		71,844	
Net Due from Governmental Entities	\$ 1,107,802	\$ 210,353	\$ 790,975

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	\$ 2,606,082	\$ 1,442,297	\$	\$ 4,048,379
Construction in progress	2,451,096	806,173	2,116,135	1,141,134
Total capital assets, not being depreciated	<u>5,057,178</u>	<u>2,248,470</u>	<u>2,116,135</u>	<u>5,189,513</u>
Capital assets, being depreciated:				
Buildings and improvements	7,560,316	8,841,629		16,401,945
Furniture, equipment and vehicles	7,113,128	625,271	288,151	7,450,248
Land improvements	1,132,803			1,132,803
Infrastructure	14,173,974	1,050,730		15,224,704
Total capital assets being depreciated	<u>29,980,221</u>	<u>10,517,630</u>	<u>288,151</u>	<u>40,209,700</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,276,750)	(293,803)		(3,570,553)
Furniture, equipment and vehicles	(4,729,764)	(474,331)	(284,597)	(4,919,498)
Land improvements	(165,008)	(38,858)		(203,866)
Infrastructure	(3,290,616)	(548,028)		(3,838,644)
Total accumulated depreciation	<u>(11,462,138)</u>	<u>(1,355,020)</u>	<u>(284,597)</u>	<u>(12,532,561)</u>
Total capital assets, being depreciated, net	<u>18,518,083</u>	<u>9,162,610</u>	<u>3,554</u>	<u>27,677,139</u>
Governmental activities capital assets, net	<u>\$ 23,575,261</u>	<u>\$11,411,080</u>	<u>\$ 2,119,689</u>	<u>\$ 32,866,652</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 236,697
Public safety	197,021
Public works/streets	791,231
Health and welfare	130,071
Total depreciation expense	<u>\$ 1,355,020</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – CAPITAL ASSETS

Business-Type Activities	Beginning Balance, as restated	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land and water rights	\$ 509,298	\$	\$	\$ 509,298
Construction in progress	406,330	34,144	357,509	82,965
Total capital assets, not being depreciated	<u>915,628</u>	<u>34,144</u>	<u>357,509</u>	<u>592,263</u>
Capital assets, being depreciated:				
Water system	16,579,319	3,062,581		19,641,900
Sewer system	14,813,967	993,828		15,807,795
Land improvements	28,982			28,982
Buildings and improvements	32,704			32,704
Furniture, equipment and vehicles	3,140,034	190,766		3,330,800
Total capital assets being depreciated	<u>34,595,006</u>	<u>4,247,175</u>		<u>38,842,181</u>
Less accumulated depreciation for:				
Water system	(6,600,478)	(491,660)		(7,092,138)
Sewer system	(7,734,078)	(482,698)		(8,216,776)
Land improvements	(1,459)	(966)		(2,425)
Buildings and improvements	(32,317)	(90)		(32,407)
Furniture, equipment and vehicles	(2,158,054)	(148,249)		(2,306,303)
Total accumulated depreciation	<u>(16,526,386)</u>	<u>(1,123,663)</u>		<u>(17,650,346)</u>
Total capital assets, being depreciated, net	<u>18,068,620</u>	<u>3,123,512</u>		<u>21,192,132</u>
Business-type activities capital assets, net	<u>\$ 18,984,248</u>	<u>\$ 3,157,656</u>	<u>\$ 357,509</u>	<u>\$ 21,784,395</u>

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

Water	\$ (509,595)
Sewer	(537,323)
Sanitation	(76,745)
Total Depreciation Expense	<u>\$(1,123,663)</u>

Construction Commitments – At year end, the City had contractual commitments related to the construction of infrastructure improvements and police facilities. At year end, the City had spent \$1,224,099 on the projects and had an estimated remaining contractual commitment of \$8,842,923.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – 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, 2019	Due Within One Year
Governmental activities:					
Excise Tax and State Shared Revenue and Revenue Refunding Obligations, Series 2017	\$ 6,000,000	3.0 - 4.0 %	7/1/19-42	\$ 5,750,000	\$ 160,000

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
2020	\$ 160,000	\$ 228,400
2021	165,000	223,600
2022	170,000	217,000
2023	175,000	210,200
2024	185,000	203,200
2025-29	1,035,000	899,600
2030-34	1,250,000	676,000
2035-39	1,535,000	403,800
2040-42	1,075,000	87,000
Total	<u>\$ 5,750,000</u>	<u>\$ 3,148,800</u>

Pledged Revenues - Governmental Activities. The City has pledged future excise tax and state shared revenues to repay the outstanding Excise Tax and State Shared Revenue and Revenue Refunding Obligations of \$5,750,000. Proceeds from the original bond issuance provided financing for certain capital projects of the City, to repay a term loan agreement and to pay the costs and expenses relating to the execution and delivery of the Obligations. The bonds are paid from the General Fund and are payable through 2042. The total principal and interest to be paid on the obligations is \$8.9 million. The current total excise tax and state shared revenues were \$12.3 million, and the total principal and interest paid on the obligations was \$387,965.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – 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.	\$ 175,015
Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	<u>265,277</u>
Total Revenue Bonds Payable	440,292
Less Current Portion	<u>29,366</u>
Total revenue bonds, net of current portion	<u><u>\$ 410,926</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
2020	\$ 29,366	\$ 19,814
2021	30,714	18,492
2022	32,126	17,110
2023	33,603	15,664
2024	35,145	14,152
2025-29	201,480	45,532
2030-31	77,858	4,936
Total	<u><u>\$ 440,292</u></u>	<u><u>\$ 135,700</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 \$440,292. 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 \$575,992. The current total customer gross revenues were \$2.6 million and the total principal and interest paid on the bonds was \$48,522, or two percent of gross revenues.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – 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.	\$ 3,925,980
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.	305,499
Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.625% due in semiannual principal and interest installments maturing July 1, 2031.	1,414,268
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.	395,565
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.	3,240,282
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>900,480</u>
 Total Loans Payable	 10,182,074
Less Current Portion	<u>689,696</u>
 Total Loans Payable, net of Current Portion	 <u>\$ 9,492,378</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – LONG-TERM DEBT

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

Year Ending June 30:	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 689,696	\$ 233,939
2021	704,824	224,516
2022	720,298	208,380
2023	736,122	191,861
2024	752,310	178,681
2025-29	4,017,639	625,497
2030-34	1,798,915	287,017
2035-39	462,651	174,980
2040-44	244,808	84,860
2045	54,811	2,261
Total	<u>\$10,182,074</u>	<u>\$ 2,211,992</u>

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 \$4.2 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 \$4.9 million. The current total water and sewer system tax revenues were \$4.0 million and the total principal and interest paid on the loans was \$491,125, or 12 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 \$5.1 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 2031 and 2034. The total principal and interest to be paid on the loans is \$5.5 million. The current total water customer gross revenues were \$3.8 million and the total principal and interest paid on the loans was \$323,149, or eight percent of gross revenues.

The City has pledged future excise tax revenues to repay the outstanding USDA loan of \$900,480. 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 \$1.5 million. The current total excise tax revenues were \$1.4 million and the total principal and interest paid on the loan was \$56,103, or less than one percent of gross revenues.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – 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 in the Sanitation Fund, a major Enterprise Fund, and on the Statement of Net Position in each period based on the landfill capacity the City used as of fiscal year end. The \$4,314,304 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 \$3,229,678 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 10 – 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
Governmental activities:					
Bonds payable	\$ 5,905,000	\$	\$ 155,000	\$ 5,750,000	\$ 160,000
Bond premium	266,315		10,652	255,663	
Loans payable	124,266		124,266		
Compensated absences	734,183	579,205	496,160	817,228	81,723
Net pension liability	10,288,177		497,919	9,790,258	
Governmental activity long-term liabilities	<u>\$ 17,317,941</u>	<u>\$ 579,205</u>	<u>\$ 1,283,997</u>	<u>\$ 16,613,149</u>	<u>\$ 241,723</u>
Business-type activities:					
Revenue bonds payable	\$ 468,369	\$	\$ 28,075	\$ 440,293	\$ 29,366
Loans payable	8,694,936	2,162,043	674,905	10,182,074	689,696
Compensated absences	93,860	51,586	58,059	87,387	8,739
Landfill closure and post-closure costs payable	4,207,913	106,391		4,314,304	
Net pension liability	1,357,033		106,877	1,250,156	
Business-type activity long-term liabilities	<u>\$ 14,822,111</u>	<u>\$ 2,320,020</u>	<u>\$ 867,916</u>	<u>\$ 16,274,214</u>	<u>\$ 727,801</u>

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Transfers In							Total
	City Complex Fund	Highway User Revenue Fund	Grants Fund	Non-Major Governmental Funds	Water Fund	Sewer Fund	Sanitation Fund	
Transfers Out								
General Fund	\$2,966,879	\$438,000	\$355,000	\$ 979,903	\$ 255,851	\$187,801	\$ 16,644	\$5,200,078
Non-Major Governmental Funds				3,741				3,741
Total	<u>\$2,966,879</u>	<u>\$438,000</u>	<u>\$355,000</u>	<u>\$ 983,644</u>	<u>\$ 255,851</u>	<u>\$187,801</u>	<u>\$ 16,644</u>	<u>\$5,203,819</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. Additionally, a transfer was made from the General Fund to the Court Recovery Fund to pay off the remainder of an outstanding loan. Transfers were made from the General Fund to the Grants, Capital Projects, and Police Facility Funds for capital projects along with subsidizing operations. Lastly, a transfer of revenue from the Cemetery Fund was made to the Perpetual Care Fund for ongoing maintenance.

