



City of Eloy, Arizona



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2014

628 North Main Street – Eloy, Arizona 85131

City of Eloy, Arizona



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

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

CITY OF ELOY, ARIZONA

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INTRODUCTORY SECTION

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

December 10, 2014

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

Arizona state law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with General Accepted Accounting Principles (GAAP) and audited in accordance with general accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Eloy, Arizona (the City), for the fiscal year ended June 30, 2014.

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 GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Heinfeld, Meech & Co., P.C., certified public accountants. 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, 2014 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, 2014 and are presented fairly in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

Additionally, the City is required to have an independent audit (“Single Audit”) of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona, or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. These reports are available in a separately issued Single Audit Report.

GAAP requires 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 auditor.

PROFILE OF THE CITY OF ELOY

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

The area surrounding the City began to carry the name of Eloy when a railroad switchyard was constructed by Southern Pacific Railroad to connect Tucson and Casa Grande in 1902. In 1918, during the period at the of World War I, three men W.L. Bernard, J.E. Meyer, and John Alsdorf purchased land with the idea to call the area Cotton City. After they purchased the land, they subdivided the land and began to grow cotton. In 1919, an application was made to establish a post office at which time the City founders favored the name Cotton City. However, this name was rejected by the Postal Service and the name Eloy was chosen instead.

The City officially incorporated in 1949 and was home to approximately 4,700 residents. In 1965, the Toltec area was annexed and increased the City’s incorporated area to 11 square miles. By the year 2000, the City had increased to 71 square miles and approximately 10,375 residents. As of June 2014, the incorporated city limits is 112.86 square miles with a planning area of 542 square miles and has an estimated population of 17,020.

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

The City operates under a Council-Manager form of government. Under this organization structure, the Mayor and Council appoint a city manager to act as the chief operating officer. The Mayor and City Council set policy direction and the city manager implements those policies in an efficient and effective manner. The City Manager is responsible for carrying out the policies and ordinances of the City Council as well as overseeing the day-to-day operations.

FINANCIAL INFORMATION

Internal Controls

The City is responsible for establishing and maintaining a system of internal budgetary controls which are designed to ensure compliance with legal provisions of the annual budget adopted by the City Council.

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

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

Budgetary Controls

The City, like many cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20(1) of the Arizona Constitution sets limits on the City's legal budget capacity.

The City operates under the Home Rule Option that must be adopted by the local voters every four years. Home Rule allows the Mayor and Council, as part of the annual budget process, to adopt an Alternative Expenditure Limitation equal to the total amount of budgeted expenditures/expenses as it appears on the annual budget to be adopted each year after a public hearing at which the citizens of the City may comment. The City last adopted the Local Alternative Expenditure Limitation in March 2010 to be used through June 30, 2014. Under the Local Alternative Expenditure Limitation, the City is allowed to adjust the state imposed expenditure base from \$11,207,648 to \$74,720,595 for fiscal year 2013-2014.

The City maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual operating budget adopted by the City Council. An operating budget is legally adopted by ordinance each fiscal year for the General fund, debt service, enterprise funds and several special revenue funds. 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. After final adoption, transfers between budget appropriations for non-exempt areas may be made by the City Council.

The City is subject to the State of Arizona’s Spending Limitations 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 fiscal year.

ECONOMIC CONDITIONS AND OUTLOOK

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 of Eloy operates.

The economy of Eloy is a diverse combination of agriculture, manufacturing, commercial, private prisons, and service activities. The local tax base is mainly located along Interstate 10 which is supported by restaurants, truck stops and local businesses. Local indicators are pointing to continued stability. All local excise taxes, state-shared revenue, state income tax and highway user revenue have increased over the last several years.

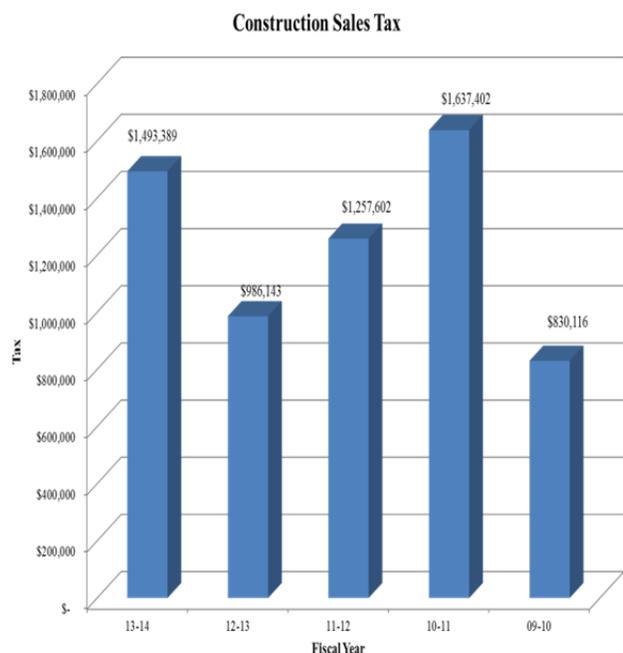
The City’s population has increased 61% since 2000. According to the Arizona Department of Administration, Office of Employment & Population Statistics, Eloy’s population is estimated at 17,020 as of July 1, 2013. Much of this growth, since 2000, is due to the continual development of Robson Ranch and the building of three private prisons which are managed by Corporation Corrections of America (CCA) since 2000. These two developments have helped Eloy’s economy remain stable when much of the State was recovering from the recent recession.

Local sales tax, also known as city sales tax, indicators have been mixed since 2009. Local sales taxes are comprised of retail, construction, restaurant/bar, hotel/motel, and other taxing categories. Local sales tax revenues comprise approximately 45% of General Fund revenues. Since 2009-2010, local sales taxes have decreased 14.48% or \$933,361. This decline is due to the construction industry and economic development projects slowing. In 2013-14, local sales collections were \$5,513,225 or \$726,630 more than that of the prior year. Much of this fluctuation from local sales taxes is driven from the collection of construction sales tax.

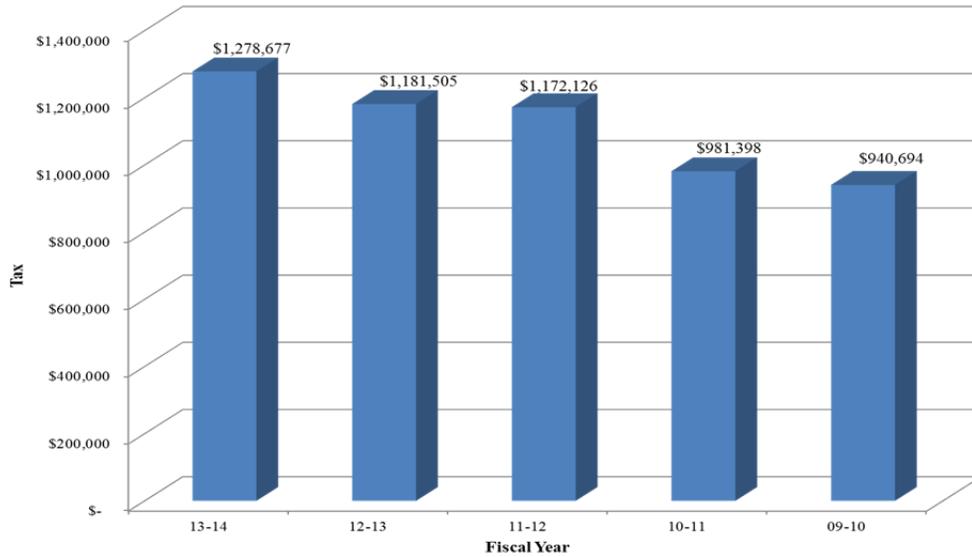
Construction Sales Tax represents the largest taxing source from the City’s local tax base. The tax rate is 4.5% with 3.0% dedicated to one-time capital projects and 1.5% dedicated to Street Improvements.

It is also the most volatile and unstable tax. The graph to the right shows the fluctuations in construction sales tax collected from 2009-2014. In 2013-2014, construction sales tax was \$1,493,389 or 27% of overall tax collected.

The City of Eloy does not budget construction sales tax into the operations of city services, but uses this one-time revenue source to fund capital projects or one-time expenses.



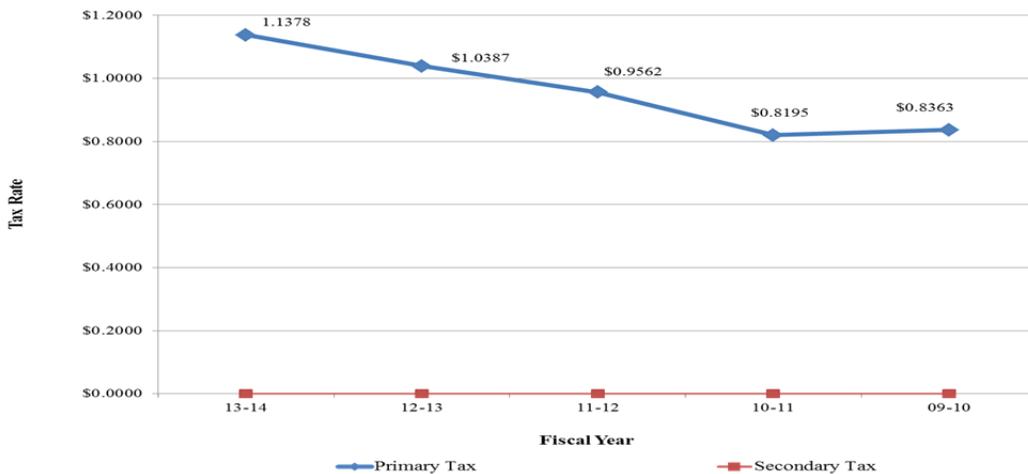
Retail Sales Tax



Retail sales tax is collected on items such as supplies, tools, clothing, materials, and etc. The tax rate for retail sales is 3%.

Since 2009, retail sales tax has increased 26% over the last five years. A few contributing factors are from two new private prisons being built, continual residential growth in Robson Ranch, and expansion in the retail economy.

Property Tax



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

Eloy has a primary property tax rate only. Currently, there is no secondary property tax rate. The primary property tax increased from 1.0387 in 2012-2013 to 1.1178 in 2013-2014 per \$100 of assessed valuation.

LONG-TERM FINANCIAL PLANNING

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

The City is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility. The City has completed several major capital projects this past year which include:

- The City completed the construction of two-taxi lanes at the Airport for an amount of \$230,211.
- The City completed 2.6 miles of double chip seal road work in the Toltec area. A total of five streets were double chipped sealed at a cost of \$199,502.
- The City purchased a Ford truck for the Parks Department, two Ford Escapes for Community Development, a Chevrolet Cruz for Recreation, a Chevrolet Impala for Administration and a Ford F550 truck for the Water Department for an amount of \$142,806. The City maintains a vehicle replacement plan for its fleet.
- The City completed the construction of a new 16 inch-water line along a new alignment of Houser Road, pump station 2 improvements, and a 12-inch water line along Toltec Road. The total cost of this project is \$3,565,000 with \$2,671,283 being spent in 13-14.
- The City completed construction of Battaglia Road from 11 Mile Corner to Sunshine Blvd for amount of \$529,803.
- The City completed the construction of Toltec Road from Highway 84 to I-10 for amount of \$353,425.
- The City completed 1.96 miles of double chip seal road work on Houser Road from Highway 84 to 11 mile corner for a cost of \$290,267.
- The City completed closing of the sludge handling basin with construction of a new sludge basin for a cost of \$603,492.

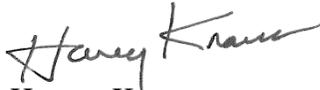
Awards and Acknowledgements

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, 2013. This was the second year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

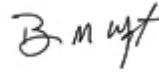
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Harvey Krauss
Interim City Manager



Brian M. Wright
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Eloy

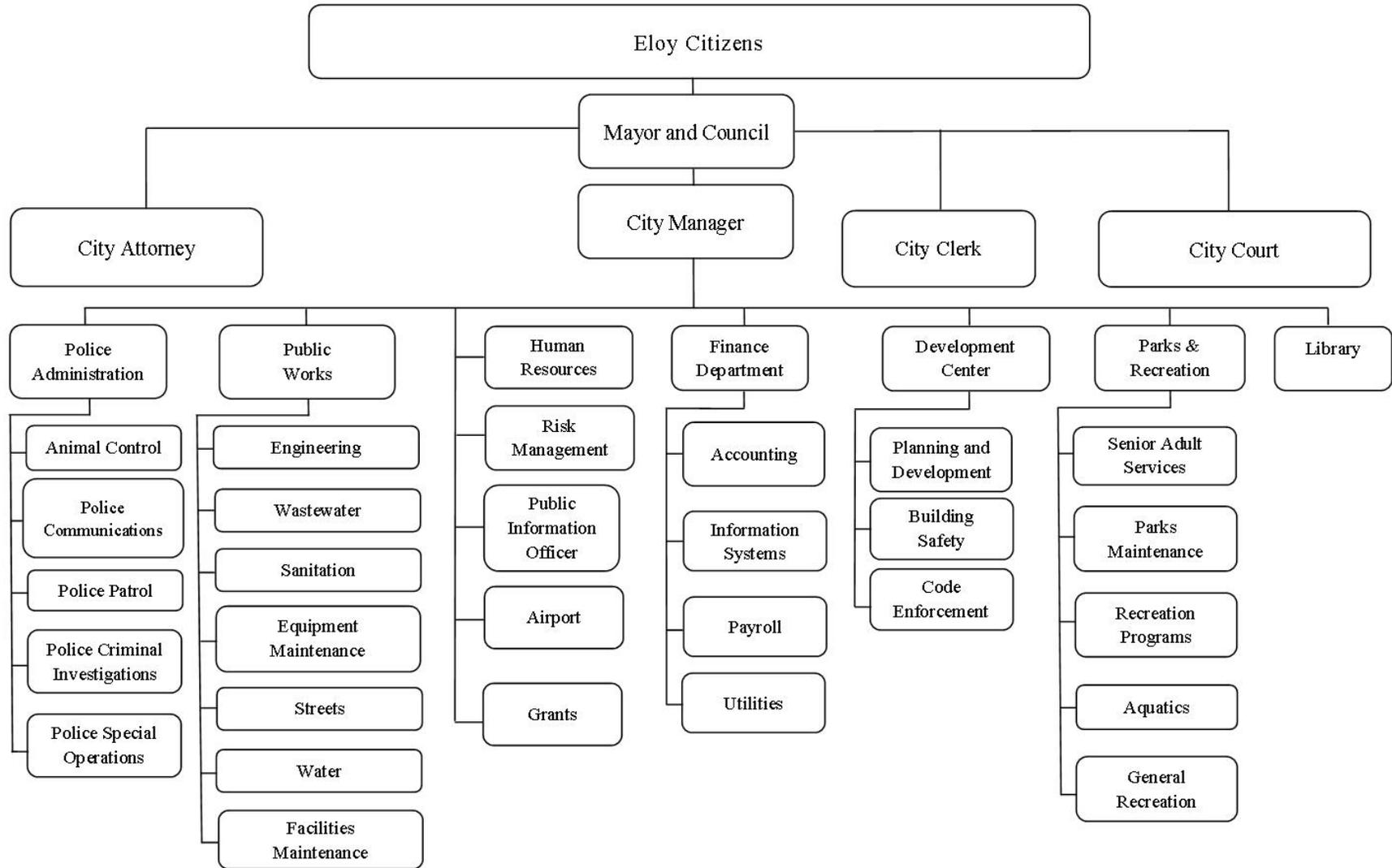
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Eloy Organizational Chart



CITY OF ELOY



List of Elected and Principal Officials for Fiscal Year Ended June 30, 2014

City Council

Joseph Nagy

Mayor

Joel G. Belloc

Vice Mayor

Belinda Akes

Etta Ruth Amerson

Micah Powell

Augustine Saucedo

J.W. Tidwell

City Manager

Harvey Krauss

Finance Director

Brian Wright

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Eloy, Arizona (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Eloy, Arizona, as of June 30, 2014, 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. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, 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 on pages 5 through 18 and budgetary comparison information on pages 68 through 72 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of City of Eloy, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Eloy, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

December 10, 2014

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

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**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

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, 2014. 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 2014 as follow:

- The assets of the City of Eloy exceeded its liabilities at the close of the most recent fiscal year by \$46,841,384 (net position). Of this amount, \$13,517,297 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- General revenues from governmental activities, excluding transfers, accounted for \$10,735,634 or 70% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,524,053 or 30% of total governmental activities revenues. The City had \$4,511,268 of program revenues and \$1,726 in general revenues related to business-type activities.
- As of the close of the current fiscal year, the City of Eloy governmental funds reported the combined ending fund balances of \$20,329,064, a decrease of \$219,872 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$12,042,236 or 142% of the total general fund expenditures.
- As of June 30, 2014, the net capital assets for the City of Eloy were \$40,566,592, an increase of \$3,804,386 from the prior year. Governmental activities increased by \$1,350,555 while business-type activities increased by \$2,453,830.
- General Fund revenues exceeded expenditures by \$2,854,994 before transfers. After transfers of \$1,781,417, a positive change in fund balance occurred in the amount of \$1,073,577. This positive change was due to local sales tax and permits & fees exceeding budget estimates along with conservative spending and fiscal constraints.
- Total business-type revenues exceeded total business-type expenditures (excluding transfers and capital contributions) by \$72,381 due to rate and fee increases to the water and sewer funds.
- The current year net loss before transfers in the HURF Fund was \$1,511,563 due to the road improvements to Battaglia Road, Toltec Road and Houser Road.