At year end, the Grants Fund had negative cash of \$598,076 that was eliminated with interfund borrowing from the General Fund.

NOTE 12 – 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, 2019

NOTE 13 – 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 \$685,338 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 14 – 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, 2019

NOTE 15 – 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, 2019, 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	\$ (367,349)	\$	\$ (367,349)
Total pension and OPEB liability	9,953,866	1,250,156	11,204,022
Net pension and OPEB assets	(203,742)		(203,742)
Net pension and OPEB liability	9,790,258	1,250,156	11,040,414
Deferred outflows of resources	2,106,752	132,664	2,239,416
Deferred inflows of resources	885,304	129,320	1,014,624
Pension and OPEB expense	1,062,175	4,118	1,066,293

The City reported \$944,648 of pension 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. ASRS is a component unit of the State of Arizona. 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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – 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 \$100 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, 2019

NOTE 15 – 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 11.80 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 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, 2019 were \$444,085. The City's pension contribution are paid by the same funds as the employee's salary with the largest component coming from the General Fund.

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 10.53 percent (10.41 for retirement, 0.06 percent for health insurance premium benefit, and 0.06 percent for long-term disability). ACR contributions are included in employer contributions presented above.

Pension Liability. At June 30, 2019, the City reported a liability of \$5.5 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018. The total liability as of June 30, 2018 reflects changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016, including decreasing the discount rate from 8.0 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

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, 2018. At June 30, 2019, the City's proportion was .040 percent, which was an increase of .001 from its proportion measured as of June 30, 2018.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – 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, 2019, the City recognized pension expense of \$23,527.

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	\$ 151,957	\$ 30,408
Changes of assumptions or other inputs	145,959	489,054
Net difference between projected and actual earnings on pension plan investments		132,643
Changes in proportion and differences between contributions and proportionate share of contributions	16,034	86,825
Contributions subsequent to the measurement date	<u>444,085</u>	
Total	<u>\$ 758,035</u>	<u>\$ 738,930</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, 2020. 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:	
2020	\$ (20,288)
2021	(143,998)
2022	(201,209)
2023	(59,485)

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – 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, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not applicable

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

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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, excluding any expected inflation.

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric 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	50%	5.50%
Fixed income	30	3.83
Real estate	20	5.85
Total	<u>100%</u>	

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Discount Rate. The discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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 7.5 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City’s proportionate share of the net pension liability	\$7,862,947	\$ 5,515,833	\$3,554,857

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

B. Public Safety Personnel Retirement System

Plan Descriptions. City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSDCRP). 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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – 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.

	Ranges of benefits based on initial membership date:
Years of service and age required to receive benefit	15 to 25 years of service, age 52.5 to 62
Final average salary is based on	Highest 36 to 60 consecutive months, of last 15 to 20 years
Normal retirement	% of per year credit services varies, 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 \$100 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, 2019

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Employees Covered by Benefit Terms. At June 30, 2019, 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	11	2
Active members	22	22
Total	45	36

Contributions. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS - Police
Active members – pension	7.65% to 11.65%
City:	
Pension	36.95%
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 24.92 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, 2019**

NOTE 15 – 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, 2019, the City reported the following assets and liabilities.

	<u>Net (Assets) Liability</u>
	PSPRS - Police
Pension	\$ 5,524,582
Health insurance	(203,742)

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.

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

	Pension	OPEB
Actuarial valuation date	June 30, 2018	June 30, 2018
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
Cost-of-living adjustment	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, 2018, 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, 2019

NOTE 15 – 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%
Risk parity	4	5.00
Fixed income	5	1.25
Real assets	9	4.52
GTS	12	3.96
Private credit	16	6.75
Real estate	10	3.75
Private equity	12	5.83
Non-U.S. equity	14	8.70
U.S. equity	16	7.60
Total	<u>100%</u>	

Discount Rate. At June 30, 2018, the discount rate used to measure the total pension and OPEB liability was 7.4 percent, which was the same as 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, 2019

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Changes in Net (Assets)/Liability

	Pension Increase (Decrease)			Health Insurance Increase (Decrease)		
	Total (Assets) Liability	Fiduciary Net Position	Net (Assets) Liability	Total (Assets) Liability	Fiduciary Net Position	Net (Assets) Liability
PSPRS - Police						
Balances at June 30, 2018	\$ 12,462,662	\$6,955,204	\$ 5,507,458	\$ 165,182	\$ (346,586)	\$ (184,404)
Changes for the year:						
Service cost	289,559		289,559	5,444		5,444
Interest on the total liability	913,393		913,393	12,314		12,314
Differences between expected and actual experience in the measurement of the liability	(263,179)		(263,179)	(16,333)		(16,333)
Contributions – employer		302,117	(302,117)			
Contributions – employee		151,267	(151,267)			
Net investment income		477,140	(477,140)		(24,130)	24,130
Benefit payments, including refunds of employee contributions	(528,596)	(528,596)		(3,000)	3,000	(6,000)
Hall/Parker Settelement		(238,701)	238,701			
Administrative expense		(7,962)	7,962		367	(367)
Other changes		87	(87)			
Net changes	411,177	155,352	255,825	(1,575)	(20,763)	19,188
Balances at June 30, 2019	\$ 12,873,839	\$7,110,556	\$ 5,763,283	\$ 163,607	\$ (367,349)	\$ (203,742)

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
PSPRS - Police:			
Rate	6.40%	7.40%	8.40%
Net pension (assets) liability	\$ 7,357,299	\$ 5,524,582	\$ 4,049,905
Net OPEB (assets) liability	(179,309)	(203,742)	(223,773)

**CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 – 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.

Expense. For the year ended June 30, 2019, the City recognized the following as pension and OPEB expense:

	Expense
	PSPRS - Police
Pension	\$ 1,075,442
Health insurance	0

Deferred Outflows/Inflows of Resources. At June 30, 2019, 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
PSPRS - Police:				
Differences between expected and actual experience	\$ 211,589	\$ 213,414	\$	\$ 47,723
Changes of assumptions or other inputs	672,102			7,650
Net difference between projected and actual earnings on plan investments	97,128			6,907
Contributions subsequent to the measurement date	500,563			
Total	\$ 1,481,382	\$ 213,414	\$	\$ 62,280

The City of Eloy is committed to maintaining the full Annual Required Contribution (ARC) payment (normal cost and UAAL amortization) from operating funds. Based on these actions the City Council plans to achieve its goals of 100% funding by 2036, in accordance with the amortization timeline set forth by PSPRS. At this time, this would cover retirement costs but OPEB is not indicating any costs as of June 30, 2019 and therefore no contributions were made towards the Health Insurance component of the PSPRS.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 – 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, 2020. 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
	2020	\$ 388,371
2021	271,593	(14,375)
2022	80,818	(14,377)
2023	40,977	(11,704)
2024	(14,354)	(7,449)

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2018, government-wide net position and the proprietary funds net position do not agree to the prior year financial statements due to a correction of an error. The City corrected the value of the land parcels owned by the City.

	Statement of Activities Governmental Activities	Statement of Activities Business- Type Activities	Proprietary Fund Sewer Fund
Net position, June 30, 2018, as previously reported	\$ 42,082,811	\$ 9,262,809	\$ 3,829,344
Correction to value of land	(4,738,500)	52,471	52,471
Net position, July 1, 2018, as restated	\$ 37,344,311	\$ 9,315,280	\$ 3,881,815

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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, 2019

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
Revenues:			
Sales Taxes	\$ 5,406,450	\$ 6,086,491	\$ 680,041
Property Taxes	1,115,820	1,120,836	5,016
Franchise Taxes	146,900	187,525	40,625
Licenses, Permits, and Fees	322,750	396,681	73,931
Intergovernmental Revenue	5,051,395	5,520,391	468,996
Charges for Services	660,700	398,309	(262,391)
Fines and Forfeitures	315,850	384,984	69,134
Investment Income	93,500	581,753	488,253
Other Revenues	35,050	48,424	13,374
Total revenues	13,148,415	14,725,394	1,576,979
Expenditures:			
Current -			
General Government			
Mayor and Council	183,630	183,616	14
City Clerk	370,730	334,166	36,564
Human Resources	235,055	209,282	25,773
Magistrate	435,025	379,401	55,624
City Manager	360,550	279,050	81,500
Finance	822,395	690,598	131,797
Legal and Professional	154,845	144,404	10,441
Contingency	1,178,740	781,993	396,747
Total General Government	3,740,970	3,002,510	738,460
Public Safety			
Law Enforcement	4,671,515	4,190,008	481,507
Total Public Safety	4,671,515	4,190,008	481,507
Public Works			
Vehicle Maintenance	247,145	236,797	10,348
Facilities Maintenance	368,125	284,641	83,484
Public Works Administration	245,615	232,048	13,567
G.I.S	137,765	125,468	12,297
Total Public Works	998,650	878,954	119,696
Community Development			
Community Development	825,750	588,759	236,991
Total Community Development	825,750	588,759	236,991

(Continued)

See accompanying notes to this schedule.

	Budgeted Amounts		Variance with Final Budget
	Original & Final	Actual	Positive (Negative)
Culture and Recreation			
Park Maintenance	465,880	388,039	77,841
Parks and Recreation	638,490	574,747	63,743
Library	325,995	321,950	4,045
Recreation	412,065	411,896	169
Total Culture and Recreation	<u>1,842,430</u>	<u>1,696,632</u>	<u>145,798</u>
Capital Outlay	<u>85,100</u>	<u>27,093</u>	<u>58,007</u>
Debt Services			
Principal Retirement	154,915	155,000	(85)
Interest and Fiscal Charges	231,685	232,965	(1,280)
Total Debt Services	<u>386,600</u>	<u>387,965</u>	<u>(1,365)</u>
Total expenditures	<u>12,551,015</u>	<u>10,771,921</u>	<u>1,779,094</u>
Excess (deficiency) of revenues over expenditures	<u>597,400</u>	<u>3,953,473</u>	<u>(3,356,073)</u>
Other financing sources (uses):			
Transfers Out	(8,339,990)	(5,200,078)	(3,139,912)
Total other financing sources (uses)	<u>(8,339,990)</u>	<u>(5,200,078)</u>	<u>(3,139,912)</u>
Change in fund balances	<u>(7,742,590)</u>	<u>(1,246,605)</u>	<u>6,495,985</u>
Fund balances, beginning of year	7,742,590	17,087,687	9,345,097
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 15,841,082</u>	<u>\$ 15,841,082</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, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenue	\$ 1,966,275	\$ 2,378,662	\$ 412,387
Investment Income	6,500	21,639	15,139
Other Revenues	500		(500)
Total revenues	<u>1,973,275</u>	<u>2,400,301</u>	<u>427,026</u>
Expenditures:			
Current -			
Public Works	1,722,725	1,528,850	193,875
Capital Outlay	1,578,000	1,382,901	195,099
Total expenditures	<u>3,300,725</u>	<u>2,911,751</u>	<u>388,974</u>
Excess (deficiency) of revenues over expenditures	<u>(1,327,450)</u>	<u>(511,450)</u>	<u>816,000</u>
Other financing sources (uses):			
Transfers In	438,000	438,000	
Total other financing sources (uses)	<u>438,000</u>	<u>438,000</u>	
Changes in fund balances	<u>(889,450)</u>	<u>(73,450)</u>	<u>816,000</u>
Fund balances, beginning of year	889,450	3,300,122	2,410,672
Fund balances, end of year	<u>\$</u>	<u>\$ 3,226,672</u>	<u>\$ 3,226,672</u>

See accompanying notes to this schedule.

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenue	\$ 10,484,790	\$ 2,276,590	\$ (8,208,200)
Other Revenues	12,425	200	(12,225)
Total revenues	<u>10,497,215</u>	<u>2,276,790</u>	<u>(8,220,425)</u>
Expenditures:			
Current -			
Public Safety	523,020	383,205	139,815
Community Development	2,232,000	1,172,763	1,059,237
Health and Welfare	7,552,470	63,411	7,489,059
Culture and Recreation	21,725	10,894	10,831
Capital Outlay	600,000	1,374,675	(774,675)
Total expenditures	<u>10,929,215</u>	<u>3,004,948</u>	<u>7,924,267</u>
Excess (deficiency) of revenues over expenditures	<u>(432,000)</u>	<u>(728,158)</u>	<u>(296,158)</u>
Other financing sources (uses):			
Transfers In	432,000	355,000	(77,000)
Total other financing sources (uses)	<u>432,000</u>	<u>355,000</u>	<u>(77,000)</u>
Changes in fund balances	<u></u>	<u>(373,158)</u>	<u>(373,158)</u>
Fund balances, beginning of year	<u></u>	395,214	395,214
Fund balances, end of year	<u>\$</u>	<u>\$ 22,056</u>	<u>\$ 22,056</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 FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	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%	0.04%
City's proportionate share of the net pension (assets) liability	\$ 5,515,833	\$ 6,137,752	\$ 6,588,758	\$ 6,347,429	\$ 5,781,350
City's covered payroll	\$ 3,806,046	\$ 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	144.92%	159.55%	179.15%	169.74%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	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 PENSION CONTRIBUTIONS
ALL PENSION PLANS
LAST FIVE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Arizona State Retirement System:					
Actuarially determined contribution	\$ 444,085	\$ 414,859	\$ 414,692	\$ 399,030	\$ 407,409
Contributions in relation to the actuarially determined contribution	<u>444,085</u>	<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>	<u>\$</u>
City's covered payroll	\$ 4,104,819	\$ 3,806,046	\$ 3,846,865	\$ 3,677,696	\$ 3,739,605
Contributions as a percentage of covered payroll	10.82%	10.90%	10.78%	10.85%	10.89%
Public Safety Personnel Retirement System - Police:					
Actuarially determined contribution	\$ 500,563	\$ 500,563	\$ 404,607	\$ 388,131	\$ 284,738
Contributions in relation to the actuarially determined contribution	<u>500,563</u>	<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>	<u>\$</u>
City's covered payroll	\$ 1,354,704	\$ 1,442,545	\$ 1,643,408	\$ 1,658,679	\$ 1,738,327
Contributions as a percentage of covered payroll	36.95%	34.70%	24.62%	23.40%	16.38%

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
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
LAST FIVE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability					
Service cost	\$ 289,559	\$ 363,807	\$ 297,654	\$ 333,771	\$ 326,003
Interest	913,393	844,433	781,825	723,594	590,306
Changes of benefit terms		118,417	467,870		130,020
Differences between expected and actual experience	(263,179)	216,841	19,646	86,283	120,039
Changes of assumptions or other inputs		362,038	439,912		882,961
Benefit payments, including refunds of employee contributions	(528,596)	(1,040,165)	(440,693)	(326,877)	(383,684)
Net change in total pension liability	411,177	865,371	1,566,214	816,771	1,665,645
Total pension liability—beginning	12,462,662	11,597,291	10,031,077	9,214,306	7,548,661
Total pension liability—ending	<u>\$ 12,873,839</u>	<u>\$ 12,462,662</u>	<u>\$ 11,597,291</u>	<u>\$ 10,031,077</u>	<u>\$ 9,214,306</u>
Plan fiduciary net position					
Contributions—employer	\$ 302,117	\$ 390,066	\$ 390,887	\$ 284,427	\$ 306,183
Contributions—employee	151,267	202,074	209,336	290,218	220,644
Net investment income	477,140	767,305	37,912	225,871	725,455
Benefit payments, including refunds of employee contributions	(528,596)	(1,040,165)	(440,693)	(326,877)	(383,684)
Administrative expense	(7,962)	(7,189)	(5,855)	(5,892)	(5,842)
Other	87	4,949	(30,902)	(14,603)	(67,854)
Net change in plan fiduciary net position	394,053	317,040	160,685	453,144	794,902
Plan fiduciary net position—beginning	6,955,204	6,638,164	6,477,479	6,024,335	5,229,433
Plan fiduciary net position—ending	<u>\$ 7,349,257</u>	<u>\$ 6,955,204</u>	<u>\$ 6,638,164</u>	<u>\$ 6,477,479</u>	<u>\$ 6,024,335</u>
Net pension (assets) liability—ending	<u>\$ 5,524,582</u>	<u>\$ 5,507,458</u>	<u>\$ 4,959,127</u>	<u>\$ 3,553,598</u>	<u>\$ 3,189,971</u>
Plan fiduciary net position as a percentage of the total pension	57.09%	55.81%	57.24%	64.57%	65.38%
Covered payroll	\$ 1,442,545	\$ 1,594,245	\$ 1,658,679	\$ 1,738,327	\$ 1,172,432
Net pension (assets) liability as a percentage of covered payroll	382.97%	345.46%	298.98%	204.43%	272.08%