**CITY OF ELOY, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Government-wide Financial Statements

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

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

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

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

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

Fund Financial Statements

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

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

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

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

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

Notes to the financial statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-65 of this report.

Required supplementary information other than MD&A – Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the fund financial statements or as required supplementary information after the notes. The City has chosen to present these budgetary statements as part of the required supplementary information after the notes. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed this information starting with Note 14 (pages 62-65) of the financial statements.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis present a summary of the City's net position for the fiscal years ended June 30, 2014 and June 30, 2013.

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and Other Assets | \$ 21,335,835 | \$ 24,616,650 | \$ 3,356,845 | \$ 3,167,593 | \$ 24,692,680 | \$ 27,784,243 |
| Capital Assets | 21,557,960 | 20,207,405 | 19,008,632 | 16,554,801 | 40,566,592 | 36,762,206 |
| Total Assets | 42,893,795 | 44,824,055 | 22,365,477 | 19,722,394 | 65,259,272 | 64,546,449 |
| Current Liabilities | 1,257,345 | 4,305,656 | 876,837 | 1,176,419 | 2,134,182 | 5,482,075 |
| Noncurrent Liabilities | 3,369,061 | 3,457,149 | 12,914,645 | 11,471,301 | 16,283,706 | 14,928,450 |
| Total Liabilities | 4,626,406 | 7,762,805 | 13,791,482 | 12,647,720 | 18,417,888 | 20,410,525 |
| Net Position: | | | | | | |
| Net Investments in Capital Assets | 18,543,869 | 16,961,904 | 9,575,240 | 8,089,091 | 28,119,109 | 25,050,995 |
| Restricted | 4,489,679 | 4,624,572 | 715,299 | 559,631 | 5,204,978 | 5,184,203 |
| Unrestricted | 15,233,841 | 15,474,774 | (1,716,544) | (1,574,048) | 13,517,297 | 13,900,726 |
| Total Net Position | \$ 38,267,389 | \$ 37,061,250 | \$ 8,573,995 | \$ 7,074,674 | \$ 46,841,384 | \$ 44,135,924 |

The largest portion of the City's net position (57%) reflects its investment in capital assets (e.g. land, building, infrastructure, vehicles, and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported of net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,517,297 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The following are significant current year transactions that had an impact on the change in net position.

- Completed construction of a new 16-inch water line along Houser Road and improvements to Pump station 2.
- Reconstruction of Battaglia Road from 11 Mile Corner to Sunshine Blvd.
- Reconstruction of Toltec Road from Highway 84 to I-10.
- Completion of the reroofing project at Troy Thomas Community Center.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in Net Position

The City's total revenue for the year ended June 30, 2014 was \$19,772,681. The total cost of all programs and services was \$17,067,221. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|------------------------------------|-------------------------|----------------------|--------------------------|---------------------|---------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,181,715 | \$ 1,109,237 | \$4,505,098 | \$ 4,164,954 | \$ 5,686,813 | \$ 5,274,191 |
| Operating Grants and Contributions | 1,963,469 | 1,891,725 | | | 1,963,469 | 1,891,725 |
| Capital Grants and Contributions | 1,378,869 | 572,622 | 6,170 | 10,688 | 1,385,039 | 583,310 |
| General Revenue: | | | | | | |
| City Sales Tax | 5,516,526 | 4,797,681 | | | 5,516,526 | 4,797,681 |
| Property Taxes | 918,511 | 897,160 | | | 918,511 | 897,160 |
| Franchise Taxes | 141,905 | 139,478 | | | 141,905 | 139,478 |
| Share of State Income Tax | 1,853,736 | 1,698,821 | | | 1,853,736 | 1,698,821 |
| Share of State Sales Tax | 1,447,688 | 1,361,278 | | | 1,447,688 | 1,361,278 |
| County Auto Lieu Tax | 774,269 | 724,822 | | | 774,269 | 724,822 |
| Investment Earnings (losses) | 49,941 | 56,673 | 1,726 | 1,748 | 51,667 | 58,421 |
| Other Revenue | 33,058 | 56,513 | | | 33,058 | 56,513 |
| Total Revenues | \$ 15,259,687 | \$ 13,306,010 | \$4,512,994 | \$ 4,177,390 | \$19,772,681 | \$ 17,483,400 |
| EXPENSES | | | | | | |
| Program Expenses: | | | | | | |
| General Government | \$ 3,323,730 | \$ 2,535,814 | | | \$ 3,323,730 | \$ 2,535,814 |
| Public Safety | 4,004,661 | 4,141,860 | | | 4,004,661 | 4,141,860 |
| Public Works | 2,221,837 | 2,007,422 | | | 2,221,837 | 2,007,422 |
| Culture and Recreation | 1,380,982 | 1,290,178 | | | 1,380,982 | 1,290,178 |
| Community Development | 1,119,187 | 805,789 | | | 1,119,187 | 805,789 |
| Health and Welfare | 260,682 | 147,876 | | | 260,682 | 147,876 |
| Interest on Long-Term Debt | 83,892 | 79,484 | | | 83,892 | 79,484 |
| Water | | | 1,961,170 | 1,921,729 | 1,961,170 | 1,921,729 |
| Sewer | | | 1,213,669 | 1,275,294 | 1,213,669 | 1,275,294 |
| Sanitation | | | 1,497,411 | 1,498,467 | 1,497,411 | 1,498,467 |
| Total Expenses | 12,394,971 | 11,008,423 | 4,672,250 | 4,695,490 | 17,067,221 | 15,703,913 |
| Excess before Transfers | 2,864,716 | 2,297,587 | (159,256) | (518,100) | 2,705,460 | 1,779,487 |
| Transfers | (1,658,577) | (707,671) | 1,658,577 | 707,671 | | |
| Change in Net Position | 1,206,139 | 1,589,916 | 1,499,321 | 189,571 | 2,705,460 | 1,779,487 |
| Net Position, Beginning | 37,061,250 | 35,471,334 | 7,074,674 | 6,885,103 | 44,135,924 | 42,356,437 |
| Net Position, Ending | \$ 38,267,389 | \$ 37,061,250 | \$8,573,995 | \$ 7,074,674 | \$46,841,384 | \$ 44,135,924 |

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

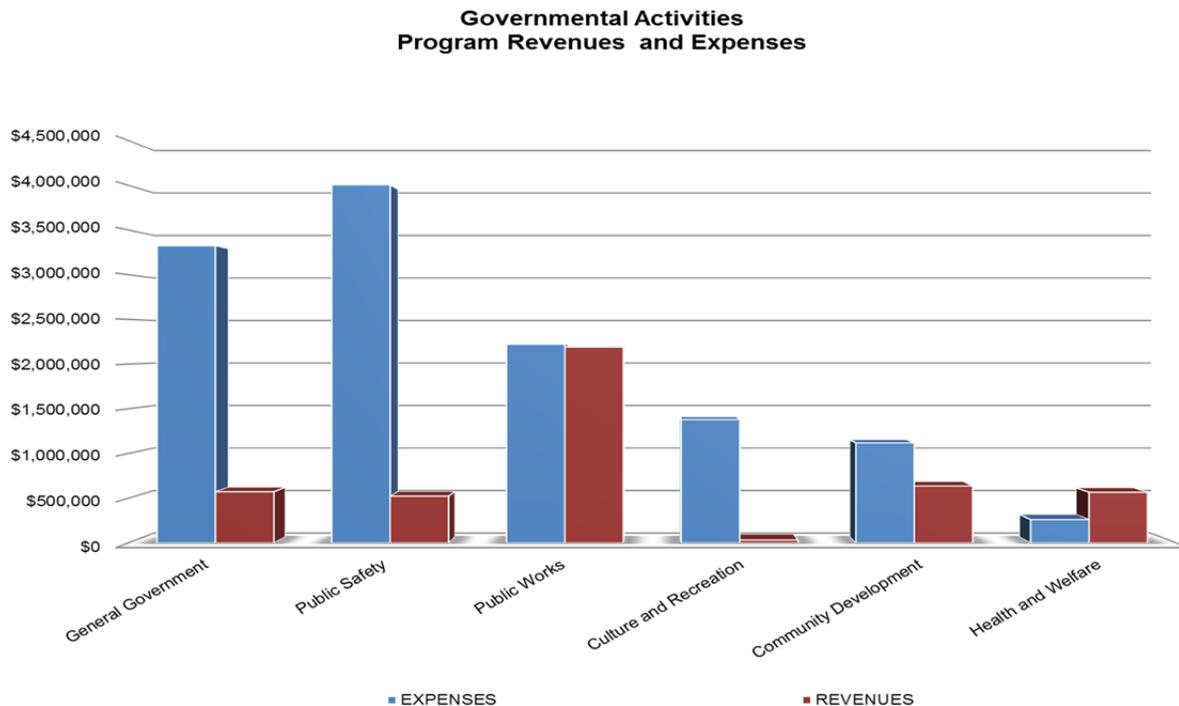
Government Activities

During the year, net position for governmental activities increased \$1,206,139 from the prior fiscal year, which was \$383,777 less (-24%) than the change in net position last year.

Significant variances between fiscal year 2014 and 2013 program revenues are explained below:

- Capital grants and contributions increased \$801,729 or 137% over the prior fiscal year. The increase resulted from the City received and expended federal grant awards during the fiscal year pertaining to Airport Improvements and Community Development Block Grant (CDBG) grant programs.
- General revenues increased \$1,003,208 to \$10,735,634, which comprised 70% of all governmental activities revenue sources. Explanations for the primary impacts follow:
 - City Sales taxes were \$718,845 more (15%) than last year. The increase was primary attributable to an increase in construction sales tax and retail tax.
 - State shared income tax revenues were \$154,915 more (9%) than last year. The State distributes these revenues based upon proportional population figures.

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



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

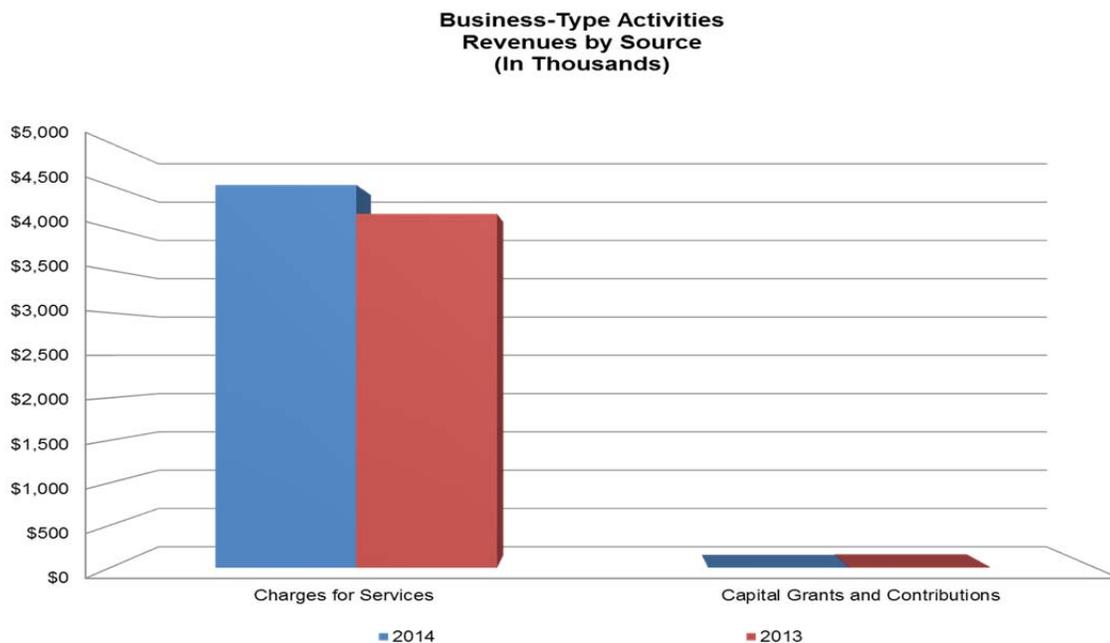
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Business-Type Activities

Business-Type activities increased the City's net position by \$1,499,321 in fiscal year 2014. Last year, the change in net position was a positive \$189,571, a difference of \$1,309,750 when compared to the current year change.

Significant variances between fiscal year 2014 and 2013 program revenues are explained below:

- Charges for services were \$340,144 more (8%) than last year. The primary cause was due to increases to the water and sewer rates in July 2013 and January 2014.
- Transfers were \$950,906 more (134%) than last year. The primary cause for the increase was due to the General Fund subsidizing the Houser Water Line Project.



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

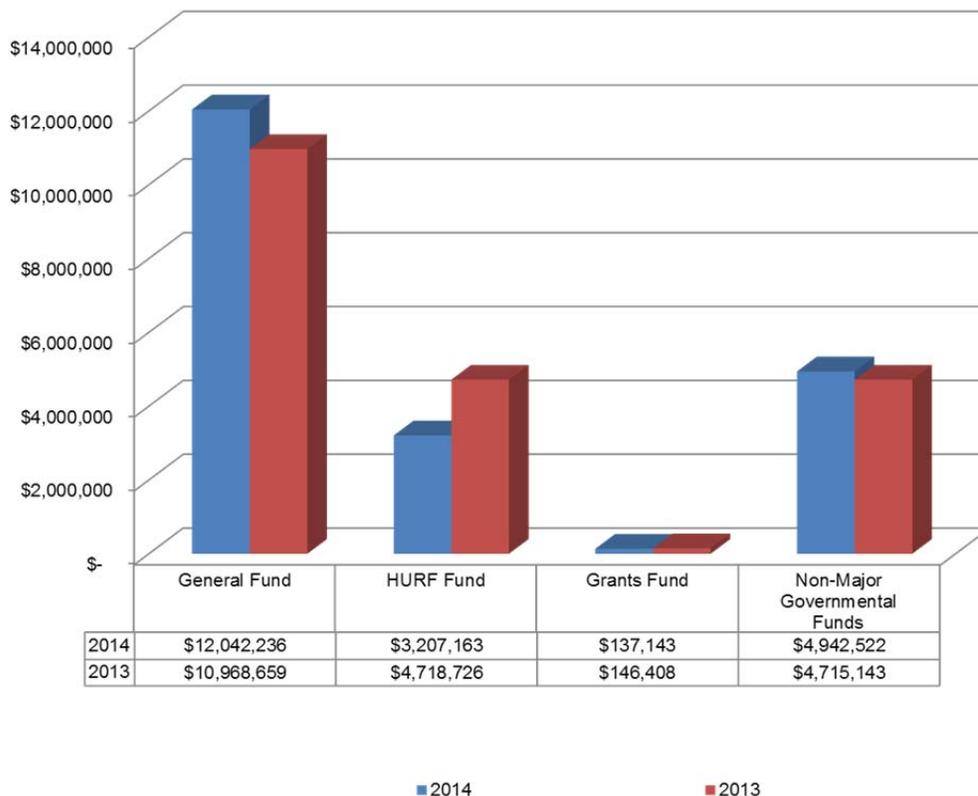
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

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

For fiscal year ending June 30, 2014, the governmental funds reflect a combined fund balance of \$20,329,064, a decrease of \$219,872 compared to last fiscal year. Approximately 59% of this total amount, \$12,042,236, constitutes fund balance of the General Fund, which is available for contribution to assigned or committed fund balance.

Governmental Fund Balances



**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Cont'd)

The General Fund is the principal operating fund of the City and accounts for many functions of the government, including public safety, culture and recreation, and general government. The General Fund revenues total \$11,313,347 for fiscal year ending June 30, 2014. The expenditures before other financing sources and uses totaled \$8,458,353.

The net change of fund balance for the General Fund was \$1,073,577 after other financing sources and uses. This positive change was due to fiscal spending constraints, conservative budgeting forecasts, along with an increase in revenue from taxes, permits and fees and intergovernmental revenue.