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 OPEB CONTRIBUTIONS
ALL OPEB PLANS
LAST TWO FISCAL YEARS**

	<u>2019</u>	<u>2018</u>
Public Safety Personnel Retirement System - Police - Health Insurance Premium:		
Actuarially determined contribution	\$	\$
Contributions in relation to the actuarially determined contribution	_____	_____
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
City/Town's covered payroll	\$ 1,354,704	\$ 1,442,545
Contributions as a percentage of covered payroll	0.00%	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
LAST TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2018	June 30, 2017
Total OPEB liability		
Service cost	\$ 5,444	\$ 6,536
Interest	12,314	15,462
Changes of benefit terms		2,063
Differences between expected and actual experience	(16,333)	(49,235)
Changes of assumptions or other inputs		(11,038)
Benefit payments	<u>(3,000)</u>	<u>(3,000)</u>
Net change in total OPEB liability	<u>(1,575)</u>	<u>(39,212)</u>
Total OPEB liability—beginning	<u>165,182</u>	<u>204,394</u>
Total OPEB liability—ending	<u><u>\$ 163,607</u></u>	<u><u>\$ 165,182</u></u>
Plan fiduciary net position		
Contributions—employer	\$	\$
Contributions—employee		
Net investment income	24,130	36,731
Benefit payments	(3,000)	(3,000)
Administrative expense	(367)	(325)
Other		
Net change in plan fiduciary net position	<u>20,763</u>	<u>33,406</u>
Plan fiduciary net position—beginning	<u>346,586</u>	<u>313,180</u>
Plan fiduciary net position—ending	<u><u>\$ 367,349</u></u>	<u><u>\$ 346,586</u></u>
Net OPEB (assets) liability—ending	<u><u>\$ (203,742)</u></u>	<u><u>\$ (181,404)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	224.53%	209.82%
Covered payroll	\$ 1,442,545	\$ 1,594,245
Net OPEB (assets) liability as a percentage of covered payroll	(14.12)%	(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, 2019

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, 2017, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. 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, 2017, actuarial valuation.

The actuarial assumptions used in the June 30, 2018, valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. Several actuarial assumptions were adjusted as a result of the study, including decreasing wage inflation from 4.0 percent to 3.5 percent.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

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

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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.

Police Facility – accounts for monies set aside for maintaining, repairing, and remodeling of police facilities.

CITY OF ELOY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Special Revenue

	Public Works Facility	LTAF	Economic and Community Development Fund	JCEF
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 720,508	\$ 10,482	\$ 571,301	\$ 95,556
Other Receivables				590
Total assets	<u>\$ 720,508</u>	<u>\$ 10,482</u>	<u>\$ 571,301</u>	<u>\$ 96,146</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$	\$	\$ 5,890	\$
Accrued Salaries and Wages Payable				
Total liabilities			<u>5,890</u>	
Fund balances:				
Restricted		10,482		96,146
Committed	720,508		565,411	
Assigned				
Total fund balances	<u>720,508</u>	<u>10,482</u>	<u>565,411</u>	<u>96,146</u>
Total liabilities and fund balances	<u>\$ 720,508</u>	<u>\$ 10,482</u>	<u>\$ 571,301</u>	<u>\$ 96,146</u>

Special Revenue			Capital Projects			Total Non-Major Governmental Funds
Cemetery	Airport	Perpetual Care	Capital Projects	Impact Fee	Court Recovery	
\$ 115,474	\$ 385,662	\$ 133,042	\$ 1,974,478	\$ 1,078,511	\$ 19,499	\$ 5,104,513
11,699					3,038	15,327
<u>\$ 127,173</u>	<u>\$ 385,662</u>	<u>\$ 133,042</u>	<u>\$ 1,974,478</u>	<u>\$ 1,078,511</u>	<u>\$ 22,537</u>	<u>\$ 5,119,840</u>
\$ 6,963	\$ 847	\$	\$ 47,221	\$	\$	\$ 60,921
	537					537
<u>6,963</u>	<u>1,384</u>		<u>47,221</u>			<u>61,458</u>
120,210	384,278	133,042		1,078,511	22,537	1,340,718
			1,927,257			1,790,407
<u>120,210</u>	<u>384,278</u>	<u>133,042</u>	<u>1,927,257</u>	<u>1,078,511</u>	<u>22,537</u>	<u>1,927,257</u>
<u>\$ 127,173</u>	<u>\$ 385,662</u>	<u>\$ 133,042</u>	<u>\$ 1,974,478</u>	<u>\$ 1,078,511</u>	<u>\$ 22,537</u>	<u>\$ 5,119,840</u>

CITY OF ELOY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue				
	Public Works Facility	LTAF	Economic and Community Development Fund	JCEF	Cemetery
Revenues:					
Sales Taxes	\$ 408,057	\$	\$ 237,768	\$	\$
Intergovernmental Revenue				10,744	
Charges for Services					89,633
Investment Income		214			
Impact Fees					
Other Revenues					16,399
Total revenues	<u>408,057</u>	<u>214</u>	<u>237,768</u>	<u>10,744</u>	<u>106,032</u>
Expenditures:					
Current -					
General Government					50,211
Community Development			105,199		
Capital Outlay				9,674	13,066
Debt service -					
Principal Retirement					
Interest and Fiscal Charges					
Total expenditures			<u>105,199</u>	<u>9,674</u>	<u>63,277</u>
Excess (deficiency) of revenues over	<u>408,057</u>	<u>214</u>	<u>132,569</u>	<u>1,070</u>	<u>42,755</u>
Other financing sources (uses):					
Transfers In					
Transfers Out					(3,741)
Total other financing sources (uses):					<u>(3,741)</u>
Changes in fund balances	<u>408,057</u>	<u>214</u>	<u>132,569</u>	<u>1,070</u>	<u>39,014</u>
Fund balances, beginning of year	312,451	10,268	432,842	95,076	81,196
Fund balances, end of year	<u>\$ 720,508</u>	<u>\$ 10,482</u>	<u>\$ 565,411</u>	<u>\$ 96,146</u>	<u>\$ 120,210</u>

Special Revenue		Capital Projects				Total Non-Major Governmental Funds
Airport	Perpetual Care	Capital Projects	Impact Fee	Court Recovery	Police Facility	
\$	\$	\$	\$	\$	\$	\$ 645,825
				23,153		33,897
176,306						265,939
1,897	1,060		6,298	2,336		11,805
			179,350			179,350
						16,399
<u>178,203</u>	<u>1,060</u>		<u>185,648</u>	<u>25,489</u>		<u>1,153,215</u>
146,393						196,604
						105,199
		335,708	576,696		88,969	1,024,113
				124,266		124,266
				126		126
<u>146,393</u>		<u>335,708</u>	<u>576,696</u>	<u>124,392</u>	<u>88,969</u>	<u>1,450,308</u>
31,810	1,060	(335,708)	(391,048)	(98,903)	(88,969)	(297,093)
	3,741	784,861		106,073	88,969	983,644
	3,741	784,861		106,073	88,969	(3,741)
						979,903
31,810	4,801	449,153	(391,048)	7,170		682,810
352,468	128,241	1,478,104	1,469,559	15,367		4,375,572
<u>\$ 384,278</u>	<u>\$ 133,042</u>	<u>\$ 1,927,257</u>	<u>\$ 1,078,511</u>	<u>\$ 22,537</u>	<u>\$</u>	<u>\$ 5,058,382</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Sales Taxes	\$ 200,000	\$ 408,057	\$ 208,057
Investment Income	1,500		(1,500)
Total revenues	<u>201,500</u>	<u>408,057</u>	<u>206,557</u>
Expenditures:			
Current -			
General Government	286,500		286,500
Total expenditures	<u>286,500</u>		<u>286,500</u>
Changes in fund balances	<u>(85,000)</u>	<u>408,057</u>	<u>493,057</u>
Fund balances, beginning of year	85,000	312,451	227,451
Fund balances, end of year	<u>\$</u>	<u>\$ 720,508</u>	<u>\$ 720,508</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LTAf
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Investment Income	\$ 10,250	\$ 214	\$ (10,036)
Total revenues	<u>10,250</u>	<u>214</u>	<u>(10,036)</u>
Expenditures:			
Current -			
Public Works	10,250		10,250
Total expenditures	<u>10,250</u>		<u>10,250</u>
Changes in fund balances		<u>214</u>	<u>214</u>
Fund balances, beginning of year		10,268	10,268
Fund balances, end of year	<u>\$</u>	<u>\$ 10,482</u>	<u>\$ 10,482</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, 2019

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Sales Taxes	\$ 210,000	\$ 237,768	\$ 27,768
Investment Income	750		(750)
Total revenues	<u>210,750</u>	<u>237,768</u>	<u>27,018</u>
Expenditures:			
Current -			
Community Development	620,750	105,199	515,551
Total expenditures	<u>620,750</u>	<u>105,199</u>	<u>515,551</u>
Changes in fund balances	<u>(410,000)</u>	<u>132,569</u>	<u>542,569</u>
Fund balances, beginning of year	410,000	432,842	22,842
Fund balances, end of year	<u>\$</u>	<u>\$ 565,411</u>	<u>\$ 565,411</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JCEF
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental Revenue	\$ 7,100	\$ 10,744	\$ 3,644
Total revenues	<u>7,100</u>	<u>10,744</u>	<u>3,644</u>
Expenditures:			
Current -			
Capital Outlay	103,100	9,674	93,426
Total expenditures	<u>103,100</u>	<u>9,674</u>	<u>93,426</u>
Changes in fund balances	<u>(96,000)</u>	<u>1,070</u>	<u>97,070</u>
Fund balances, beginning of year	96,000	95,076	(924)
Fund balances, end of year	<u>\$</u>	<u>\$ 96,146</u>	<u>\$ 96,146</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Charges for Services	\$ 72,500	\$ 89,633	\$ 17,133
Other Revenues	13,500	16,399	2,899
Total revenues	<u>86,000</u>	<u>106,032</u>	<u>20,032</u>
Expenditures:			
Current -			
General Government	64,050	50,211	13,839
Capital Outlay	19,000	13,066	5,934
Total expenditures	<u>83,050</u>	<u>63,277</u>	<u>19,773</u>
Excess (deficiency) of revenues over expenditures	<u>2,950</u>	<u>42,755</u>	<u>39,805</u>
Other financing sources (uses):			
Transfers Out	(2,950)	(3,741)	(791)
Total other financing sources (uses)	<u>(2,950)</u>	<u>(3,741)</u>	<u>(791)</u>
Changes in fund balances		<u>39,014</u>	<u>39,014</u>
Fund balances, beginning of year		81,196	81,196
Fund balances, end of year	<u>\$</u>	<u>\$ 120,210</u>	<u>\$ 120,210</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Charges for Services	\$ 166,225	\$ 176,306	\$ 10,081
Investment Income	500	1,897	1,397
Total revenues	<u>166,725</u>	<u>178,203</u>	<u>11,478</u>
Expenditures:			
Current -			
General Government	138,825	146,393	(7,568)
Capital Outlay	27,900		27,900
Total expenditures	<u>166,725</u>	<u>146,393</u>	<u>20,332</u>
Changes in fund balances		<u>31,810</u>	<u>31,810</u>
Fund balances, beginning of year		352,468	352,468
Fund balances, end of year	<u>\$</u>	<u>\$ 384,278</u>	<u>\$ 384,278</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERPETUAL CARE
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Investment Income	\$ 150	\$ 1,060	\$ 910
Total revenues	<u>150</u>	<u>1,060</u>	<u>910</u>
Expenditures:			
Current -			
General Government	3,100		3,100
Total expenditures	<u>3,100</u>		<u>3,100</u>
Excess (deficiency) of revenues over expenditures	<u>(2,950)</u>	<u>1,060</u>	<u>4,010</u>
Other financing sources (uses):			
Transfers In	2,950	3,741	791
Total other financing sources (uses)	<u>2,950</u>	<u>3,741</u>	<u>791</u>
Changes in fund balances		<u>4,801</u>	<u>4,801</u>
Fund balances, beginning of year		128,241	128,241
Fund balances, end of year	<u>\$</u>	<u>\$ 133,042</u>	<u>\$ 133,042</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Expenditures:			
Current -			
General Government	\$ 650,000	\$	\$ 650,000
Capital Outlay	<u>727,000</u>	<u>335,708</u>	<u>391,292</u>
Total expenditures	<u>1,377,000</u>	<u>335,708</u>	<u>1,041,292</u>
Excess (deficiency) of revenues over expenditures	<u>(1,377,000)</u>	<u>(335,708)</u>	<u>1,041,292</u>
Other financing sources (uses):			
Transfers In	<u>650,000</u>	<u>784,861</u>	<u>134,861</u>
Total other financing sources (uses)	<u>650,000</u>	<u>784,861</u>	<u>134,861</u>
Changes in fund balances	<u>(727,000)</u>	<u>449,153</u>	<u>1,176,153</u>
Fund balances, beginning of year	727,000	1,478,104	751,104
Fund balances, end of year	<u><u>\$</u></u>	<u><u>\$ 1,927,257</u></u>	<u><u>\$ 1,927,257</u></u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEE
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	Original & Final		(Negative)
Revenues:			
Investment Income	\$ 2,750	\$ 6,298	\$ 3,548
Impact Fees		179,350	179,350
Total revenues	<u>2,750</u>	<u>185,648</u>	<u>182,898</u>
Expenditures:			
Current -			
Capital Outlay	1,997,960	576,696	1,421,264
Total expenditures	<u>1,997,960</u>	<u>576,696</u>	<u>1,421,264</u>
Changes in fund balances	<u>(1,995,210)</u>	<u>(391,048)</u>	<u>1,604,162</u>
Fund balances, beginning of year	2,035,985	1,469,559	(566,426)
Fund balances, end of year	<u>\$ 40,775</u>	<u>\$ 1,078,511</u>	<u>\$ 1,037,736</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT RECOVERY
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental Revenue	\$ 137,500	\$ 23,153	\$ (114,347)
Investment Income		2,336	2,336
Total revenues	<u>137,500</u>	<u>25,489</u>	<u>(112,011)</u>
Expenditures:			
Debt service -			
Principal Retirement	137,500	124,266	13,234
Interest and Fiscal Charges		126	(126)
Total expenditures	<u>137,500</u>	<u>124,392</u>	<u>13,108</u>
Excess (deficiency) of revenues over expenditures		<u>(98,903)</u>	<u>(98,903)</u>
Other financing sources (uses):			
Transfers In		106,073	106,073
Total other financing sources (uses)		<u>106,073</u>	<u>106,073</u>
Changes in fund balances		<u>7,170</u>	<u>7,170</u>
Fund balances, beginning of year		15,367	15,367
Fund balances, end of year	<u>\$</u>	<u>\$ 22,537</u>	<u>\$ 22,537</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
POLICE FACILITY
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Expenditures:			
Current -			
Capital Outlay	\$ 500,000	\$ 88,969	\$ 411,031
Total expenditures	<u>500,000</u>	<u>88,969</u>	<u>411,031</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(88,969)</u>	<u>411,031</u>
Other financing sources (uses):			
Transfers In	500,000	88,969	(411,031)
Total other financing sources (uses)	<u>500,000</u>	<u>88,969</u>	<u>(411,031)</u>
Changes in fund balances	<u> </u>	<u> </u>	<u> </u>
Fund balances, beginning of year			
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CITY COMPLEX
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Investment Income	\$ 15,000	\$ 61,665	\$ 46,665
Total revenues	<u>15,000</u>	<u>61,665</u>	<u>46,665</u>
Expenditures:			
Current -			
Capital Outlay	8,938,490	6,794,423	2,144,067
Total expenditures	<u>8,938,490</u>	<u>6,794,423</u>	<u>2,144,067</u>
Excess (deficiency) of revenues over expenditures	<u>(8,923,490)</u>	<u>(6,732,758)</u>	<u>2,190,732</u>
Other financing sources (uses):			
Transfers In	5,098,490	2,966,879	(2,131,611)
Total other financing sources (uses)	<u>5,098,490</u>	<u>2,966,879</u>	<u>(2,131,611)</u>
Changes in fund balances	<u>(3,825,000)</u>	<u>(3,765,879)</u>	<u>59,121</u>
Fund balances, beginning of year	3,825,000	3,766,064	(58,936)
Fund balances, end of year	<u>\$</u>	<u>\$ 185</u>	<u>\$ 185</u>

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STATISTICAL SECTION

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

Contents:	Page
Financial Trends These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.	128
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.	133
Debt Capacity These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.	140
Demographic and Economic Information These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other municipalities.	144
Operating Information These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.	147

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 (as restated)	2019
Governmental Activities										
Net Investment in Capital Assets:	\$ 16,151,406	\$ 15,002,289	\$ 15,985,323	\$ 16,961,904	\$ 18,543,869	\$ 20,268,071	\$ 22,423,567	\$ 19,872,313	\$ 17,279,680	\$ 26,861,174
Restricted	7,273,444	5,429,281	4,978,419	4,510,233	4,489,679	4,629,220	4,745,019	9,037,570	9,179,911	4,589,446
Unrestricted	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	10,421,787
Total Governmental Activities Net Position	\$ 31,434,561	\$ 33,596,317	\$ 35,471,334	\$ 37,061,250	\$ 38,267,389	\$ 32,116,119	\$ 35,979,430	\$ 38,637,937	\$ 37,344,311	\$ 41,872,407
Business-type activities										
Net Investment in Capital Assets:	\$ 9,775,100	\$ 9,532,520	\$ 9,090,283	\$ 8,089,091	\$ 9,575,240	\$ 9,479,546	\$ 9,402,108	\$ 9,882,299	\$ 9,820,942	\$ 11,162,030
Restricted	343,584	289,448	291,532	559,631	715,299	716,976	718,370	719,762	721,161	722,347
Unrestricted	(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)	(586,912)
Total Business-Type Activities Net Position	\$ 7,152,820	\$ 7,061,695	\$ 6,885,103	\$ 7,074,674	\$ 8,573,995	\$ 7,788,674	\$ 7,962,426	\$ 9,000,247	\$ 9,315,280	\$ 11,297,465
Primary government										
Net Investment in Capital Assets:	\$ 25,926,506	\$ 24,534,809	\$ 25,075,606	\$ 25,050,995	\$ 28,119,109	\$ 29,747,617	\$ 31,825,675	\$ 29,754,612	\$ 27,100,622	\$ 38,023,204
Restricted	7,617,028	5,718,729	5,269,951	5,069,864	5,204,978	5,346,196	5,463,389	9,757,332	9,901,072	5,311,793
Unrestricted	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	9,834,875
	\$ 38,587,381	\$ 40,658,013	\$ 42,356,437	\$ 44,135,924	\$ 46,841,384	\$ 39,904,793	\$ 43,941,856	\$ 47,638,184	\$ 46,659,591	\$ 53,169,872