The Highway User Revenue Fund (HURF) is required by state statute to track the state allocation of gasoline taxes and other state revenues shared with local governments and are required to be used for transportation purposes. Revenues in this fund totaled \$1,720,550, while expenses totaled \$3,232,113 for the fiscal year ending June 30, 2014. The net change of fund balance for the HURF Fund, prior to transfers, was a negative \$1,511,563. The primary causes of this negative decrease were road projects to Battaglia Road, Toltec Road and Houser Road.

In the Grants fund, the net change in fund balance for June 30, 2014 was a negative \$9,265. This negative variance is due from the City completing grants which the funds were received in the prior fiscal year.

Other non-major governmental funds of the City include the Airport Fund, LTAF Fund, Impact Fee Fund, Public Works Fund, JCEF Fund, Court Recovery Fund, Cemetery Fund, and Capital Projects Fund. All non-major funds of the City are combined into one column on the governmental fund statements. The fund balance for all other major governmental funds has increased by \$227,379. This increase can be attributed to impact fees and airport revenue.

Proprietary Funds

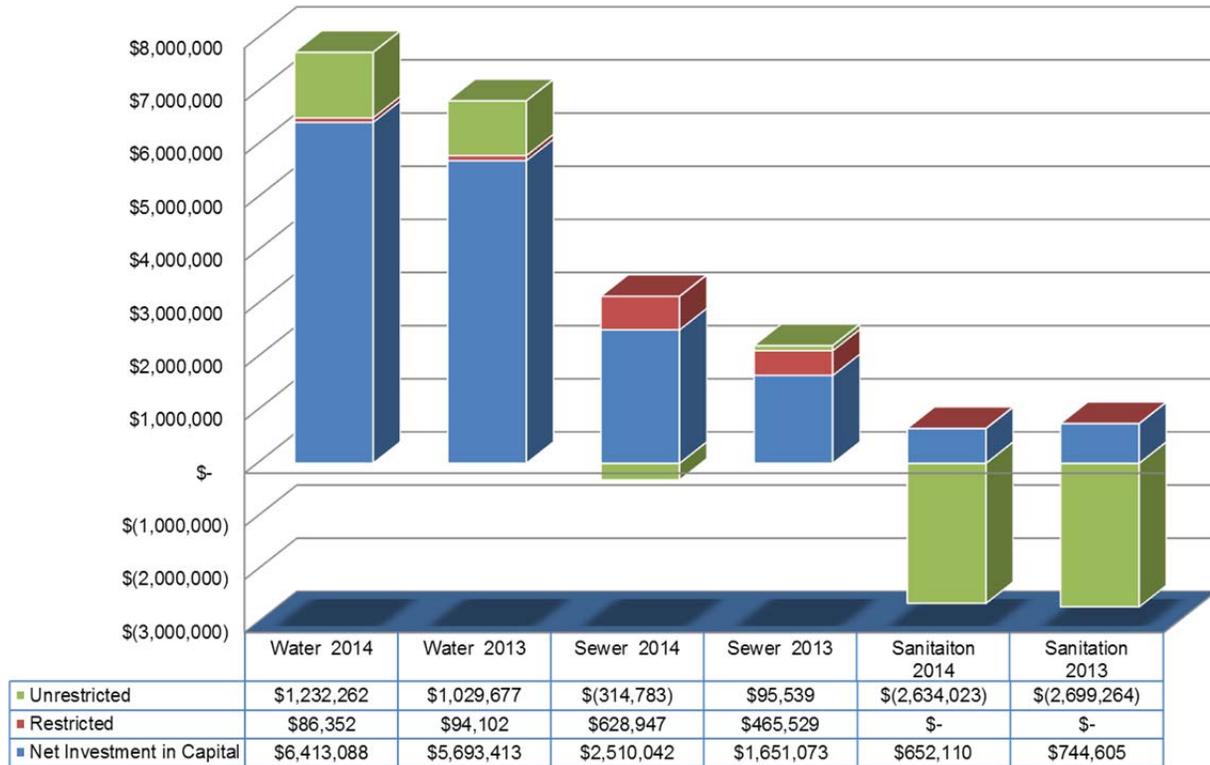
The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown discreetly on the fund statements.

Net position of the Proprietary Funds was \$8,573,995 as of June 30, 2014. Total revenues in fiscal year 2014 were \$4,506,824, while total expenses totaled \$4,672,250 resulting in an operating loss of \$165,426 before transfers

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Cont'd)

Proprietary Fund's Net Position



BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 68-72. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see page 51 for more information on budget policies). No amendments increasing the City's total adopted budget of \$74,720,595 occurred during fiscal year 2014. Budget amendments between funds or from budgeted contingencies into operational expense/expenditures accounts did not occur.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

BUDGETARY HIGHLIGHTS (Cont'd)

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

- General Fund expenditures of \$8,458,353 were only 84% of budgeted expenditures. Reduced expenditures and unfunded personnel resulted from unspent budget items.
- In the Highway User Revenue Fund, expenditures were 35% under budget yielding a \$1,775,662 positive variance from budget to actual. This is primary due to forgoing the reconstruction of Tryon Street and lower than anticipated street maintenance expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the City had invested \$28,119,109 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 \$40,566,592. This is a net increase of \$3,804,386. There was an increase in capital assets of \$1,350,555 within governmental activities. In addition, business-type activities increased \$2,453,830.

The following table provides a breakdown of capital assets of the City at June 30, 2014 and 2013. Additional information on the City's capital assets can be found in Note 6 on pages 53-54.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 7,151,128 | \$ 7,118,128 | \$ 347,468 | \$ 347,468 | \$ 7,498,596 | \$ 7,465,596 |
| Land Improvements | 416,444 | 427,703 | | | 416,444 | 427,703 |
| Construction In Progress | 81,026 | 206,208 | | 594,022 | 81,026 | 800,230 |
| Buildings and Improvements | 4,534,943 | 4,442,780 | 1,623 | 1,713 | 4,536,566 | 4,444,493 |
| Infrastructure | 7,321,566 | 5,780,833 | | | 7,321,566 | 5,780,833 |
| Furniture, equipment and vehicles | 2,052,853 | 2,231,753 | 876,880 | 910,144 | 2,929,733 | 3,141,897 |
| Sewer lines and equipment | | | 8,680,031 | 8,383,749 | 8,680,031 | 8,383,749 |
| Water lines and equipment | | | 9,102,630 | 6,317,705 | 9,102,630 | 6,317,705 |
| Total | \$ 21,557,960 | \$ 20,207,405 | \$ 19,008,632 | \$ 16,554,801 | \$ 40,566,592 | \$ 36,762,206 |

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont'd)

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

- The City purchased six vehicles for an amount of \$142,806.
- The City completed the construction of a new 16-inch water line and improvements to pump station 2 for amount of \$2,671,283.
- The City completed 2.6 miles of double chip seal of residential roadways for an amount of \$199,502.
- The City completed 1.0 miles of reconstruction on Battaglia Road for an amount of \$529,803.
- The City completed the reconstruction of Toltec Road from I-10 to Highway 84 for an amount of \$353,425.
- The City completed 1.96 miles of double chip seal on Houser Road from Highway 84 to 11 Mile Corner for an amount of \$290,267.
- The City completed the construction of two taxi lanes at the Airport for an amount of \$230,211.
- The City completed the Sludge Basin project for an amount of \$603,492.

Long-term Debt

The City's outstanding long-term debt, including bonds, notes, leases, and compensated absences, was \$13,145,622 at June 30, 2014. Of this total, \$3,658,819 was in governmental activities. All outstanding debt is secured by pledges of specific revenue sources of the City.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2014 and 2013.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|----------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenue Bonds | \$ | \$ | \$ 568,870 | \$ 591,300 | \$ 568,870 | \$ 591,300 |
| Notes Payable | 3,001,503 | 3,208,932 | 8,864,522 | 7,526,943 | 11,866,025 | 10,735,875 |
| Capital Leases | 12,587 | 36,569 | | | 12,587 | 36,569 |
| Compensated Absences | 644,729 | 492,287 | 53,411 | 49,970 | 698,140 | 542,257 |
| | <u>\$3,658,819</u> | <u>\$ 3,737,788</u> | <u>\$ 9,486,803</u> | <u>\$8,168,213</u> | <u>\$13,145,622</u> | <u>\$ 11,906,001</u> |

During 2014, business-type activities of the City completed construction of the Houser Water Line Project closing out WIFA Loan 920216-12.

Additional information on the City's long-term debt can be found in Note 8 on pages 55-60.

**CITY OF ELOY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's officials have considered many factors during the process of developing the budget for fiscal year 2014-2015. Four primary factors were considered when developing the budget. Those were the elimination of the Food Tax for home base consumption, the increasing cost to conduct business, aging infrastructure and failure of roadways. Also, considered in the development of the budget was the local economy. The adopted fiscal year 2014-2015 budget expects General Fund revenues to decrease \$119,085. The primary cause of the decrease is due to the elimination of the Food Tax for home base consumption. The Food Tax went from 3% to 0%. The overall budget, fiscal year 2014-2015 is expected to increase by \$3,299,580 over fiscal year 2013-2014. The primary reasons for this increase were in the Water & Wastewater Improvements Fund of \$2,500,000 and in the Sanitation Fund of \$1,818,075. The City is expecting an increase in population of approximately 1.0% in the upcoming year. The unemployment rate in Eloy should remain stable at 13.40%, which is above the national average of 6.1% and Pinal County of 8.1%. These indicators were considered when adopting the budget for fiscal year 2014-2015.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the City of Eloy, Arizona's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information, contact the Finance Department, City of Eloy, 624 North Main Street, Eloy, AZ 85131.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF ELOY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and Cash Equivalents | \$ 19,859,874 | \$ 2,263,100 | \$ 22,122,974 |
| Other Receivables | 7,466 | | 7,466 |
| Property Taxes Receivable | 45,326 | | 45,326 |
| Due from Governmental Entities | 1,014,834 | | 1,014,834 |
| Accounts Receivable (Net of Allowance) | | 606,188 | 606,188 |
| Inventory | | 111,190 | 111,190 |
| Internal Balances | 338,932 | (338,932) | |
| Total current assets | <u>21,266,432</u> | <u>2,641,546</u> | <u>23,907,978</u> |
| Noncurrent assets: | | | |
| Restricted Cash and Investments | 69,403 | 715,299 | 784,702 |
| Capital Assets, Non-Depreciable | 7,232,154 | 347,468 | 7,579,622 |
| Capital Assets, Depreciable (Net) | 14,325,806 | 18,661,164 | 32,986,970 |
| Total noncurrent assets | <u>21,627,363</u> | <u>19,723,931</u> | <u>41,351,294</u> |
| Total assets | <u>42,893,795</u> | <u>22,365,477</u> | <u>65,259,272</u> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts Payable | 464,201 | 122,079 | 586,280 |
| Accrued Salaries and Wages Payable | 429,656 | 36,095 | 465,751 |
| Customer Deposits | | 142,684 | 142,684 |
| Obligations Under Capital Leases | 12,587 | | 12,587 |
| Bonds Payable | | 23,459 | 23,459 |
| Loans Payable | 212,698 | 443,334 | 656,032 |
| Compensated Absences | 64,473 | 5,341 | 69,814 |
| Interest Payable | | 103,495 | 103,495 |
| Other Current Liabilities | 73,730 | 350 | 74,080 |
| Total current liabilities | <u>1,257,345</u> | <u>876,837</u> | <u>2,134,182</u> |
| Noncurrent liabilities: | | | |
| Noncurrent Portion of Long-Term Obligations | 3,369,061 | 12,914,645 | 16,283,706 |
| Total noncurrent liabilities | <u>3,369,061</u> | <u>12,914,645</u> | <u>16,283,706</u> |
| Total liabilities | <u>4,626,406</u> | <u>13,791,482</u> | <u>18,417,888</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 18,543,869 | 9,575,240 | 28,119,109 |
| Restricted for: | | | |
| Debt Service | | 715,299 | 715,299 |
| Highways and Streets | 2,354,568 | | 2,354,568 |
| Grants | 137,143 | | 137,143 |
| Capital Projects | 1,869,855 | | 1,869,855 |
| Other Purposes | 128,113 | | 128,113 |
| Unrestricted | 15,233,841 | (1,716,544) | 13,517,297 |
| Total net position | <u>\$ 38,267,389</u> | <u>\$ 8,573,995</u> | <u>\$ 46,841,384</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, 2014**

| 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 | \$ 3,323,730 | \$ 572,950 | \$ | \$ | \$ (2,750,780) |
| Public Safety | 4,004,661 | 85,214 | 257,960 | 180,460 | (3,481,027) |
| Public Works | 2,221,837 | 131,316 | 1,703,739 | 356,880 | (29,902) |
| Community Development | 1,119,187 | 361,925 | | 274,751 | (482,511) |
| Health and Welfare | 260,682 | | | 566,778 | 306,096 |
| Culture and Recreation | 1,380,982 | 30,310 | 1,770 | | (1,348,902) |
| Interest on Long Term Debt | 83,892 | | | | (83,892) |
| Total governmental activities | <u>12,394,971</u> | <u>1,181,715</u> | <u>1,963,469</u> | <u>1,378,869</u> | <u>(7,870,918)</u> |
| Business-type activities: | | | | | |
| Water | 1,961,170 | 1,893,647 | | | |
| Sewer | 1,213,669 | 1,141,294 | | 6,170 | |
| Sanitation | 1,497,411 | 1,470,157 | | | |
| Total business-type activities | <u>4,672,250</u> | <u>4,505,098</u> | | <u>6,170</u> | |
| Total primary government | <u>\$ 17,067,221</u> | <u>\$ 5,686,813</u> | <u>\$ 1,963,469</u> | <u>\$ 1,385,039</u> | <u>(7,870,918)</u> |

General revenues:

| | |
|---|--------------------|
| Taxes: | |
| Sales Taxes | 5,516,526 |
| Propert Taxes Levied for General Purposes | 918,511 |
| Franchise Taxes | 141,905 |
| County Auto Lieu Tax | 774,269 |
| State Shared Revenues | 3,301,424 |
| Investment Income | 49,941 |
| Other Revenues | 33,058 |
| Transfers | <u>(1,658,577)</u> |
| Total general revenues and transfers | <u>9,077,057</u> |

| | |
|--|----------------------|
| Changes in net position | 1,206,139 |
| Net position, beginning of year | <u>37,061,250</u> |
| Net position, end of year | <u>\$ 38,267,389</u> |

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

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FUND FINANCIAL STATEMENTS

**CITY OF ELOY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | General | Highway User Revenue Fund | Grants |
|--|--------------------------|------------------------------|-----------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 11,731,679 | \$ 3,173,088 | \$ |
| Restricted Cash and Investments | 69,403 | | |
| Other Receivables | 225 | | |
| Property Taxes Receivable | 45,326 | | |
| Due from Governmental Entities | 489,352 | 151,443 | 374,039 |
| Due from Other Funds | 501,279 | | |
| Total assets | \$ 12,837,264 | \$ 3,324,531 | \$ 374,039 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 272,093 | \$ 101,258 | \$ 71,164 |
| Accrued Salaries and Wages Payable | 410,021 | 16,110 | 3,385 |
| Due to Other Funds | | | 162,347 |
| Other Current Liabilities | 73,730 | | |
| Total liabilities | 755,844 | 117,368 | 236,896 |
| Deferred inflows of resources: | | | |
| Unavailable Revenue - Property Taxes | 39,184 | | |
| Fund balances: | | | |
| Restricted | | 2,354,568 | 137,143 |
| Committed | | 852,595 | |
| Assigned | | | |
| Unassigned | 12,042,236 | | |
| Total fund balances | 12,042,236 | 3,207,163 | 137,143 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 12,837,264 | \$ 3,324,531 | \$ 374,039 |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------------------|
| \$ 4,955,107 | \$ 19,859,874 |
| 7,241 | 69,403 |
| | 7,466 |
| | 45,326 |
| | 1,014,834 |
| | 501,279 |
| <u>\$ 4,962,348</u> | <u>\$ 21,498,182</u> |
| | |
| \$ 19,686 | \$ 464,201 |
| 140 | 429,656 |
| | 162,347 |
| | 73,730 |
| <u>19,826</u> | <u>1,129,934</u> |
| | |
| | <u>39,184</u> |
| | |
| 2,116,347 | 4,608,058 |
| 962,548 | 1,815,143 |
| 1,863,627 | 1,863,627 |
| | 12,042,236 |
| <u>4,942,522</u> | <u>20,329,064</u> |
| | |
| <u>\$ 4,962,348</u> | <u>\$ 21,498,182</u> |

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total governmental fund balances **\$ 20,329,064**

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

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

| | | |
|-------------------------------|--------------------|------------|
| Governmental capital assets | \$ 29,381,054 | |
| Less accumulated depreciation | <u>(7,823,094)</u> | 21,557,960 |

| | | |
|--|--|--------|
| Property taxes collected 60 days after fiscal year end will not be available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds | | 39,184 |
|--|--|--------|