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

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General Government	\$ 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	\$ 3,481,395
Public Safety	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	5,256,498
Public Works	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	3,003,983
Culture and Recreation	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	1,680,374
Community Development	-	-	597,877	805,789	1,119,187	1,021,468	1,282,378	917,185	1,153,077	1,792,163
Health and Welfare	18,618	-	290,000	147,876	260,682	191,679	155,982	134,859	145,777	193,482
Interest on Long-Term Debt	93,818	63,294	58,225	79,484	83,892	82,075	79,352	123,435	281,861	222,439
Total Governmental Activities Expenses	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	15,630,334
Business-Type Activities:										
Water	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	2,314,853
Sewer	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	1,303,539
Sanitation and Other	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	1,520,148
Total Business-Type Activities Expenses	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	5,138,540
Total Primary Government Expenses	\$ 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	\$ 20,768,874
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 650,814	\$ 618,181	\$ 589,588	\$ 531,214	\$ 572,950	\$ 790,722	\$ 947,386	\$ 967,746	\$ 1,049,143	\$ 872,581
Public Safety	282,085	380,459	332,861	116,604	85,214	53,755	29,560	36,678	52,828	32,528
Public Works	89,682	72,434	79,779	120,518	131,316	154,961	163,363	157,132	177,450	176,306
Community Development	-	-	-	314,702	361,925	213,971	511,015	301,319	460,751	352,503
Culture and Recreation	21,863	19,598	18,350	26,199	30,310	29,856	43,348	35,634	43,337	45,892
Operating Grants and Contributions	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	2,595,267
Capital Grants and Contributions	674,887	1,314,342	1,251,911	572,622	1,378,869	656,941	1,267,399	1,061,303	896,406	2,343,335
Total Governmental Activities Program Revenues	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	6,418,412
Business-Type Activities:										
Charges for Services:										
Water	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	2,643,556
Sewer	1,053,803	977,215	945,290	978,252	1,141,294	1,217,763	1,304,684	1,375,832	1,405,264	1,393,963
Sanitation and Other	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	1,542,560
Capital Grants and Contributions	2,821,830	69,930	792,051	10,688	6,170	-	-	770,742	-	1,075,000
Total Business-Type Activities Program Revenues	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	6,655,079
Total Primary Government Program Revenues	\$ 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	\$ 13,073,491

(continued)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenues										
Governmental Activities	\$ (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)	\$ (9,211,922)
Business-Type Activities	(1,705,335)	(389,432)	(599,478)	(519,848)	(160,982)	(4,029)	130,561	1,032,806	(14,567)	1,516,539
Total Primary Government Net Expense	\$ (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)	\$ (7,695,383)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
City Sales Tax	\$ 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	\$ 6,732,316
State Sales Taxes	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	1,929,908
Auto Lieu Tax	696,980	682,530	703,979	724,822	774,269	831,046	900,658	919,942	1,021,579	1,165,241
State Sales Taxes-Revenue Sharing	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	2,321,242
Property Tax	713,073	786,184	846,923	897,160	918,511	951,247	1,000,499	1,065,689	1,095,421	1,122,197
Franchise Tax	121,542	132,653	135,939	139,478	141,905	144,163	145,408	180,793	80,569	187,525
Unrestricted Investment Earnings	137,475	63,965	64,587	56,673	49,941	37,981	157,229	57,491	161,096	676,862
Other Revenues	-	-	-	56,513	33,058	53,810	66,815	119,730	89,473	65,023
Transfers	(396,626)	(296,353)	(420,978)	(707,671)	(1,658,577)	(618,537)	(39,327)	-	(273,834)	(460,296)
Total Governmental Activities	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	13,740,018
Business-Type Activities:										
Unrestricted Investment Earnings	4,152	1,954	1,908	1,748	1,725	8,837	2,365	5,015	3,295	5,350
Transfers	396,626	296,353	420,978	707,671	1,658,577	618,537	39,327	-	273,834	460,296
Total Business-Type Activities	400,778	298,307	422,886	709,419	1,660,302	627,374	41,692	5,015	277,129	465,646
Total Primary Government	\$ 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	\$ 14,205,664
Change in Net Position										
Governmental Activities	\$ (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	\$ 4,528,096
Business-Type Activities	(1,304,557)	(91,125)	(176,592)	189,571	1,499,320	623,345	172,752	1,037,821	262,562	1,982,185
Total Primary Government	\$ (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	\$ 6,510,281

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	15,851,082
Total General Fund	\$ 8,009,884	\$ 8,766,677	\$ 9,855,191	\$ 10,968,659	\$ 12,042,236	\$ 13,284,750	\$ 14,692,428	\$ 15,847,397	\$ 17,097,687	\$ 15,851,082
All other Governmental Funds										
Restricted:										
Highway and Streets	\$ 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	\$ 3,237,154
Impact Fees	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	1,078,511
Court Funds	95,200	101,915	114,621	116,956	118,647	113,901	116,613	110,428	110,443	118,683
Perpetual Care Fund	-	108,605	111,354	114,339	118,379	121,469	121,585	124,599	128,241	133,042
City Complex	-	-	-	-	-	-	-	3,806,445	3,766,064	185
Other Purposes	434,694	161,692	147,581	146,408	137,143	130,875	146,919	222,214	395,214	22,056
Committed for:										
Airport	140,275	148,855	152,519	157,852	145,756	221,259	270,215	290,126	352,468	384,278
Cemetery	42,794	34,250	23,642	46,337	92,052	82,025	72,689	61,907	81,196	120,210
Highway and Streets				388,304	724,740	192,798	362,690	475,020	312,451	720,508
Economic Development	-	-	-	-	-	-	30,002	228,277	432,842	565,411
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	1,927,257
Unassigned:	-	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	\$ 9,750,968	\$ 7,554,828	\$ 7,403,972	\$ 7,216,119	\$ 7,434,233	\$ 6,316,037	\$ 6,724,025	\$ 11,418,622	\$ 11,836,972	\$ 8,307,295

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	\$ 8,040,677
Licenses and Permits	311,252	415,189	361,173	374,593	421,266	276,596	439,952	306,849	432,800	396,681
Intergovernmental	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	10,209,540
Charges for Services	118,283	105,856	113,925	221,980	250,749	680,055	982,147	862,531	935,967	664,248
Impact Fees	110,755	114,901	50,521	43,833	49,941	24,771	179,974	39,337	114,664	179,350
Fines and Forfeitures	292,267	277,601	264,739	235,923	290,289	244,576	241,462	311,813	378,403	384,984
Interest	137,475	63,965	64,587	56,673	50,725	37,981	157,229	57,491	161,096	676,862
Other Revenues	159,211	270,504	133,214	56,513	33,058	53,810	66,815	119,730	89,473	65,023
Total Revenues	\$ 11,736,784	\$ 13,325,954	\$ 13,770,764	\$ 13,316,927	\$ 15,263,200	\$ 14,328,177	\$ 16,538,629	\$ 16,374,902	\$ 17,668,730	\$ 20,617,365
Expenditures										
Current:										
General Government	\$ 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	\$ 3,324,582
Public Safety	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	4,573,213
Public Works	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	2,282,336
Health and Welfare	18,587	-	290,000	59,249	166,926	89,707	34,957	-	11,589	63,411
Community Development	-	-	597,877	802,369	1,112,418	1,087,171	1,284,061	919,829	1,155,536	1,866,721
Culture and Recreation	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	1,707,526
Capital Outlay	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	10,603,205
Debt Service										
Principal	1,996,608	855,204	641,584	1,576,959	231,411	227,879	217,918	51,624	146,935	279,266
Interest and Fiscal Charges	86,882	69,226	79,082	82,515	83,892	82,075	79,352	123,435	292,513	233,091
Loan Issuance Costs	-	-	-	12,425	-	-	-	190,991	-	-
Total Expenditures	14,330,436	11,784,614	12,412,129	14,903,819	14,466,005	14,985,868	14,754,222	14,519,084	15,726,256	24,933,351
Revenues Over (Under) Expenditures	(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	(4,315,986)
Other Finance Sources (Uses)										
Sale of Assets	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	2,900,000	-	-	-	3,993,748	-	-
Transfers In (Out)	(396,626)	(296,353)	(420,978)	(707,671)	(1,017,067)	-	(39,327)	-	(273,834)	(460,296)
Total other Finance Sources (Uses)	(396,626)	(296,353)	(420,978)	2,192,329	(1,017,067)	-	(39,327)	3,993,748	(273,834)	(460,296)
Net Change in Fund Balances	\$ (2,990,278)	\$ 1,244,987	\$ 937,657	\$ 605,437	\$ (219,872)	\$ (657,691)	\$ 1,745,080	\$ 5,849,566	\$ 1,668,640	\$ (4,776,282)
Expenditures for capitalized assets	\$ 1,580,289	\$ 679,610	\$ 948,465	\$ 3,010,266	\$ 2,170,080	\$ 2,410,390	\$ 2,951,801	\$ 2,513,183	\$ 3,241,925	\$ 10,649,965
Debt Service as a Percentage of Noncapital Expenditures	16.34%	8.32%	6.29%	13.95%	2.56%	2.46%	2.52%	1.46%	3.52%	3.59%

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

Fiscal Year	Limited Property Value - Primary		Full Cash Value - Secondary		Ratio of Net Assessed to Total Values
	Net Assessed Value	Total Limited Assessed Value	Net Assessed Value	Total Full Cash Value	
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%
2019	104,248,341	771,677,541	117,490,294	876,144,678	13%

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

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

Tax Authority	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Eloy	0.8363	0.8195	0.9562	1.0387	1.1378	1.1484	1.1701	1.2296	1.2017	1.1210
Pinal County	3.2316	3.9999	3.9999	3.7999	3.7999	3.9999	3.9999	3.8699	3.9399	3.8300
Eloy Fire District	1.6881	1.9655	2.2835	2.3358	2.4735	2.4693	2.4699	2.4999	2.4999	2.4999
Pinal County Jr. College	1.4636	1.5854	1.8529	1.8786	2.2507	2.2633	2.6498	2.6269	2.5429	2.3623
Toltec Elementary School District	2.3283	2.3255	2.3255	2.9326	3.7556	3.7556	3.7556	3.7556	2.9503	2.8320
Casa Grande Union High School District	2.3972	2.3624	2.486	2.5266	3.0509	3.0509	3.1498	3.2193	3.1807	3.0779
Santa Cruz Unified School District	3.7581	3.6517	3.7308	4.4195	4.3045	4.1508	4.3007	4.0669	3.4304	3.3065
Eloy Elementary School District	4.0013	3.9656	4.1156	4.7645	4.9345	4.9299	5.1967	5.2750	5.0644	6.1544
Other Taxing Authorities	0.7516	0.7878	0.8664	0.9182	1.0381	0.9933	1.0279	1.0225	1.0077	1.9942

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

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

Fiscal Year	Tax Levy	Collected to June 30th		Percent of Tax Levy	Adjustments
		Collections	Taxes Receivable		
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)
2019	1,125,743	1,105,152	20,590	98.17%	(2,078)

(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
Fiscal Years 2010 through 2019

	Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012		Fiscal Year 2013		Fiscal Year 2014	
	Tax Paid	Percentage of Total								
Construction	\$ 830,116	20.15%	\$ 1,637,402	31.17%	\$ 1,257,602	24.59%	\$ 986,143	20.60%	\$ 1,493,389	27.09%
Manufacturing	286,748	6.96%	273,899	5.21%	268,820	5.26%	223,290	4.66%	313,380	5.68%
Transportation/Communication/Utilities	684,547	16.62%	659,001	12.55%	638,519	12.49%	646,302	13.50%	669,495	12.14%
Wholesale Trade	91,143	2.21%	124,332	2.37%	118,652	2.32%	150,107	3.14%	98,775	1.79%
Retail Trade	940,694	22.84%	981,398	18.68%	1,172,126	22.92%	1,181,505	24.68%	1,278,677	23.19%
Restaurants/Bars	836,373	20.30%	1,042,401	19.84%	1,107,200	21.65%	959,115	20.04%	1,037,957	18.83%
Insurance/Real Estate	121,700	2.95%	219,347	4.18%	202,784	3.97%	247,337	5.17%	259,296	4.70%
Hotel/Lodging	84,893	2.06%	84,651	1.61%	82,686	1.62%	71,811	1.50%	73,479	1.33%
Services	154,429	3.75%	126,222	2.40%	156,361	3.06%	170,100	3.55%	143,231	2.60%
All Other	88,512	2.15%	104,424	1.99%	109,512	2.14%	150,885	3.15%	145,546	2.64%
Total	\$ 4,119,155	100.00%	\$ 5,253,079	100.00%	\$ 5,114,262	100.00%	\$ 4,786,596	100.00%	\$ 5,513,225	100.00%

	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019	
	Tax Paid	Percentage of Total								
Construction	\$ 877,930	18.33%	\$ 1,363,593	24.52%	\$ 1,209,506	21.27%	\$ 1,599,797	25.00%	\$ 1,999,387	29.70%
Manufacturing	354,911	7.41%	469,659	8.45%	499,068	8.78%	520,358	8.13%	576,974	8.57%
Transportation/Communication/Utilities	705,863	14.74%	721,349	12.97%	718,900	12.64%	784,662	12.26%	698,376	10.37%
Wholesale Trade	115,576	2.41%	116,521	2.10%	158,743	2.79%	120,602	1.88%	120,100	1.78%
Retail Trade	1,019,897	21.30%	1,030,746	18.54%	1,205,070	21.19%	1,292,714	20.20%	1,450,050	21.54%
Restaurants/Bars	1,064,795	22.23%	1,088,277	19.57%	1,127,174	19.82%	1,174,858	18.36%	1,042,238	15.48%
Insurance/Real Estate	272,974	5.70%	292,015	5.25%	300,786	5.29%	366,067	5.72%	297,409	4.42%
Hotel/Lodging	94,408	1.97%	135,047	2.43%	154,873	2.72%	184,824	2.89%	194,413	2.89%
Services	143,607	3.00%	205,743	3.70%	195,081	3.43%	243,148	3.80%	268,280	3.98%
All Other	138,984	2.90%	138,121	2.48%	117,629	2.07%	113,117	1.77%	85,088	1.25%
Total	\$ 4,788,945	100.00%	\$ 5,561,071	100.00%	\$ 5,686,830	100%	\$ 6,400,147	100.00%	\$ 6,732,316	100.00%

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

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

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

City of Eloy							
Fiscal Year	Local Sales		Construction	Restaurant and	Use Tax	State of Arizona	Pinal County
	Tax	Bed Tax	Sales Tax	Bar Tax		Tax (a)	Tax (b)
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%
2019	3.00%	7.00%	4.50%	6.00%	3.00%	5.60%	1.6%

(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.

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

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

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>State Shared Sales Tax</u>	<u>Urban Revenue Share</u>	<u>Franchise Tax</u>	<u>Vehicle License Tax</u>	<u>Total</u>
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
2019	6,732,316	1,929,908	2,321,242	187,525	1,165,241	12,336,232

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

CITY OF ELOY, ARIZONA
Collection of Excise Taxes and State Shared Revenues
Last Ten Fiscal Years

	Fiscal Year										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Excise Tax											
City Transaction Privilege (Sales) Tax (a)	\$ 3,711,792	\$ 4,510,943	\$ 4,574,495	\$ 4,308,390	\$ 4,728,762	\$ 4,234,434	\$ 4,826,718	\$ 4,984,591	\$ 5,553,842	\$ 5,635,291	
Charges for Services (b)	118,283	105,856	113,925	221,980	250,749	680,055	982,147	862,531	935,967	664,248	
Franchise Fees (c)	121,542	132,653	135,939	139,478	141,905	144,163	145,408	180,793	80,569	187,525	
Licenses and Permits (d)	311,252	415,189	361,173	374,593	421,266	276,596	439,952	306,849	432,800	396,681	
Subtotal Excise Taxes	\$ 4,262,869	\$ 5,164,641	\$ 5,185,532	\$ 5,044,441	\$ 5,542,682	\$ 5,335,248	\$ 6,394,225	\$ 6,334,764	\$ 7,003,178	\$ 6,883,745	
State Shared Revenues											
State Shared Income Tax	\$ 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	\$ 2,321,242	
State Shared Sales Tax	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	1,929,908	
Vehicle License Tax	696,980	682,530	703,979	724,822	774,269	831,046	900,658	919,942	1,021,579	1,165,241	
Subtotal State Shared Revenues	2,949,746	2,652,920	3,407,199	3,784,921	4,075,693	4,364,137	4,474,703	4,571,398	4,871,601	5,416,391	
Total Pledged Revenues	\$ 7,212,615	\$ 7,817,561	\$ 8,592,731	\$ 8,829,362	\$ 9,618,375	\$ 9,699,385	\$ 10,868,928	\$ 10,906,162	\$ 11,874,778	\$ 12,300,136	
\$ Change from Prior	\$ (2,262,578)	\$ 604,946	\$ 775,170	\$ 236,631	\$ 789,013	\$ 81,010	\$ 1,169,543	\$ 37,234	\$ 968,616	\$ 425,357	
% Change from Prior	-23.88%	8.39%	9.92%	2.75%	8.94%	0.84%	12.06%	0.34%	8.88%	3.58%	