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

| | | |
|----------------------------------|--------------------|--------------------|
| Compensated absences payable | (644,729) | |
| Obligations under capital leases | (12,587) | |
| Loans payable | <u>(3,001,503)</u> | <u>(3,658,819)</u> |

Net position of governmental activities **\$ 38,267,389**

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, 2014

| | General | Highway User Revenue Fund | Grants |
|--|---------------|------------------------------|------------|
| Revenues: | | | |
| Sales Taxes | \$ 5,148,675 | \$ | \$ |
| Property Taxes | 922,024 | | |
| Franchise Taxes | 141,905 | | |
| Licenses, Permits, and Fees | 421,266 | | |
| Intergovernmental Revenue | 4,309,545 | 1,704,833 | 1,534,874 |
| Charges for Services | 33,377 | | |
| Fines and Forfeitures | 290,289 | | |
| Investment Income | 28,919 | 15,327 | |
| Impact Fees | | | |
| Other Revenues | 17,347 | 390 | |
| Total revenues | 11,313,347 | 1,720,550 | 1,534,874 |
| Expenditures: | | | |
| Current - | | | |
| General Government | 2,366,695 | | |
| Public Safety | 3,426,722 | | 337,294 |
| Public Works | 498,799 | 1,244,866 | |
| Community Development | 629,737 | | 482,681 |
| Health and Welfare | | | 166,926 |
| Culture and Recreation | 1,353,299 | | 2,119 |
| Capital Outlay | | 1,957,707 | 555,119 |
| Debt service - | | | |
| Principal Retirement | 117,544 | 18,807 | |
| Interest and Fiscal Charges | 65,557 | 10,733 | |
| Total expenditures | 8,458,353 | 3,232,113 | 1,544,139 |
| Excess (deficiency) of revenues over expenditures | 2,854,994 | (1,511,563) | (9,265) |
| Other financing sources (uses): | | | |
| Transfers In | | | |
| Transfers Out | (1,781,417) | | |
| Total other financing sources (uses): | (1,781,417) | | |
| Changes in fund balances | 1,073,577 | (1,511,563) | (9,265) |
| Fund balances, beginning of year | 10,968,659 | 4,718,726 | 146,408 |
| Fund balances, end of year | \$ 12,042,236 | \$ 3,207,163 | \$ 137,143 |

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

| Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------------|--------------------------------|
| \$ 367,851 | \$ 5,516,526 |
| | 922,024 |
| | 141,905 |
| | 421,266 |
| 37,465 | 7,586,717 |
| 217,372 | 250,749 |
| | 290,289 |
| 5,695 | 49,941 |
| 50,725 | 50,725 |
| 15,321 | 33,058 |
| <u>694,429</u> | <u>15,263,200</u> |
| | |
| 79,656 | 2,446,351 |
| | 3,764,016 |
| | 1,743,665 |
| | 1,112,418 |
| | 166,926 |
| | 1,355,418 |
| 1,049,082 | 3,561,908 |
| | |
| 95,060 | 231,411 |
| 7,602 | 83,892 |
| <u>1,231,400</u> | <u>14,466,005</u> |
| | |
| <u>(536,971)</u> | <u>797,195</u> |
| | |
| 768,183 | 768,183 |
| (3,833) | (1,785,250) |
| <u>764,350</u> | <u>(1,017,067)</u> |
| | |
| <u>227,379</u> | <u>(219,872)</u> |
| | |
| 4,715,143 | 20,548,936 |
| | |
| <u>\$ 4,942,522</u> | <u>\$ 20,329,064</u> |

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds **\$ (219,872)**

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

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

| | | |
|-------------------------------------|------------------|-----------|
| Expenditures for capitalized assets | \$ 2,170,080 | |
| Less current year depreciation | <u>(812,211)</u> | 1,357,869 |

| | | |
|--|--|---------|
| Property taxes collected 60 days after fiscal year end do not provide current financial resources are not reported as revenues in the funds. | | (3,513) |
|--|--|---------|

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

| | | |
|------------------------------------|----------------|---------|
| Capital lease principal retirement | 23,982 | |
| Loan principal retirement | <u>207,429</u> | 231,411 |

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 sale on disposal of capital assets | (7,314) | |
| Compensated absences | <u>(152,442)</u> | <u>(159,756)</u> |

Change in net position in governmental activities **\$ 1,206,139**

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, 2014**

| | Enterprise Funds | | |
|---|---------------------|---------------------|-----------------------|
| | Water | Sewer | Sanitation |
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and Cash Equivalents | \$ 1,074,977 | \$ | \$ 1,188,123 |
| Accounts Receivable (Net of Allowance) | 357,353 | 133,067 | 115,768 |
| Inventory | 111,190 | | |
| Total current assets | <u>1,543,520</u> | <u>133,067</u> | <u>1,303,891</u> |
| Noncurrent assets: | | | |
| Restricted Cash and Investments | 86,352 | 628,947 | |
| Capital Assets, Non-Depreciable | | 347,468 | |
| Capital Assets, Depreciable (Net) | 9,242,584 | 8,766,470 | 652,110 |
| Total noncurrent assets | <u>9,328,936</u> | <u>9,742,885</u> | <u>652,110</u> |
| Total assets | <u>10,872,456</u> | <u>9,875,952</u> | <u>1,956,001</u> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts Payable | 68,284 | 36,615 | 17,180 |
| Accrued Salaries and Wages Payable | 18,416 | 5,950 | 11,729 |
| Customer Deposits | 142,684 | | |
| Due to Other Funds | | 338,932 | |
| Bonds Payable | 23,459 | | |
| Loans Payable | 102,509 | 340,825 | |
| Compensated Absences | 4,276 | | 1,065 |
| Interest Payable | 37,142 | 66,353 | |
| Other Current Liabilities | 350 | | |
| Total current liabilities | <u>397,120</u> | <u>788,675</u> | <u>29,974</u> |
| Noncurrent liabilities: | | | |
| Compensated Absences | 40,107 | | 13,267 |
| Landfill Closure and Post Closure Costs | | | 3,894,673 |
| Bonds Payable | 545,412 | | |
| Loans Payable | 2,158,115 | 6,263,071 | |
| Total noncurrent liabilities | <u>2,743,634</u> | <u>6,263,071</u> | <u>3,907,940</u> |
| Total liabilities | <u>3,140,754</u> | <u>7,051,746</u> | <u>3,937,914</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 6,413,088 | 2,510,042 | 652,110 |
| Restricted for: | | | |
| Debt Service | 86,352 | 628,947 | |
| Unrestricted | 1,232,262 | (314,783) | (2,634,023) |
| Total net position | <u>\$ 7,731,702</u> | <u>\$ 2,824,206</u> | <u>\$ (1,981,913)</u> |

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

Enterprise Funds

Totals

\$ 2,263,100
606,188
111,190
2,980,478

715,299
347,468
18,661,164
19,723,931
22,704,409

122,079
36,095
142,684
338,932
23,459
443,334
5,341
103,495
350
1,215,769

53,374
3,894,673
545,412
8,421,186
12,914,645
14,130,414

9,575,240

715,299
(1,716,544)
\$ 8,573,995

CITY OF ELOY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | Enterprise Funds | | |
|---|---------------------|---------------------|-----------------------|
| | Water | Sewer | Sanitation |
| Operating revenues: | | | |
| Charges for Services | \$ 1,893,647 | \$ 1,141,294 | \$ 1,465,107 |
| Rent and Other Revenues | | | 5,050 |
| Total operating revenues | <u>1,893,647</u> | <u>1,141,294</u> | <u>1,470,157</u> |
| Operating expenses: | | | |
| Salaries | 428,616 | 110,204 | 288,227 |
| Employee Benefits | 201,305 | 48,228 | 150,291 |
| Service, Supplies and Other | 899,799 | 352,436 | 835,252 |
| Landfill Closure and Post Closure Expense | | | 131,146 |
| Depreciation | 368,834 | 525,884 | 92,495 |
| Total operating expenses | <u>1,898,554</u> | <u>1,036,752</u> | <u>1,497,411</u> |
| Operating income (loss) | <u>(4,907)</u> | <u>104,542</u> | <u>(27,254)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment Income | 852 | 874 | |
| Interest Expense and Fiscal Charges | (62,616) | (176,917) | |
| Total nonoperating revenues (expenses) | <u>(61,764)</u> | <u>(176,043)</u> | |
| Income (loss) before capital contributions and transfers | <u>(66,671)</u> | <u>(71,501)</u> | <u>(27,254)</u> |
| Transfers In | 943,163 | 73,904 | |
| Capital Contributions | <u>38,018</u> | <u>609,662</u> | |
| Changes in net position | <u>914,510</u> | <u>612,065</u> | <u>(27,254)</u> |
| Total net position, beginning of year | 6,817,192 | 2,212,141 | (1,954,659) |
| Total net position, end of year | <u>\$ 7,731,702</u> | <u>\$ 2,824,206</u> | <u>\$ (1,981,913)</u> |

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

Enterprise Funds

Totals
\$ 4,500,048
5,050
4,505,098

827,047
399,824
2,087,487
131,146
987,213
4,432,717

72,381

1,726
(239,533)
(237,807)

(165,426)

1,017,067
647,680

1,499,321

7,074,674

\$ 8,573,995

**CITY OF ELOY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014**

| | 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 | \$ 1,866,418 | \$ 1,120,762 | \$ 1,455,043 | \$ 4,442,223 |
| Cash received from Customers, Other | | | 5,050 | 5,050 |
| Cash paid to Suppliers | (1,353,487) | (458,663) | (1,017,092) | (2,829,242) |
| Cash paid to Employees | (401,533) | (133,581) | (288,040) | (823,154) |
| Net cash provided by (used for) operating activities | 111,398 | 528,518 | 154,961 | 794,877 |
| Cash flows from non-capital financing activities: | | | | |
| Proceeds/Payments (to)/from other funds | | 157,753 | | 157,753 |
| Transfers in | 943,163 | 73,904 | | 1,017,067 |
| Net cash provided by (used for) non-capital financing activities | 943,163 | 231,657 | | 1,174,820 |
| Cash flows from capital and related financing activities: | | | | |
| Capital contributions | 38,018 | 609,662 | | 647,680 |
| Acquisition of capital assets | (2,751,456) | (689,587) | | (3,441,043) |
| Loan proceeds | 2,000,000 | | | 2,000,000 |
| Principal paid on debt | (122,253) | (347,797) | | (470,050) |
| Interest paid on debt | (31,894) | (169,908) | | (201,802) |
| Net cash used for capital and related financing activities | (867,585) | (597,630) | | (1,465,215) |
| Cash flows from investing activities: | | | | |
| Investment income | 852 | 873 | | 1,725 |
| Net cash provided by investing activities | 852 | 873 | | 1,725 |
| Net increase (decrease) in cash and cash equivalents | 187,828 | 163,418 | 154,961 | 506,207 |
| Cash and cash equivalents, beginning of year | 973,501 | 465,529 | 1,033,162 | 2,472,192 |
| Cash and cash equivalents, end of year | \$ 1,161,329 | \$ 628,947 | \$ 1,188,123 | \$ 2,978,399 |
| <u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u> | | | | |
| Cash | \$ 1,074,977 | \$ | \$ 1,188,123 | \$ 2,263,100 |
| Restricted cash and investments | 86,352 | 628,947 | | 715,299 |
| Total cash and cash equivalents | \$ 1,161,329 | \$ 628,947 | \$ 1,188,123 | \$ 2,978,399 |
| <u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u> | | | | |
| Operating income (loss) | \$ (4,907) | \$ 104,542 | \$ (27,254) | \$ 72,381 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 368,834 | 525,884 | 92,495 | 987,213 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (28,929) | (20,532) | (10,064) | (59,525) |
| Increase in inventory | 3,926 | | | 3,926 |
| Increase (decrease) in compensated absences payable | 11,838 | | (3,093) | 8,745 |
| Increase in deposits held for others | 1,700 | | | 1,700 |
| Increase in accrued payroll and employee benefits | 4,005 | 2,330 | 1,408 | 7,743 |
| Increase (decrease) in accounts payable | (245,069) | (83,706) | (29,676) | (358,451) |
| Increase in Landfill closure and post closure payable | | | 131,145 | 131,145 |
| Total adjustments | 116,305 | 423,976 | 182,215 | 722,496 |
| Net cash provided by (used for) operating activities | \$ 111,398 | \$ 528,518 | \$ 154,961 | \$ 794,877 |

**CITY OF ELOY, ARIZONA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014**

| | Agency |
|-------------------------------|---------------------|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents | \$ 3,213,015 |
| Total assets | \$ 3,213,015 |
| <u>LIABILITIES</u> | |
| Due To C.C.A. | \$ 3,213,015 |
| Total liabilities | \$ 3,213,015 |

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

During the year ended June 30, 2014, the City implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A. Reporting Entity

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

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

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

The City reports the following major governmental funds.

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

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

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Additionally the City also reports the following fund type:

Fiduciary Fund – The Fiduciary Fund is an Agency Fund which accounts for resources held by the City on behalf of others. This fund type includes the C.C.A. Pass-through Fund. Corrections Corporation of America (C.C.A.) is a private prison within the City limits. The City is an agent of the monies provided by the Department of Homeland Security to C.C.A.

The agency fund is custodial in nature and does not have a measurement focus and is reported on the accrual basis of accounting. The agency fund is reported by fund type.

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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

E. Investment Income

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

F. Receivables and Payables

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

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

G. Property Tax Calendar

The property tax levy, as described in the Arizona State Statutes, is divided into two levies, a primary levy and a secondary levy. Secondary taxes are levied strictly for the retirement and redemption of bonded indebtedness, while the primary levy may be used for any legal operating purpose. The primary property tax levy is limited to a 2% annual increase over the prior year’s maximum allowable levy plus an adjustment for properties that were not taxed in the previous year.

Property taxes are levied by the City and collected by the County Treasurer. Real property taxes are levied on or before the third Monday in August, which 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. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, sewer plant, water mains and lines, sewer collection system, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2003.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

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

I. 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. The City did not have any items that qualified for reporting in this category.

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, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Compensated Absences

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

K. Long-Term Obligations

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

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

L. 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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

M. 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.

N. 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.

O. New Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the City's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, 2014

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

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

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

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

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

| | <u>General Fund</u> | <u>Highway User Revenue Fund</u> | <u>Grants Fund</u> | <u>Non-Major Governmental Funds</u> |
|----------------------|-------------------------|--|------------------------|---|
| Fund Balances: | | | | |
| Restricted: | | | | |
| Highways and Streets | \$ | \$ 2,354,568 | \$ | \$ 9,466 |
| Grants | | | 137,143 | |
| Capital Projects | | | | 1,869,855 |
| Court Equipment | | | | 118,647 |
| Cemetery | | | | 118,379 |
| Committed: | | | | |
| Highways and Street | | 852,595 | | 724,740 |
| Airport | | | | 145,756 |
| Cemetery | | | | 92,052 |
| Assigned: | | | | |
| Capital Projects | | | | 1,863,627 |
| Unassigned | 12,042,236 | | | |
| Total Fund Balances | <u>\$ 12,042,236</u> | <u>\$ 3,207,163</u> | <u>\$ 137,143</u> | <u>\$ 4,942,522</u> |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget, for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain public comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The City follows a voter-approved alternative expenditure limitation that was adopted on March 9, 2010.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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

No Supplementary budgetary appropriations were made during the year.

Individual Deficit Net Position – At year end, the Sanitation Fund, a major fund, reported a deficit of \$1,981,913 in net position.

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – CASH AND INVESTMENTS

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

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 \$25,920,084 and the bank balance was \$25,919,113. Additionally, the City had cash on hand of \$1,200.