- (a) The Mayor and Council of the City have the authority to set sales tax rates. The table above does not include rates imposed or dedicated by the Mayor and Council for the following specific purposes:
* A portion of the City's 4.50% transaction privilege (sales) tax on construction contracting activities approved by the Mayor and City Council the use of which is dedicated for street improvements;
* A portion of the City's 4.50% transaction privilege (sales) tax on construction contracting activities approved by the Mayor and City Council which is rebated back to the developer of a master planned community located within the City.
- (b) The City charges for services directly related to an individual's benefit. Examples of these charges include but are not limited to: park rental, recreation programs, administrative services provided to the City's Water, Sewer, and Refuse Utilities, and building and engineering services. Charges for services are administrative revenues designed to provide public services without taxing the general population for the cost of the service. The Mayor and City Council have the authority to review and establish new charges for services.
- (c) Franchise Fees are designations assigned to entities granted a right to use the City's right-of-way. The franchise fee is a percentage of gross revenue. The Mayor and City Council have the authority to negotiate these agreements. A franchise may be granted only with voter approval and the term of the franchise is limited to 25 years. The City has granted franchises to and imposed franchise fees on utility and cable television providers.
- (d) The City requires a business license of all business transacted within the City limits. The Mayor and City Council have the authority to set the business license fees.

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

Note: The categories presented are intended to provide alternative information regarding the source of the City's 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			
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	-	6,171,315	-	124,266	-	-	468,369	8,694,936	15,458,886	800	1.28
2019	-	6,005,663	-	-	-	-	440,293	11,257,073	17,703,029	945	1.37

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

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

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

CITY OF ELOY, ARIZONA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Jurisdiction	Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Casa Grande ESD #4	\$ 30,640,000	3.25%	\$ 995,800
Casa Grande UHS #82	17,060,000	44.83	7,647,998
Central Arizona College	73,535,000	4.23	3,110,531
Toltec ESD #22	1,265,000	41.58	525,987
Eloy ESD#11	1,075,000	12.80	137,600
Santa Cruz Valley UHS#840	3,110,000	56.23	1,748,753
Subtotal, overlapping debt	126,685,000		14,166,669
City direct debt	6,005,663	100%	6,005,663
Total direct and overlapping debt			\$ 20,172,332

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

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

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Secondary Assessed Value	\$ 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	\$ 104,248,341
20% Limitation (a)										
Debt Limit Equal to 20% of Assessed Valuation	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	20,849,668
Total Debt Applicable to 20% Limit	-	-	-	-	-	-	-	-	-	-
Legal 20% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 20,849,668</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6% Limitation (b)										
Debt Limit Equal to 6% of Assessed Valuation	\$ 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	\$ 6,254,900
Total Debt Applicable to 6% Limit	-	-	-	-	-	-	-	-	-	-
Legal 6% Debt Margin (Available Borrowing Capacity)	<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>	<u>\$ 6,254,900</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

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

Fiscal Year Ended June 30th	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	2,628,589	1,719,156	909,433	28,077	20,445	18.74

Fiscal Year Ended June 30th	Water Infrastructure Finance Authority Loans					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	4,016,206	2,356,924	1,659,282	655,946	158,328	2.04

Fiscal Year Ended June 30th	United States Department of Agriculture Loan					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	1,387,617	637,768	749,849	18,958	37,927	13.18

Fiscal Year Ended June 30th	Excise Tax and State Shared Revenue Bonds					
	General Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	12,300,136	10,771,921	1,528,215	155,000	232,965	3.94

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

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>
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%	5.8%
2017	17,198	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%
2019 (+)	18,742	440,591	12,120,678	27.51	1,609	8.5%	5.5%

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 2019 is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year.

2019 (+) amounts estimated for County Personal Income is based on an Bureau of Economic Analysis for personal income percent change from the proceeding year of 2.5%. Data was not released at the time of collection.

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

Employer	2019		2010	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Corporation Corrections of America	1,756	64.44%	925	49.79%
Eloy Elementary School District	140	5.14%	145	7.80%
City of Eloy	121	4.44%	122	6.57%
Travel Center of America	107	3.93%	96	5.17%
Schuff Steel	105	3.85%	-	-
Skydive Arizona	95	3.49%	98	5.27%
Republic Plastics	46	1.69%	-	-
Santa Cruz Valley Union High School District	73	2.68%	76	4.09%
Otto Plastics Arizona, LLC	59	2.17%	62	3.34%
Iron Skillet Restaurant	51	1.87%	58	3.12%
	2,553	93.69%	1,582	85.15%

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	
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
2019	31	42	17	6	10	9	3	3	121

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

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

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Registered Voters	3,314	*	3,322	*	3,810	3,735	4,418	4,911	5,302	5,045
Votes cast last primary election	638	*	891	*	*	1,872	1,157	2,688	1,438	*
Police										
Arrests	1,048	972	248	1,703	1,880	1,557	1,560	1,190	1,177	1,099
Citations	1,007	1,535	371	936	1,698	960	910	1,464	2,388	2,742
Traffic Stops	2,189	1,902	618	2,820	4,490	3,582	3,082	3,610	5,578	4,400
Officer Reports	3,717	3,435	1,031	3,401	3,021	2,463	1,387	2,713	3,366	2,223
Photo Enforcement - Notices Printed	1,172	2,383	1,525	1,451	1,358	72	-	-	-	-
Calls for Service	14,112	13,076	14,524	13,334	18,801	18,150	16,671	16,245	16,450	17,457
Highways & Streets										
Street resurfacing (miles)	4	3	1	1	6	23	7	3	2	13
Cold Mix for Potholes (tons)	168	197	145	96	192	240	226	288	288	166
Street sweeping (per 1,000 miles)	42	46	46	46	46	49	52	52	26	26
Water										
New Residential Connections	0	3	0	0	0	0	0	0	0	0
Line Breaks	204	177	69	87	27	35	51	37	40	95
Average Daily Consumption	1	1	1	1	1	1	1	1	1	1
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	490	490	490	600	450	490	495	450	450	475
Line cleaning (feet)	*	90,000	150,000	100,000	100,000	75,000	68,000	34,000	20,000	15,000
Line Plugs	54	58	22	43	27	21	39	18	15	44
Parks and Recreation										
Park Areas	9	9	9	9	10	10	10	10	10	10
Parkland Acreage	15	15	15	15	16.29	16.29	16.29	16.29	16.29	16.29
Playgrounds	6	6	6	6	6	6	6	6	6	6
Afterschool Program Participants	272	228	216	205	240	300	333	288	297	265
Aquatic Center Admissions	2,357	2,075	2,268	2,935	4,451	3,316	4,388	3,145	3,115	5,610

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	20	14	12	15	19	13	26	14	16	19
Building Permits-Residential	78	48	37	96	99	74	114	99	120	99
Housing Rehabilitations	7	12	1	4	4	6	5	4	5	11
Code Enforcement Cases	1,267	2,087	1,601	1,729	4,063	2,429	1,705	2,251	803	157
Planning Cases	50	24	25	32	32	31	24	28	25	26
Culture - Library										
Items in Collections	18,924	19,086	20,857	23,900	26,540	23,961	28,305	29,837	29,837	29,837
Total Items Circulated	16,544	32,281	35,398	35,867	28,187	28,075	26,610	26,228	26,228	26,228
Reference Transactions	817	858	975	991	940	937	903	943	943	943
Computer Uses (Hrs.)	16,544	17,490	17,481	23,107	22,267	18,996	18,207	11,880	11,880	11,880
Inter-Library Loan	1,821	2,204	2,274	3,629	5,618	7,807	7,217	7,602	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	12	12	12	12	15	11	14	13	14	13
Highways and Streets										
Streets (miles)	90	91	93	93	93	93	93	102	102	140
Streetlights	598	598	598	598	598	598	598	598	598	616
Street poles	575	575	598	598	598	598	598	598	598	332
Water										
Water mains (miles)	123	123	123	123	123	123	123	126	126	126
Fire hydrants	321	326	326	327	327	327	340	340	342	342
Sewer										
Sanitary Sewer (miles)	47	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	16	16	16	16	16	16
Number of Parks	9	9	9	9	9	9	10	10	10	10
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	2	2	2	2
Ball Fields	3	3	3	3	3	3	2	2	2	2

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

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