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

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

| <u>Investment Type</u> | <u>Average Maturities</u> | <u>Fair Value</u> |
|-------------------------------------|---------------------------|-------------------|
| State Treasurer’s Investment Pool 5 | 59 days | \$ 32,410 |
| State Treasurer’s Investment Pool 7 | 19 days | 166,997 |
| Total | | <u>\$ 199,407</u> |

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no investment policy that would further limit its investment choices. 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.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – RECEIVABLES

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

| | General Fund | Highway User Revenue Fund | Grants Fund |
|---------------------------------------|-------------------|---------------------------------|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Due from Other Governmental Entities: | | | |
| Due from Federal Government | \$ | \$ | \$ 352,218 |
| Due from State Government | 455,654 | 100,738 | 14,958 |
| Due from County Government | 33,698 | 50,705 | 6,863 |
| Net Due from Governmental Entities | <u>\$ 489,352</u> | <u>\$ 151,443</u> | <u>\$ 374,039</u> |

NOTE 6 – CAPITAL ASSETS

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

| <u>Governmental Activities</u> | Beginning Balance | Increase | Decrease | Ending Balance |
|--|----------------------|---------------------|-------------------|----------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 7,118,128 | \$ 33,000 | \$ | \$ 7,151,128 |
| Construction in Progress | 206,208 | | 125,182 | 81,026 |
| Total Capital Assets, not being Depreciated | <u>7,324,336</u> | <u>33,000</u> | <u>125,182</u> | <u>7,232,154</u> |
| Capital Assets, being Depreciated: | | | | |
| Buildings and Improvements | 6,730,776 | 279,375 | | 7,010,151 |
| Furniture, Equipment and Vehicles | 5,771,927 | 188,388 | 187,786 | 5,772,529 |
| Land Improvements | 458,258 | | | 458,258 |
| Infrastructure | 7,113,463 | 1,794,499 | | 8,907,962 |
| Total Capital Assets being Depreciated | <u>20,074,424</u> | <u>2,262,262</u> | <u>187,786</u> | <u>22,148,900</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (2,287,996) | (187,212) | | (2,475,208) |
| Furniture, Equipment and Vehicles | (3,540,174) | (359,974) | (180,472) | (3,719,676) |
| Land Improvements | (30,555) | (11,259) | | (41,814) |
| Infrastructure | (1,332,630) | (253,766) | | (1,586,396) |
| Total Accumulated Depreciation | <u>(7,191,355)</u> | <u>(812,211)</u> | <u>(180,472)</u> | <u>(7,823,094)</u> |
| Total Capital Assets, being depreciated, net | <u>12,883,069</u> | <u>1,450,051</u> | <u>7,314</u> | <u>14,325,806</u> |
| Governmental Activities Capital Assets, net | <u>\$ 20,207,405</u> | <u>\$ 1,483,051</u> | <u>\$ 132,496</u> | <u>\$ 21,557,960</u> |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (Concl'd)

| | |
|----------------------------|-------------------|
| Governmental activities: | |
| General Government | \$ 88,197 |
| Public Safety | 173,363 |
| Public Works | 456,895 |
| Health and Welfare | 93,756 |
| Total Depreciation Expense | <u>\$ 812,211</u> |

| <u>Business-Type Activities</u> | Beginning Balance | Increase | Decrease | Ending Balance |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital Assets, not being Depreciated: | | | | |
| Land and Water Rights | \$ 347,468 | \$ | \$ | \$ 347,468 |
| Construction in Progress | 594,022 | | 594,022 | |
| Total | <u>941,490</u> | | <u>594,022</u> | <u>347,468</u> |
| Capital Assets, being Depreciated: | | | | |
| Water System | 10,902,671 | 3,142,165 | 135 | 14,044,701 |
| Sewer System | 13,732,299 | 811,938 | 6,388 | 14,537,849 |
| Buildings and Improvements | 32,704 | | | 32,704 |
| Furniture, Equipment and Vehicles | 2,665,679 | 80,962 | 50,311 | 2,696,330 |
| Total Capital Assets being Depreciated | <u>27,333,353</u> | <u>4,035,065</u> | <u>56,834</u> | <u>31,311,584</u> |
| Less Accumulated Depreciation for: | | | | |
| Water System | (4,584,966) | (357,240) | (135) | (4,942,071) |
| Sewer System | (5,348,550) | (515,656) | (6,388) | (5,857,818) |
| Buildings and Improvements | (30,991) | (90) | | (31,081) |
| Furniture, Equipment and Vehicles | (1,755,534) | (114,227) | (50,311) | (1,819,450) |
| Total Accumulated Depreciation | <u>(11,720,041)</u> | <u>(987,213)</u> | <u>(56,834)</u> | <u>(12,650,420)</u> |
| Total Capital Assets, being Depreciated, net | <u>15,613,312</u> | <u>3,047,852</u> | | <u>18,661,164</u> |
| Business-Type Activities Capital Assets, net | <u>\$ 16,554,802</u> | <u>\$ 3,047,852</u> | <u>\$ 594,022</u> | <u>\$ 19,008,632</u> |

| | |
|----------------------------|-------------------|
| Business-type activities: | |
| Water | \$ 368,834 |
| Sewer | 525,884 |
| Sanitation | 92,495 |
| Total Depreciation Expense | <u>\$ 987,213</u> |

Construction Commitments – At year end, the City had contractual commitments related to a capital project for the construction of infrastructure improvements. At year end, the City had spent \$81,026 on the project and had an estimated remaining contractual commitment of \$15,000.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The City has financed airport improvements under the provisions of a long-term lease agreement classified as a capital lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Airport Fund, a non-major governmental fund, are used to pay this capital lease obligation.

The assets acquired through capital leases that meet the City’s capitalization threshold are as follows.

| | Governmental Activities |
|--------------------------------|----------------------------|
| Asset: | |
| Land | \$ 168,772 |
| Buildings and Improvements | 64,791 |
| Less: Accumulated Depreciation | (20,517) |
| Total | \$ 213,046 |

As of June 30, 2014, the future minimum lease obligation was \$12,869, less the amount representing interest of \$282, resulting in a net present value of \$12,587 to be paid during the fiscal year ended June 30, 2015.

NOTE 8 – LONG-TERM DEBT

Bonds Payable - Business-Type Activities:

| | |
|--|------------|
| Water Revenue Bonds, Series 1997A, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031. | \$ 226,125 |
| Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031. | 342,745 |
| Total Revenue Bonds Payable | 568,870 |
| Less Current Portion | 23,459 |
| Total revenue bonds, net of current portion | \$ 545,411 |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (Cont’d)

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

| Year Ending June 30: | <u>Business-Type Activities</u> | |
|----------------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 23,459 | \$ 25,599 |
| 2016 | 24,536 | 24,544 |
| 2017 | 25,664 | 23,439 |
| 2018 | 26,843 | 22,284 |
| 2019 | 28,076 | 21,076 |
| 2020-24 | 160,953 | 85,232 |
| 2025-29 | 201,480 | 45,532 |
| 2030-31 | 77,859 | 4,936 |
| Total | <u>\$ 568,870</u> | <u>\$ 252,642</u> |

Pledged Revenues – Business-Type Activities. The City has pledged future water and sewer revenues to repay the outstanding Water Revenue Bonds loans of \$568,870 as of year end. 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 \$821,512. The current total customer gross revenues were \$3.0 million and the total principal and interest paid on the bonds was \$48,534, or 1.6% of gross revenues.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (Cont’d)

Loans Payable - Business-Type Activities:

| | |
|--|---------------------|
| Water Infrastructure Finance Authority (WIFA) Loan 910103-09, bearing interest at 2.312% to 3.24% due in semiannual principal and interest installments, maturing July 1, 2021. | \$ 5,615,972 |
| 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. | 417,282 |
| Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.625% due in semiannual principal and interest installments. The City has drawn down the remaining amount authorized on the loan of \$1,785,199 during the fiscal year, and the City repaid \$79,343 during the current fiscal year leaving an outstanding balance of \$1,843,344. The debt is scheduled to mature at July 1, 2031. | 1,843,344 |
| 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>987,924</u> |
| Total Loans Payable | 8,864,522 |
| Less Current Position | <u>443,334</u> |
| Total Loans Payable, net of Current Position | <u>\$ 8,421,188</u> |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (Cont’d)

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

| Year Ending June 30: | <u>Business-Type Activities</u> | |
|----------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 443,334 | \$ 182,924 |
| 2016 | 453,261 | 203,352 |
| 2017 | 463,420 | 218,734 |
| 2018 | 473,817 | 207,298 |
| 2019 | 484,460 | 191,674 |
| 2020-24 | 2,590,915 | 826,913 |
| 2025-29 | 2,897,330 | 510,265 |
| 2030-34 | 559,112 | 200,726 |
| 2035-39 | 199,253 | 95,017 |
| 2040-44 | 244,808 | 52,121 |
| 2045-48 | 54,812 | 6,711 |
| Total | <u>\$ 8,864,522</u> | <u>\$ 2,695,735</u> |

Pledged Revenues – Business-Type Activities. The City has pledged future excise, transaction privilege, franchise, and income tax revenues to repay outstanding WIFA loan 910103-09 and 92A150-10 of \$6.0 million as of year end. Proceeds from the original loan issuances provided financing for improvements to the City’s water and sewer systems infrastructure. The loans are paid solely from excise, transaction privilege, franchise, and income tax revenues and are payable through 2029 and 2021, respectively. The total principal and interest to be paid on the loans is \$7.3 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$8.6 million and the total principal and interest paid on the loans was \$483,777, or 5.6% of gross revenues.

The City has pledged future water revenues to repay WIFA loan 920216-12 of \$1.8 million as of year end. Proceeds from the original loan issuances provided financing for improvements to the City’s water and sewer systems infrastructure. The loan is paid solely from water revenues and is payable through 2031. The total principal and interest to be paid on the loan is \$2.3 million. The current total water customer gross revenues were \$1.9 million and the total principal paid on the loan was \$101,172, or 5.3% of gross revenues. The City was not billed for interest on this loan during the fiscal year.

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – LONG-TERM DEBT (Concl'd)

The City has pledged future excise, transaction privilege, franchise, and income tax revenues to repay the outstanding USDA loan of \$987,924 as of year end. Proceeds from the original loan issuances provided financing for improvements to the City's sewer system infrastructure. The loan is paid solely from excise, transaction privilege, franchise, and income tax revenues and is payable through 2045. The total principal and interest to be paid on the loans is \$7.3 million. The current total excise, transaction privilege, franchise, and income tax revenues were \$8.6 million and the total principal and interest paid on the loan was \$70,513, or 0.82% of gross revenues.

Loans Payable – Governmental Activities:

| | |
|---|---------------------|
| Great Western Bank, bearing interest at 0.05%, due in monthly principal and interest installments, maturing October 1, 2022. The interest rate is variable and will be adjusted on September 1, 2017. | \$ 329,991 |
| Great Western Bank, bearing interest at 3.1%, due in monthly principal and interest installments, maturing November 1, 2027. | <u>2,671,512</u> |
| Total Loans Payable | 3,001,503 |
| Less Current Portion | <u>212,698</u> |
| Total Loans Payable, net of Current Portion | <u>\$ 2,788,805</u> |

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

| Year Ending June 30: | Governmental Activities | |
|----------------------|-------------------------|------------|
| | Principal | Interest |
| 2015 | \$ 212,698 | \$ 89,832 |
| 2016 | 217,918 | 84,563 |
| 2017 | 223,712 | 79,342 |
| 2018 | 229,476 | 73,547 |
| 2019 | 235,412 | 67,785 |
| 2020-24 | 1,078,239 | 247,423 |
| 2025-28 | 804,049 | 81,816 |
| Total | \$ 3,001,504 | \$ 724,308 |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 on the Statement of Net Position in each period based on the landfill capacity the City used as of fiscal year end. The \$3,894,673 reported as landfill closure and postclosure care liability at year end, represents the cumulative amount reported to date based on prior closure and post closure costs recognized and the use of 56% 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 \$3,236,333 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.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Loans Payable | \$ 3,208,932 | \$ | \$ 207,429 | \$ 3,001,503 | \$ 212,698 |
| Compensated Absences | 492,287 | 413,890 | 261,448 | 644,729 | 64,473 |
| Obligations under Capital Leases | <u>36,569</u> | <u></u> | <u>23,982</u> | <u>12,587</u> | <u>12,587</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 3,737,788</u> | <u>\$ 413,890</u> | <u>492,859</u> | <u>\$ 3,658,819</u> | <u>\$ 289,758</u> |
| Business-type activities: | | | | | |
| Compensated Absences | \$ 49,970 | \$ 39,075 | \$ 35,634 | \$ 53,411 | \$ 5,341 |
| Revenue Bonds | 591,299 | | 22,429 | 568,870 | 23,459 |
| Loans Payable | 7,526,941 | 1,785,199 | 447,620 | 8,864,520 | 443,334 |
| Landfill Closure and Post-Closure Costs Payable | <u>3,763,527</u> | <u>131,146</u> | <u></u> | <u>3,894,673</u> | <u></u> |
| Business-Type Activities Long-Term Liabilities | <u>\$ 11,931,737</u> | <u>\$ 1,955,420</u> | <u>\$ 505,683</u> | <u>\$ 13,381,474</u> | <u>\$ 472,134</u> |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due To/From Other Funds:

| | General Fund |
|----------------------------|-----------------|
| Sewer Fund | \$ 338,932 |
| Grants Fund | 162,347 |
| Total Due from Other Funds | \$ 501,279 |

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

Interfund Transfers:

| | Transfers In | | | |
|------------------------------|------------------------------------|---------------|---------------|--------------|
| Transfers Out | Non-Major Governmental Funds | Water Fund | Sewer Fund | Total |
| General Fund | \$ 764,350 | \$ 943,163 | \$ 73,904 | \$ 1,781,417 |
| Non-Major Governmental Funds | 3,833 | | | 3,833 |
| Total | \$ 768,183 | \$ 943,163 | \$ 73,904 | \$ 1,785,250 |

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

NOTE 12 – CONTINGENT LIABILITIES

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

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13 – RISK MANAGEMENT

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

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

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

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

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – The City contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The ASRS benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

**CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

The *Public Safety Personnel Retirement System* (PSPRS) administers agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member Board of Trustees and participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan. The reports are also available on the respective website of the plan.

ASRS

3300 N. Central Ave.
Phoenix, AZ 85012-0250
(602) 240-2200 or (800) 621-3778
www.azasrs.gov

PSPRS

3010 E. Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575
www.psprs.com

Funding Policy – The Arizona State Legislature establishes and may amend active plan members’ and the City’s contribution rates.

Cost-sharing plan – The Arizona State Legislature establishes and may amend active plan members’ and the City’s contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 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 11.54 percent (10.70 percent for retirement and 0.60 percent for health insurance premiums, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The City’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

| | <u>Retirement Fund</u> | <u>Health Benefit Supplement Fund</u> | <u>Long-Term Disability Fund</u> |
|----------------------|----------------------------|---|--|
| Years Ended June 30, | | | |
| 2014 | \$ 376,863 | \$ 21,133 | \$ 8,453 |
| 2013 | 391,741 | 24,842 | 9,172 |
| 2012 | 369,239 | 23,568 | 8,978 |

**CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

Agent plan – For the current fiscal year, active PSPRS members were required by statute to contribute 7.65 percent of the members’ annual covered payroll, and the City was required to contribute at the actuarially determined rates of 17.84 percent for police. Additional information related to the police PSPRS agent plan follows.

Actuarial Methods and Assumptions – The contribution requirements for the current fiscal year were established by the June 30, 2012 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

| | |
|----------------------------|-----------------------------|
| Actuarial Valuation Date | June 30, 2012 |
| Actuarial Cost Method | Entry age normal |
| Amortization Method | Level percent-of-pay closed |
| Remaining Amortization | 24 years for underfunded |
| Asset Valuation Method | 7-year smoothed market |
| Actuarial Assumptions: | |
| Investment Rate of Return | 8.0% |
| Projected Salary Increases | 5.0% - 9.0% |
| Payroll Growth | 5.0% |
| Cost-of-Living Adjustments | None |
| Healthcare Cost Trend Rate | N/A – flat rate subsidy |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Actuarially determined amounts are subject to continual revision as the actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective.

Annual Pension/OPEB Cost – The City’s pension/OPEB cost for the agent plans for the current fiscal year end and related information follows.

| | Police | |
|--------------------------|----------------|-------------------------|
| | <u>Pension</u> | <u>Health Insurance</u> |
| Annual Pension/OPEB cost | \$ 309,991 | \$ 17,179 |
| Contributions Made | 309,991 | 17,179 |

CITY OF ELOY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

The required schedule of funding programs which follows provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend Information – Information for each of the agent plans as of most recent actuarial valuations follows.

| Year Ended <u>June 30,</u> | Annual Pension <u>Cost (APC)</u> | Percentage of APC <u>Contributed</u> | Net Pension <u>Obligation</u> |
|--------------------------------|-------------------------------------|---|----------------------------------|
| <i>Pension</i> | | | |
| 2014 | \$309,991 | 100% | -0- |
| 2013 | 273,542 | 100% | -0- |
| 2012 | 271,377 | 100% | -0- |
| <i>Health Insurance</i> | | | |
| 2014 | \$ 17,179 | 100% | -0- |
| 2013 | 20,228 | 100% | -0- |
| 2012 | 20,720 | 100% | -0- |

Funding Progress – An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations follows.

| Valuation Date <u>June 30,</u> | Actuarial Value of Plan Assets <u>(a)</u> | Actuarial Accrued Liability <u>(b)</u> | Unfunded AAL (UAAL) <u>(b-a)</u> | Funded Ratio <u>(a/b)</u> | Covered Payroll <u>(c)</u> | Unfunded Liability as Percentage of Covered Payroll <u>([b-a]/c)</u> |
|--------------------------------------|--|---|---|---------------------------------|----------------------------------|---|
| <i>Pension</i> | | | | | | |
| 2014 | \$6,109,044 | \$9,214,306 | \$3,105,262 | 66.3% | \$1,760,803 | 176.4% |
| 2013 | 6,120,133 | 7,548,661 | 1,428,528 | 81.1% | 1,747,297 | 81.8% |
| 2012 | 5,626,814 | 7,200,563 | 1,573,749 | 78.1% | 1,750,752 | 89.9% |
| <i>Health Insurance</i> | | | | | | |
| 2014 | \$ 292,853 | \$ 189,537 | \$ (103,316) | 154.5% | \$1,760,803 | 0.0% |
| 2013 | -0- | 187,325 | 187,325 | 0.0% | 1,747,297 | 10.7% |
| 2012 | -0- | 167,631 | 167,631 | 0.0% | 1,750,752 | 9.6% |

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(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, 2014

| | Budgeted Amounts | Actual | Variance with Final Budget |
|-----------------------------|---------------------|-------------------|-------------------------------|
| | Original & Final | | Positive (Negative) |
| Revenues: | | | |
| Sales Taxes | \$ 4,500,000 | \$ 5,148,675 | \$ 648,675 |
| Property Taxes | 925,865 | 922,024 | (3,841) |
| Franchise Taxes | 139,750 | 141,905 | 2,155 |
| Licenses, Permits, and Fees | 223,500 | 421,266 | 197,766 |
| Intergovernmental Revenue | 4,209,630 | 4,309,545 | 99,915 |
| Charges for Services | 82,000 | 33,377 | (48,623) |
| Fines and Forfeitures | 326,585 | 290,289 | (36,296) |
| Investment income | 35,000 | 28,919 | (6,081) |
| Other Revenues | 88,250 | 17,347 | (70,903) |
| Total revenues | 10,530,580 | 11,313,347 | 782,767 |
| Expenditures: | | | |
| Current - | | | |
| General Government | | | |
| Mayor and Council | 208,710 | 178,745 | 29,965 |
| City Clerk | 323,560 | 287,929 | 35,631 |
| Magistrate | 389,860 | 351,904 | 37,956 |
| City Manager | 503,610 | 442,717 | 60,893 |
| Finance | 511,310 | 487,624 | 23,686 |
| Legal and Professional | 193,000 | 140,644 | 52,356 |
| Contingency | 830,100 | 477,132 | 352,968 |
| Total General Government | 2,960,150 | 2,366,695 | 593,455 |
| Public Safety | | | |
| Law Enforcement | 3,738,950 | 3,426,722 | 312,228 |
| Total Public Safety | 3,738,950 | 3,426,722 | 312,228 |
| Public Works | | | |
| Vehicle Maintenance | 192,460 | 192,025 | 435 |
| Facilities Maintenance | 273,100 | 248,013 | 25,087 |
| Public Works Administration | 159,705 | 58,761 | 100,944 |
| Total Public Works | 625,265 | 498,799 | 126,466 |
| Community Development | | | |
| Community Development | 783,650 | 629,737 | 153,913 |
| Total Community Development | 783,650 | 629,737 | 153,913 |

(Continued)

See accompanying notes to this schedule.

| | Budgeted Amounts | | Variance with Final Budget |
|--|---------------------|----------------------|-------------------------------|
| | Original & Final | Actual | Positive (Negative) |
| Culture and Recreation | | | |
| Park Maintenance | 350,200 | 341,886 | 8,314 |
| Parks and Recreation | 443,725 | 402,105 | 41,620 |
| Library | 294,845 | 251,759 | 43,086 |
| Recreation | 358,245 | 357,549 | 696 |
| Total Culture and Recreation | <u>1,447,015</u> | <u>1,353,299</u> | <u>93,716</u> |
| Capital Outlay | | | |
| Total Capital Outlay | | | |
| Debt Services | | | |
| Principal Retirement | 117,544 | 117,544 | |
| Interest and Fiscal Charges | 403,006 | 65,557 | 337,449 |
| Loan issuance Costs | | | |
| Total Debt Services | <u>520,550</u> | <u>183,101</u> | <u>337,449</u> |
| Total expenditures | <u>10,075,580</u> | <u>8,458,353</u> | <u>1,490,761</u> |
| Excess (deficiency) of revenues over expenditures | <u>455,000</u> | <u>2,854,994</u> | <u>(2,399,994)</u> |
| Other financing sources (uses): | | | |
| Transfers Out | 10,000 | | (10,000) |
| Loan Proceeds | (3,108,030) | (1,781,417) | 1,326,613 |
| Total other financing sources (uses) | <u>(3,098,030)</u> | <u>(1,781,417)</u> | <u>1,316,613</u> |
| Change in fund balances | <u>(2,643,030)</u> | <u>1,073,577</u> | <u>(3,716,607)</u> |
| Fund balances, beginning of year | 2,643,030 | 10,968,659 | 8,325,629 |
| Fund balances (deficits), end of year | <u>\$</u> | <u>\$ 12,042,236</u> | <u>\$ 12,042,236</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Intergovernmental Revenue | \$ 1,634,410 | \$ 1,704,833 | \$ 70,423 |
| Investment Income | 12,500 | 15,327 | 2,827 |
| Other Revenues | | 390 | 390 |
| Total revenues | <u>1,646,910</u> | <u>1,720,550</u> | <u>73,640</u> |
| Expenditures: | | | |
| Current - | | | |
| Public Works | 2,336,765 | 1,244,866 | 1,091,899 |
| Capital Outlay | 2,641,470 | 1,957,707 | 683,763 |
| Debt service - | | | |
| Principal Retirement | 18,807 | 18,807 | |
| Interest and Fiscal Charges | 10,733 | 10,733 | |
| Total expenditures | <u>5,007,775</u> | <u>3,232,113</u> | <u>1,775,662</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,360,865)</u> | <u>(1,511,563)</u> | <u>1,849,302</u> |
| Other financing sources (uses): | | | |
| Transfers In | 50,000 | | (50,000) |
| Total other financing sources (uses): | <u>50,000</u> | | <u>(50,000)</u> |
| Changes in fund balances | <u>(3,310,865)</u> | <u>(1,511,563)</u> | <u>1,799,302</u> |
| Fund balances, beginning of year | 3,310,865 | 4,718,726 | 1,407,861 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 3,207,163</u> | <u>\$ 3,207,163</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Intergovernmental Revenue | \$ 4,545,200 | \$ 1,534,874 | \$ (3,010,326) |
| Total revenues | <u>4,545,200</u> | <u>1,534,874</u> | <u>(3,010,326)</u> |
| Expenditures: | | | |
| Current - | | | |
| Public Safety | 418,900 | 337,294 | 81,606 |
| Community Development | 995,000 | 482,681 | 512,319 |
| Health and Welfare | 2,495,000 | 166,926 | 2,328,074 |
| Culture and Recreation | 3,300 | 2,119 | 1,181 |
| Capital Outlay | 708,000 | 555,119 | 152,881 |
| Total expenditures | <u>4,620,200</u> | <u>1,544,139</u> | <u>3,076,061</u> |
| Excess (deficiency) of revenues over expenditures | <u>(75,000)</u> | <u>(9,265)</u> | <u>65,735</u> |
| Other financing sources (uses): | | | |
| Transfers In | 75,000 | | (75,000) |
| Total other financing sources (uses): | <u>75,000</u> | | <u>(75,000)</u> |
| Changes in fund balances | | <u>(9,265)</u> | <u>(9,265)</u> |
| Fund balances, beginning of year | | 146,408 | 146,408 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 137,143</u> | <u>\$ 137,143</u> |

CITY OF ELOY, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

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.

**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.

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

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

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

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

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

Capital Projects Fund

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

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

Permanent Fund

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

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

CITY OF ELOY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

| | Special Revenue | | | |
|---|--------------------------|-----------------|---------------------|------------------|
| | Public Works Facility | LTAF | Impact Fee | JCEF |
| <u>ASSETS</u> | | | | |
| Cash and Cash Equivalents | \$ 724,740 | \$ 9,466 | \$ 1,869,855 | \$ 76,057 |
| Other Receivables | | | | 1,483 |
| Total assets | \$ 724,740 | \$ 9,466 | \$ 1,869,855 | \$ 69,016 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ |
| Accrued Salaries and Wages Payable | _____ | _____ | _____ | _____ |
| Total liabilities | _____ | _____ | _____ | _____ |
| Fund balances: | | | | |
| Restricted | | 9,466 | 1,869,855 | 77,540 |
| Committed | 724,740 | | | |
| Assigned | | | | |
| Total fund balances | 724,740 | 9,466 | 1,869,855 | 77,540 |
| Total liabilities and fund balances | \$ 724,740 | \$ 9,466 | \$ 1,869,855 | \$ 77,540 |

| <u>Special Revenue</u> | | | <u>Capital Projects</u> | <u>Permanent</u> | <u>Total Non- Major Governmental</u> |
|---------------------------|------------------|-------------------|-----------------------------|-----------------------|--|
| <u>Court Recovery</u> | <u>Cemetery</u> | <u>Airport</u> | <u>Capital Projects</u> | <u>Perpetual Care</u> | |
| \$ 43,410 | \$ 94,786 | \$ 145,906 | \$ 1,872,508 | \$ 118,379 | \$ 4,955,107 |
| 2,101 | 3,657 | | | | 7,241 |
| <u>\$ 45,511</u> | <u>\$ 53,034</u> | <u>\$ 145,906</u> | <u>\$ 1,872,508</u> | <u>\$ 118,379</u> | <u>\$ 4,962,348</u> |
| | | | | | |
| \$ 4,404 | \$ 6,391 | \$ 10 | \$ 8,881 | \$ | \$ 19,686 |
| | | 140 | | | 140 |
| <u>4,404</u> | <u>6,391</u> | <u>150</u> | <u>8,881</u> | | <u>19,826</u> |
| | | | | | |
| 41,107 | | | | 118,379 | 2,116,347 |
| | 92,052 | 145,756 | | | 962,548 |
| | | | 1,863,627 | | 1,863,627 |
| <u>41,107</u> | <u>92,052</u> | <u>145,756</u> | <u>1,863,627</u> | <u>118,379</u> | <u>4,942,522</u> |
| | | | | | |
| <u>\$ 45,511</u> | <u>\$ 98,443</u> | <u>\$ 145,906</u> | <u>\$ 1,872,508</u> | <u>\$ 118,379</u> | <u>\$ 4,962,348</u> |

CITY OF ELOY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

| | Special Revenue | | | |
|--|--------------------------|-----------------|---------------------|------------------|
| | Public Works Facility | LTAF | Impact Fee | JCEF |
| Revenues: | | | | |
| Sales Taxes | \$ 367,851 | \$ | \$ | \$ |
| Intergovernmental Revenue | | | | 8,949 |
| Charges for Services | | | | |
| Investment Income | | 377 | 4,830 | |
| Impact Fees | | | 50,725 | |
| Other Revenues | | | | |
| Total revenues | <u>367,851</u> | <u>377</u> | <u>55,555</u> | <u>8,949</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General Government | | | | |
| Capital Outlay | 31,415 | | 68,912 | 425 |
| Debt service - | | | | |
| Principal Retirement | | | | |
| Interest and Fiscal Charges | | | | |
| Total expenditures | <u>31,415</u> | <u></u> | <u>68,912</u> | <u>425</u> |
| Excess (deficiency) of revenues over expenditures | <u>336,436</u> | <u>377</u> | <u>(13,357)</u> | <u>8,524</u> |
| Other financing sources (uses): | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Total other financing sources (uses): | <u></u> | <u></u> | <u></u> | <u></u> |
| Changes in fund balances | <u>336,436</u> | <u>377</u> | <u>(13,357)</u> | <u>8,524</u> |
| Fund balances, beginning of year | 388,304 | 9,089 | 1,883,212 | 69,016 |
| Fund balances, end of year | <u>\$ 724,740</u> | <u>\$ 9,466</u> | <u>\$ 1,869,855</u> | <u>\$ 77,540</u> |

| <u>Special Revenue</u> | | | <u>Capital Projects</u> | <u>Permanent</u> | <u>Total Non-Major Governmental</u> |
|------------------------|------------------|-------------------|-------------------------|-----------------------|-------------------------------------|
| <u>Court Recovery</u> | <u>Cemetery</u> | <u>Airport</u> | <u>Capital Projects</u> | <u>Perpetual Care</u> | |
| \$ 28,516 | \$ | \$ | \$ | \$ | \$ 367,851 |
| | 87,150 | 130,222 | | | 37,465 |
| | | 281 | | 207 | 217,372 |
| | 15,321 | | | | 5,695 |
| | | | | | 50,725 |
| | <u>15,321</u> | | | | <u>15,321</u> |
| <u>28,516</u> | <u>102,471</u> | <u>130,503</u> | | <u>207</u> | <u>694,429</u> |
| | 52,923 | 26,733 | | | 79,656 |
| | | 66,053 | 882,277 | | 1,049,082 |
| 50,704 | | 44,356 | | | 95,060 |
| 2,145 | | 5,457 | | | 7,602 |
| <u>52,849</u> | <u>52,923</u> | <u>142,599</u> | <u>882,277</u> | | <u>1,231,400</u> |
| <u>(24,333)</u> | <u>49,548</u> | <u>(12,096)</u> | <u>(882,277)</u> | <u>207</u> | <u>(536,971)</u> |
| 17,500 | | | 746,850 | 3,833 | 768,183 |
| | (3,833) | | | | (3,833) |
| <u>17,500</u> | <u>(3,833)</u> | | <u>746,850</u> | <u>3,833</u> | <u>764,350</u> |
| <u>(6,833)</u> | <u>45,715</u> | <u>(12,096)</u> | <u>(135,427)</u> | <u>4,040</u> | <u>227,379</u> |
| 47,940 | 46,337 | 157,852 | 1,999,054 | 114,339 | 4,715,143 |
| <u>\$ 41,107</u> | <u>\$ 92,052</u> | <u>\$ 145,756</u> | <u>\$ 1,863,627</u> | <u>\$ 118,379</u> | <u>\$ 4,942,522</u> |

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY
YEAR ENDED JUNE 30, 2014**

| | Budgeted Amounts | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|---|
| | Original & Final | | |
| Revenues: | | | |
| Sales Taxes | \$ 300,000 | \$ 367,851 | \$ 67,851 |
| Total revenues | <u>300,000</u> | <u>367,851</u> | <u>67,851</u> |
| Expenditures: | | | |
| Current - | | | |
| Capital Outlay | 568,500 | 31,415 | 537,085 |
| Total expenditures | <u>568,500</u> | <u>31,415</u> | <u>537,085</u> |
| Changes in fund balances | <u>(268,500)</u> | <u>336,436</u> | <u>604,936</u> |
| Fund balances, beginning of year | 268,500 | 388,304 | 119,804 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 724,740</u> | <u>\$ 724,740</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LTAIF
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|---|---------------------|-----------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Investment Income | \$ 375 | \$ 377 | \$ 2 |
| Total revenues | <u>375</u> | <u>377</u> | <u>2</u> |
| Expenditures: | | | |
| Current - | | | |
| Public Works | 375 | | 375 |
| Total expenditures | <u>375</u> | | <u>375</u> |
| Changes in fund balances | | <u>377</u> | <u>377</u> |
| Fund balances, beginning of year | | 9,089 | 9,089 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 9,466</u> | <u>\$ 9,466</u> |

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEE
YEAR ENDED JUNE 30, 2014**

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Investment Income | \$ 6,650 | \$ 4,830 | \$ (1,820) |
| Impact Fees | 22,000 | 50,725 | 28,725 |
| Total revenues | <u>28,650</u> | <u>55,555</u> | <u>26,905</u> |
| Expenditures: | | | |
| Current - | | | |
| Capital Outlay | 1,846,370 | 68,912 | 1,777,458 |
| Total expenditures | <u>1,846,370</u> | <u>68,912</u> | <u>1,777,458</u> |
| Changes in fund balances | <u>(1,817,720)</u> | <u>(13,357)</u> | <u>1,804,363</u> |
| Fund balances, beginning of year | 1,817,720 | 1,883,212 | 65,492 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 1,869,855</u> | <u>\$ 1,869,855</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JCEF
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Intergovernmental Revenue | \$ 13,100 | \$ 8,949 | \$ (4,151) |
| Total revenues | <u>13,100</u> | <u>8,949</u> | <u>(4,151)</u> |
| Expenditures: | | | |
| Current - | | | |
| Capital Outlay | 13,100 | 425 | 12,675 |
| Total expenditures | <u>13,100</u> | <u>425</u> | <u>12,675</u> |
| Changes in fund balances | | <u>8,524</u> | <u>8,524</u> |
| Fund balances, beginning of year | | 69,016 | 69,016 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 77,540</u> | <u>\$ 77,540</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT RECOVERY
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Intergovernmental Revenue | \$ 35,400 | \$ 28,516 | \$ (6,884) |
| Total revenues | <u>35,400</u> | <u>28,516</u> | <u>(6,884)</u> |
| Expenditures: | | | |
| Debt service - | | | |
| Principal Retirement | 50,704 | 50,704 | |
| Interest and Fiscal Charges | 2,196 | 2,145 | 51 |
| Total expenditures | <u>52,900</u> | <u>52,849</u> | <u>51</u> |
| Excess (deficiency) of revenues over expenditures | <u>(17,500)</u> | <u>(24,333)</u> | <u>(6,833)</u> |
| Other financing sources (uses): | | | |
| Transfers In | 17,500 | 17,500 | |
| Total other financing sources (uses): | <u>17,500</u> | <u>17,500</u> | |
| Changes in fund balances | | <u>(6,833)</u> | <u>(6,833)</u> |
| Fund balances, beginning of year | | 47,940 | 47,940 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 41,107</u> | <u>\$ 41,107</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Charges for Services | \$ 65,000 | \$ 87,150 | \$ 22,150 |
| Other Revenues | 8,500 | 15,321 | 6,821 |
| Total revenues | <u>73,500</u> | <u>102,471</u> | <u>28,971</u> |
| Expenditures: | | | |
| Current - | | | |
| General Government | 73,500 | 52,923 | 20,577 |
| Total expenditures | <u>73,500</u> | <u>52,923</u> | <u>20,577</u> |
| Excess (deficiency) of revenues over expenditures | | <u>49,548</u> | <u>49,548</u> |
| Other financing sources (uses): | | | |
| Transfers Out | | (3,833) | (3,833) |
| Total other financing sources (uses): | | <u>(3,833)</u> | <u>(3,833)</u> |
| Changes in fund balances | | <u>45,715</u> | <u>45,715</u> |
| Fund balances, beginning of year | | 46,337 | 46,337 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 92,052</u> | <u>\$ 92,052</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|---|---------------------|--------------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Charges for Services | \$ 146,210 | \$ 130,222 | \$ (15,988) |
| Investment Income | 400 | 281 | (119) |
| Total revenues | <u>146,610</u> | <u>130,503</u> | <u>(16,107)</u> |
| Expenditures: | | | |
| Current - | | | |
| General Government | 26,733 | 26,733 | |
| Capital Outlay | 96,564 | 66,053 | 30,511 |
| Debt service - | | | |
| Principal Retirement | 44,356 | 44,356 | |
| Interest and Fiscal Charges | 5,457 | 5,457 | |
| Total expenditures | <u>173,110</u> | <u>142,599</u> | <u>30,511</u> |
| Changes in fund balances | <u>(26,500)</u> | <u>(12,096)</u> | <u>14,404</u> |
| Fund balances, beginning of year | 26,500 | 157,852 | 131,352 |
| Fund balances, end of year | <u><u>\$</u></u> | <u><u>\$ 145,756</u></u> | <u><u>\$ 145,756</u></u> |

**CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2014**

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|---------------------|---|
| | <u>Original & Final</u> | <u>Actual</u> | <u>(Negative)</u> |
| Expenditures: | | | |
| Current - | | | |
| Capital Outlay | \$ 2,545,270 | \$ 882,277 | \$ 1,662,993 |
| Total expenditures | <u>2,545,270</u> | <u>882,277</u> | <u>1,662,993</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,545,270)</u> | <u>(882,277)</u> | <u>1,662,993</u> |
| Other financing sources (uses): | | | |
| Transfers In | 600,000 | 746,850 | 146,850 |
| Total other financing sources (uses): | <u>600,000</u> | <u>746,850</u> | <u>146,850</u> |
| Changes in fund balances | <u>(1,945,270)</u> | <u>(135,427)</u> | <u>1,809,843</u> |
| Fund balances, beginning of year | 1,945,270 | 1,999,054 | 53,784 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 1,863,627</u> | <u>\$ 1,863,627</u> |

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERPETUAL CARE
YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Variance with Final Budget Positive (Negative) |
|--|---------------------|-------------------|---|
| | Original & Final | Actual | |
| Revenues: | | | |
| Investment Income | \$ 400 | \$ 207 | \$ (193) |
| Total revenues | <u>400</u> | <u>207</u> | <u>(193)</u> |
| Expenditures: | | | |
| Current - | | | |
| General Government | 3,200 | | 3,200 |
| Total expenditures | <u>3,200</u> | | <u>3,200</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,800)</u> | <u>207</u> | <u>3,007</u> |
| Other financing sources (uses): | | | |
| Transfers In | 2,800 | 3,833 | 1,033 |
| Total other financing sources (uses): | <u>2,800</u> | <u>3,833</u> | <u>1,033</u> |
| Changes in fund balances | | <u>4,040</u> | <u>4,040</u> |
| Fund balances, beginning of year | | 114,339 | 114,339 |
| Fund balances, end of year | <u>\$</u> | <u>\$ 118,379</u> | <u>\$ 118,379</u> |

AGENCY FUND

C.C.A. Pass-through - to account for monies passed through to Corrections Corporation of America (C.C.A.) from the Department of Homeland Security.

**CITY OF ELOY, ARIZONA
STATEMENT OF CHANGES IN AGENCY FUND ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2014**

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|-----------------------------------|------------------------------|----------------------|----------------------|---------------------------|
| <u>C.C.A. Pass-through</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and Cash Equivalents | \$ _____ | \$ <u>37,259,856</u> | \$ <u>34,046,841</u> | \$ <u>3,213,015</u> |
| Total assets | \$ _____ | \$ <u>37,259,856</u> | \$ <u>34,046,841</u> | \$ <u>3,213,015</u> |
| <u>Liabilities</u> | | | | |
| Due to C.C.A. | \$ _____ | \$ <u>37,259,856</u> | \$ <u>34,046,841</u> | \$ <u>3,213,015</u> |
| Total liabilities | \$ _____ | \$ <u>37,259,856</u> | \$ <u>34,046,841</u> | \$ <u>3,213,015</u> |

STATISTICAL SECTION

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

| Contents: | Page |
|--|-------------|
| Financial Trends These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time. | 93 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue. | 98 |
| 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. | 104 |
| 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. | 108 |
| 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. | 110 |

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

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

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets: | \$ 5,597,733 | \$ 8,746,981 | \$ 10,520,431 | \$ 10,963,272 | \$ 13,325,913 | \$ 16,151,406 | \$ 15,002,289 | \$ 15,985,323 | \$ 16,961,904 | \$ 18,543,869 |
| Restricted | 3,096,941 | 3,821,864 | 5,556,173 | 8,049,208 | 10,268,206 | 7,273,444 | 5,429,281 | 4,978,419 | 4,624,572 | 4,489,679 |
| Unrestricted | 950,379 | 2,827,121 | 4,480,947 | 8,617,832 | 7,964,489 | 8,009,711 | 13,164,747 | 14,507,592 | 15,474,774 | 15,233,841 |
| Total Governmental Activities Net Assets | \$ 9,645,053 | \$ 15,395,966 | \$ 20,557,551 | \$ 27,630,312 | \$ 31,558,608 | \$ 31,434,561 | \$ 33,596,317 | \$ 35,471,334 | \$ 37,061,250 | \$ 38,267,389 |
| Business-type activities | | | | | | | | | | |
| Net Investment in Capital Assets: | \$ 3,976,728 | \$ 5,061,783 | \$ 5,024,582 | \$ 5,415,998 | \$ 7,665,730 | \$ 9,775,100 | \$ 9,532,520 | \$ 9,090,283 | \$ 8,089,091 | \$ 9,575,240 |
| Restricted | - | 269,560 | 311,257 | 380,056 | 379,454 | 343,584 | 289,448 | 291,532 | 559,631 | 715,299 |
| Unrestricted | (333,944) | (1,465,858) | (3,145,956) | -3195169 | (2,739,943) | (2,965,864) | (2,760,273) | (2,496,712) | (1,574,048) | (1,716,544) |
| Total Business-Type Activities Net Assets | \$ 3,642,784 | \$ 3,865,485 | \$ 2,189,883 | \$ 2,600,885 | \$ 5,305,241 | \$ 7,152,820 | \$ 7,061,695 | \$ 6,885,103 | \$ 7,074,674 | \$ 8,573,995 |
| Primary government | | | | | | | | | | |
| Net Investment in Capital Assets: | \$ 9,574,461 | \$ 13,808,764 | \$ 15,545,013 | \$ 16,379,270 | \$ 20,991,643 | \$ 25,926,506 | \$ 24,534,809 | \$ 25,075,606 | \$ 25,050,995 | \$ 28,119,109 |
| Restricted | 3,096,941 | 4,091,424 | 5,867,430 | 8,429,264 | 10,647,660 | 7,617,028 | 5,718,729 | 5,269,951 | 5,269,951 | 5,204,978 |
| Unrestricted | 616,435 | 1,361,263 | 1,334,991 | 5,422,663 | 5,224,546 | 5,043,847 | 10,404,475 | 12,010,880 | 12,010,880 | 13,517,297 |
| | \$ 13,287,837 | \$ 19,261,451 | \$ 22,747,434 | \$ 30,231,197 | \$ 36,863,849 | \$ 38,587,381 | \$ 40,658,013 | \$ 42,356,437 | \$ 42,331,826 | \$ 46,841,384 |

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

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

| Expenses | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 2,803,340 | \$ 2,374,656 | \$ 4,118,612 | \$ 3,712,010 | \$ 3,771,718 | \$ 3,818,804 | \$ 2,878,214 | \$ 2,451,503 | \$ 2,535,814 | \$ 3,323,730 |
| Public Safety | 3,019,759 | 3,769,710 | 4,010,314 | 3,805,011 | 4,591,751 | 4,574,432 | 3,744,811 | 4,106,470 | 4,141,860 | 4,004,661 |
| Public Works | 1,461,415 | 2,045,436 | 2,390,394 | 2,914,884 | 3,170,470 | 1,797,012 | 2,609,546 | 2,509,477 | 2,007,422 | 2,221,837 |
| Culture and Recreation | 962,893 | 1,108,839 | 1,077,769 | 1,248,404 | 1,303,247 | 1,178,676 | 1,570,243 | 1,438,463 | 1,290,178 | 1,380,982 |
| Community Development | | | | | | | | 597,877 | 805,789 | 1,119,187 |
| Health and Welfare | | 86,907 | 24,067 | 103,896 | 84,934 | 18,618 | | 290,000 | 147,876 | 260,682 |
| Interest on Long-Term Debt | 98,177 | 190,454 | 128,102 | 179,565 | 175,834 | 93,818 | 63,294 | 58,225 | 79,484 | 83,892 |
| Total Governmental Activities Expenses | 8,345,584 | 9,576,002 | 11,749,258 | 11,963,770 | 13,097,954 | 11,481,360 | 10,866,108 | 11,452,015 | 11,008,423 | 12,394,971 |
| Business-Type Activities: | | | | | | | | | | |
| Water | 1,702,780 | 1,931,084 | 2,449,351 | 1,906,929 | 1,978,848 | 1,938,888 | 1,800,394 | 1,950,484 | 1,921,729 | 1,961,170 |
| Sewer | 1,078,813 | 993,279 | 1,232,493 | 1,094,058 | 1,476,568 | 1,442,414 | 1,308,335 | 2,264,921 | 1,275,294 | 1,213,669 |
| Sanitation and Other | 894,983 | 1,175,389 | 1,270,086 | 1,188,915 | 1,178,667 | 5,398,863 | 1,375,054 | 1,379,485 | 1,498,467 | 1,497,411 |
| Memorial Park | 78,289 | | | | | | | | | |
| Airport | 73,396 | | | | | | | | | |
| Total Business-Type Activities Expenses | 3,828,261 | 4,099,752 | 4,951,930 | 4,189,902 | 4,634,083 | 8,780,165 | 4,483,783 | 5,594,890 | 4,695,490 | 4,672,250 |
| Total Primary Government Expenses | \$ 12,173,845 | \$ 13,675,754 | \$ 16,701,188 | \$ 16,153,672 | \$ 17,732,037 | \$ 20,261,525 | \$ 15,349,891 | \$ 17,046,905 | \$ 15,703,913 | \$ 17,067,221 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | 1,115,204 | 825,414 | 922,983 | 954,171 | 873,656 | 650,814 | 618,181 | 589,588 | 531,214 | 572,950 |
| Public Safety | 63,946 | 588,580 | 656,561 | 1,315,283 | 289,858 | 282,085 | 380,459 | 332,861 | 116,604 | 85,214 |
| Public Works | | 187,878 | 290,368 | 86,457 | 402,654 | 89,682 | 72,434 | 79,779 | 120,518 | 131,316 |
| Community Development | | | | | | | | | 314,702 | 361,925 |
| Culture and Recreation | 26,941 | 20,571 | 24,896 | 25,185 | 24,407 | 21,863 | 19,598 | 18,350 | 26,199 | 30,310 |
| Operating Grants and Contributions | 2,184,007 | 2,593,428 | 2,893,405 | 3,372,261 | 2,398,640 | 2,324,873 | 2,195,747 | 1,860,034 | 1,891,725 | 1,963,469 |
| Capital Grants and Contributions | | 1,306,561 | 931,184 | 1,090,919 | 3,103,924 | 674,887 | 1,314,342 | 1,251,911 | 572,622 | 1,378,869 |
| Total Governmental Activities Program Revenues | 3,390,098 | 5,522,432 | 5,719,397 | 6,844,276 | 7,093,139 | 4,044,204 | 4,600,761 | 4,132,523 | 3,573,584 | 4,524,053 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Water | 1,609,750 | 1,681,997 | 1,496,447 | 1,623,516 | 1,838,440 | 1,867,418 | 1,734,300 | 1,781,941 | 1,662,936 | 1,893,647 |
| Sewer | 944,830 | 835,754 | 819,109 | 925,591 | 1,025,676 | 1,053,803 | 977,215 | 945,290 | 978,252 | 1,141,294 |
| Sanitation and Other | 935,797 | 1,010,678 | 1,202,242 | 1,239,003 | 1,329,058 | 1,331,779 | 1,312,906 | 1,476,130 | 1,523,766 | 1,470,157 |
| Memorial Park | 86,545 | | | | | | | | | |
| Airport | 80,038 | | | | | | | | | |
| Operating Grants and Contributions | 603,806 | | | | | | | | | |
| Capital Grants and Contributions | 1,287,356 | 2,474,963 | 512,508 | 113,016 | 2,314,606 | 2,821,830 | 69,930 | 792,051 | 10,688 | 6,170 |
| Total Business-Type Activities Program Revenues | 5,548,122 | 6,003,392 | 4,030,306 | 3,901,126 | 6,507,780 | 7,074,830 | 4,094,351 | 4,995,412 | 4,175,642 | 4,511,268 |
| Total Primary Government Program Revenues | \$ 8,938,220 | \$ 11,525,824 | \$ 9,749,703 | \$ 10,745,402 | \$ 13,600,919 | \$ 11,119,034 | \$ 8,695,112 | \$ 9,127,935 | \$ 7,749,226 | \$ 9,035,321 |

(continued)

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Net (Expense)/Revenues | | | | | | | | | | |
| Governmental Activities | \$ (4,955,486) | \$ (4,053,570) | \$ (6,029,861) | \$ (5,119,494) | \$ (6,004,815) | \$ (7,437,156) | \$ (6,265,347) | \$ (7,319,492) | \$ (7,434,839) | \$ (7,870,918) |
| Business-Type Activities | 1,719,861 | 1,903,640 | (921,624) | (288,776) | 1,873,697 | (1,705,335) | (389,432) | (599,478) | (519,848) | (160,982) |
| Total Primary Government Net Expense | <u>\$ (3,235,625)</u> | <u>\$ (2,149,930)</u> | <u>\$ (6,951,485)</u> | <u>\$ (5,408,270)</u> | <u>\$ (4,131,118)</u> | <u>\$ (9,142,491)</u> | <u>\$ (6,654,779)</u> | <u>\$ (7,918,970)</u> | <u>\$ (7,954,687)</u> | <u>\$ (8,031,900)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| City Sales Tax | \$ 3,314,147 | \$ 4,734,172 | 7,113,852 | \$ 8,444,552 | \$ 6,446,587 | \$ 3,787,899 | \$ 5,087,733 | \$ 5,160,839 | \$ 4,797,681 | \$ 5,516,526 |
| State Sales Taxes | 961,143 | 1,101,748 | 1,057,403 | 1,022,432 | 885,140 | 816,412 | 887,563 | 1,299,551 | 1,361,278 | 1,447,688 |
| Auto Lieu Tax | 502,289 | 639,807 | 696,508 | 753,544 | 728,472 | 696,980 | 682,530 | 703,979 | 724,822 | 774,269 |
| State Sales Taxes-Revenue Sharing | 953,748 | 1,086,256 | 1,263,084 | 1,565,622 | 1,665,549 | 1,436,354 | 1,082,827 | 1,403,669 | 1,698,821 | 1,853,736 |
| Property Tax | 430,980 | 558,062 | 476,317 | 580,882 | 648,196 | 713,073 | 786,184 | 846,923 | 897,160 | 918,511 |
| Franchise Tax | 106,263 | 118,019 | 112,137 | 135,324 | 129,343 | 121,542 | 132,653 | 135,939 | 139,478 | 141,905 |
| Unrestricted Investment Earnings | 40,949 | 118,291 | 297,313 | 373,733 | 232,670 | 137,475 | 63,965 | 64,587 | 56,673 | 49,941 |
| Gain on Sale of Assets | 139,447 | | 174,832 | | | | | | | |
| Other Revenues | | | | | | | | | 56,513 | 33,058 |
| Transfers | (174,859) | (79,961) | | (683,834) | (802,846) | (396,626) | (296,353) | (420,978) | (707,671) | (1,658,577) |
| Total Governmental Activities | <u>6,274,107</u> | <u>8,276,394</u> | <u>11,191,446</u> | <u>12,192,255</u> | <u>9,933,111</u> | <u>7,313,109</u> | <u>8,427,102</u> | <u>9,194,509</u> | <u>9,024,755</u> | <u>9,077,057</u> |
| Business-Type Activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | 6,974 | 11,580 | 33,638 | 15,944 | 27,813 | 4,152 | 1,954 | 1,908 | 1,748 | 1,726 |
| Transfers | 174,859 | 79,961 | | 683,834 | 802,846 | 396,626 | 296,353 | 420,978 | 707,671 | 1,658,577 |
| Total Business-Type Activities | <u>181,833</u> | <u>91,541</u> | <u>33,638</u> | <u>699,778</u> | <u>830,659</u> | <u>400,778</u> | <u>298,307</u> | <u>422,886</u> | <u>709,419</u> | <u>1,660,303</u> |
| Total Primary Government | <u>\$ 6,455,940</u> | <u>\$ 8,367,935</u> | <u>\$ 11,225,084</u> | <u>\$ 12,892,033</u> | <u>\$ 10,763,770</u> | <u>\$ 7,713,887</u> | <u>\$ 8,725,409</u> | <u>\$ 9,617,395</u> | <u>\$ 9,734,174</u> | <u>\$ 10,737,360</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 1,318,621 | \$ 4,222,824 | \$ 5,161,585 | \$ 7,072,761 | \$ 3,928,296 | \$ (124,047) | \$ 2,161,755 | \$ 1,875,017 | \$ 1,589,916 | \$ 1,206,139 |
| Business-Type Activities | 1,901,694 | 1,995,181 | (887,986) | 411,002 | 2,704,356 | (1,304,557) | (91,125) | (176,592) | 189,571 | 1,499,321 |
| Total Primary Government | <u>\$ 3,220,315</u> | <u>\$ 6,218,005</u> | <u>\$ 4,273,599</u> | <u>\$ 7,483,763</u> | <u>\$ 6,632,652</u> | <u>\$ (1,428,604)</u> | <u>\$ 2,070,630</u> | <u>\$ 1,698,425</u> | <u>\$ 1,779,487</u> | <u>\$ 2,705,460</u> |

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

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| General Fund | | | | | | | | | | |
| Unreserved | \$ 2,172,591 | \$ 3,908,190 | \$ 6,130,614 | \$ 8,421,061 | \$ 7,954,418 | \$ 8,009,884 | \$ 8,766,677 | \$ 9,855,191 | \$ 10,968,659 | \$ 12,042,236 |
| Total General Fund | <u>\$ 2,172,591</u> | <u>\$ 3,908,190</u> | <u>\$ 6,130,614</u> | <u>\$ 8,421,061</u> | <u>\$ 7,954,418</u> | <u>\$ 8,009,884</u> | <u>\$ 8,766,677</u> | <u>\$ 9,855,191</u> | <u>\$ 10,968,659</u> | <u>\$ 12,042,236</u> |
| | | | | | | | | | | |
| All other Governmental Funds | | | | | | | | | | |
| Reserved/Restricted: | | | | | | | | | | |
| Roads and Highways | \$ 945,612 | \$ 1,283,364 | \$ 1,954,498 | \$ 4,387,854 | \$ 7,926,530 | \$ 5,391,080 | \$ 2,885,592 | \$ 2,379,018 | \$ 2,363,657 | \$ 2,364,034 |
| Capital Projects | 1,352,273 | 637,788 | 1,167,674 | 3,051,765 | 4,077,563 | 3,646,925 | 2,171,477 | 2,225,845 | 1,883,212 | 1,869,855 |
| Court Equipment | | 114,111 | 147,972 | 77,675 | 87,644 | 95,200 | 101,915 | 114,621 | 116,956 | 118,647 |
| Cemetery | | 25,923 | | | | | 108,605 | 111,354 | 114,339 | 118,379 |
| Other Purposes | 785,467 | 522,661 | 446,995 | 531,914 | 542,002 | 434,694 | 161,692 | 147,581 | 146,408 | 137,143 |
| Committed for: | | | | | | | | | | |
| Airport | | 131,349 | 140,451 | 140,925 | 114,271 | 140,275 | 148,855 | 152,519 | 157,852 | 145,756 |
| Cemetery | | | 23,371 | 39,896 | 48,702 | 42,794 | 34,250 | 23,642 | 46,337 | 92,052 |
| Roads and Highways | | | | | | | 2,684,334 | 2,684,334 | 2,364,158 | 852,595 |
| Assigned for: | | | | | | | | | | |
| Capital Projects | | | | | | | 1,942,442 | 2,249,392 | 2,387,358 | 2,588,367 |
| Unassigned: | | | | | | | | | | |
| Total all other Governmental Funds | <u>\$ 3,083,352</u> | <u>\$ 2,715,196</u> | <u>\$ 3,880,961</u> | <u>\$ 8,230,029</u> | <u>\$ 12,796,712</u> | <u>\$ 9,750,968</u> | <u>\$ 10,239,162</u> | <u>\$ 10,088,306</u> | <u>\$ 9,580,277</u> | <u>\$ 8,286,828</u> |

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

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

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

| | Fiscal Year | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 3,836,516 | \$ 5,417,124 | \$ 7,706,397 | \$ 9,164,388 | \$ 7,193,555 | \$ 4,605,355 | \$ 6,008,308 | \$ 6,166,452 | \$ 5,845,236 | \$ 6,580,455 |
| Licenses and Permits | 403,314 | 724,423 | 897,405 | 1,352,303 | 654,224 | 311,252 | 415,189 | 361,173 | 374,593 | 421,266 |
| Intergovernmental | 4,601,187 | 6,482,258 | 6,653,899 | 6,648,617 | 7,416,635 | 6,002,186 | 6,069,630 | 6,616,153 | 6,482,176 | 7,586,717 |
| Charges for Services | 375,620 | 118,662 | 103,595 | 114,303 | 119,015 | 118,283 | 105,856 | 113,925 | 221,980 | 250,749 |
| Impact Fees | | 432,400 | 530,406 | 715,465 | 59,193 | 110,755 | 114,901 | 50,521 | 43,833 | 50,725 |
| Fines and Forfeitures | 266,792 | 292,066 | 364,033 | 381,384 | 340,520 | 292,267 | 277,601 | 264,739 | 235,923 | 290,289 |
| Interest | 40,949 | 118,291 | 297,313 | 373,733 | 232,670 | 137,475 | 63,965 | 64,587 | 56,673 | 49,941 |
| Other Revenues | 160,365 | 300,434 | 187,054 | 973,802 | 130,040 | 159,211 | 270,504 | 133,214 | 56,513 | 33,058 |
| Total Revenues | \$ 9,684,743 | \$ 13,885,658 | \$ 16,740,102 | \$ 19,723,995 | \$ 16,145,852 | \$ 11,736,784 | \$ 13,325,954 | \$ 13,770,764 | \$ 13,316,927 | \$ 15,263,200 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | \$ 2,806,405 | \$ 2,250,642 | \$ 3,652,678 | \$ 3,490,572 | \$ 3,093,046 | \$ 2,588,439 | \$ 2,729,089 | \$ 2,262,749 | \$ 2,419,367 | \$ 2,446,351 |
| Public Safety | 3,262,770 | 3,606,255 | 3,824,777 | 3,644,286 | 3,959,263 | 3,717,712 | 3,462,398 | 3,727,083 | 3,966,748 | 3,764,016 |
| Public Works | 1,912,079 | 2,052,251 | 2,179,189 | 2,572,959 | 2,787,310 | 2,401,112 | 2,038,234 | 2,057,173 | 1,661,507 | 1,743,665 |
| Health and Welfare | | 10,798 | 24,071 | 103,790 | 84,842 | 18,587 | | 290,000 | 59,249 | 166,926 |
| Community Development | | | | | | | | 597,877 | 802,369 | 1,112,418 |
| Culture and Recreation | 1,099,607 | 1,040,826 | 1,010,410 | 1,163,310 | 1,209,750 | 1,239,954 | 1,209,228 | 1,270,781 | 1,279,326 | 1,355,418 |
| Capital Outlay | | 2,733,783 | 2,043,192 | 1,249,583 | 2,649,461 | 2,281,142 | 1,421,235 | 1,485,800 | 3,043,354 | 3,561,908 |
| Debt Service | | | | | | | | | | |
| Principal | 229,995 | 684,011 | 740,497 | 578,008 | 508,096 | 1,996,608 | 855,204 | 641,584 | 1,576,959 | 231,411 |
| Interest and Fiscal Charges | 98,177 | 174,494 | 153,928 | 151,198 | 151,198 | 86,882 | 69,226 | 79,082 | 82,515 | 83,892 |
| Loan Issuance Costs | | | | | | | | | 12,425 | |
| Total Expenditures | 9,409,033 | 12,553,060 | 13,628,742 | 12,953,706 | 14,442,966 | 14,330,436 | 11,784,614 | 12,412,129 | 14,903,819 | 14,466,005 |
| Revenues Over (Under) Expenditures | 275,710 | 1,332,598 | 3,111,360 | 6,770,289 | 1,702,886 | (2,593,652) | 1,541,340 | 1,358,635 | (1,586,892) | 797,195 |
| Other Finance Sources (Uses) | | | | | | | | | | |
| Sale of Assets | 205,000 | | 276,832 | 3,060 | | | | | | |
| Bond Proceeds | 1,633,949 | | | 550,000 | 3,200,000 | | | | 2,900,000 | |
| Transfers In (Out) | (174,859) | (79,960) | | (683,834) | (802,846) | (396,626) | (296,353) | (420,978) | (707,671) | (1,017,067) |
| Total other Finance Sources (Uses) | 1,664,090 | (79,960) | 276,832 | (130,774) | 2,397,154 | (396,626) | (296,353) | (420,978) | 2,192,329 | (1,017,067) |
| Net Change in Fund Balances | \$ 1,939,800 | \$ 1,252,638 | \$ 3,388,192 | \$ 6,639,515 | \$ 4,100,040 | \$ (2,990,278) | \$ 1,244,987 | \$ 937,657 | \$ 605,437 | \$ (219,872) |
| Debt Service as a Percentage of Noncapital Expenditures | 3.61% | 9.58% | 8.37% | 6.64% | 5.92% | 20.91% | 9.79% | 7.06% | 16.29% | 2.98% |

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

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

| Fiscal Year | Limited Property Value -Primary | | Full Cash Value-Secondary | | Ratio of Net Assessed to Total Values |
|-------------|---------------------------------|------------------------------|---------------------------|-----------------------|---------------------------------------|
| | Net Assessed Value | Total Limited Property Value | Net Assessed Value | Total Full Cash Value | |
| 2005 | 31,345,318 | 228,572,057 | 32,608,443 | 236,283,676 | 14% |
| 2006 | 33,084,566 | 239,929,880 | 34,074,814 | 246,154,691 | 14% |
| 2007 | 35,488,716 | 264,545,940 | 36,833,437 | 271,302,992 | 13% |
| 2008 | 47,148,069 | 353,590,419 | 63,489,149 | 456,137,673 | 14% |
| 2009 | 70,389,857 | 530,151,332 | 119,026,192 | 842,248,039 | 14% |
| 2010 | 81,605,192 | 616,477,382 | 125,354,097 | 900,434,027 | 14% |
| 2011 | 101,317,831 | 747,069,356 | 115,615,201 | 821,585,705 | 14% |
| 2012 | 90,183,109 | 659,116,219 | 94,517,290 | 675,875,514 | 14% |
| 2013 | 86,329,516 | 624,646,309 | 88,241,336 | 633,233,534 | 14% |
| 2014 | 83,479,765 | 620,299,568 | 86,184,886 | 629,832,601 | 14% |

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 | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| City of Eloy | 1.3497 | 1.3266 | 1.2917 | 1.2326 | 0.9514 | 0.8363 | 0.8195 | 0.9562 | 1.0387 | 1.1378 |
| Pinal County | 4.4532 | 4.4532 | 4.3035 | 4.0183 | 3.4355 | 3.2316 | 3.9999 | 3.9999 | 3.7999 | 3.7999 |
| Eloy Fire District | 1.8429 | 1.9546 | 1.9792 | 1.9533 | 1.6388 | 1.6881 | 1.9655 | 2.2835 | 2.3358 | 2.4735 |
| Pinal County Jr. College | 2.1500 | 2.1000 | 2.0528 | 1.8000 | 1.4100 | 1.4636 | 1.5854 | 1.8529 | 1.8786 | 2.2507 |
| Toltec Elementary School District | 2.2815 | 4.8805 | 3.6983 | 3.1657 | 3.0585 | 2.3283 | 2.3255 | 2.3255 | 2.9326 | 3.7556 |
| Casa Grande Union High School District | 2.9961 | 2.9355 | 2.8074 | 3.2091 | 2.8887 | 2.3972 | 2.3624 | 2.486 | 2.5266 | 3.0509 |
| Santa Cruz Unified School District | 4.4011 | 4.405 | 4.2236 | 4.0708 | 3.9656 | 3.7581 | 3.6517 | 3.7308 | 4.4195 | 4.3045 |
| Eloy Elementary School District | 6.9661 | 68010 | 6.2520 | 5.5102 | 5.4636 | 4.0013 | 3.9656 | 4.1156 | 4.7645 | 4.9345 |
| Other Taxing Authorities | 0.8592 | 0.8383 | 0.3834 | 0.3692 | 0.4008 | 0.7516 | 0.7878 | 0.8664 | 0.9182 | 0.9881 |

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

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

| Fiscal Year | Tax Levy | Collected to June 30th End of Tax Fiscal Year (a) | | Percent of Tax Levy | Adjustments |
|-------------|------------|--|---------------------|------------------------|-------------|
| | | Collections | Taxes Receivable | | |
| 2004-2005 | \$ 424,716 | \$ 424,692 | \$ 24 | 99.99% | \$ (1,296) |
| 2005-2006 | 439,629 | 439,143 | 485 | 99.89% | (1,744) |
| 2006-2007 | 467,813 | 467,248 | 565 | 99.88% | 685 |
| 2007-2008 | 580,518 | 579,923 | 595 | 99.90% | (7,702) |
| 2008-2009 | 657,801 | 655,255 | 2,546 | 99.61% | (13,501) |
| 2009-2010 | 719,780 | 716,489 | 3,292 | 99.54% | (4,028) |
| 2010-2011 | 818,773 | 814,982 | 3,791 | 99.54% | (14,377) |
| 2011-2012 | 832,235 | 827,199 | 5,036 | 99.39% | (18,016) |
| 2012-2013 | 872,554 | 866,971 | 5,583 | 99.36% | (11,545) |
| 2013-2014 | 928,999 | 900,027 | 28,972 | 96.88% | (195) |

(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 first day of March and is delinquent on May 1st. The penalty for late payments is 16% per year prorated monthly as of the 1st day of 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 2007 through 2014

| | Fiscal Year 2007 | | Fiscal Year 2008 | | Fiscal Year 2009 | | Fiscal Year 2010 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Tax Paid | Percentage of Total |
| Construction | \$ 3,778,353 | 53.11% | \$ 4,909,603 | 58.16% | \$ 2,998,610 | 46.51% | \$ 830,116 | 20.15% |
| Manufacturing | 144,267 | 2.03% | 162,936 | 1.93% | 215,210 | 3.34% | 286,748 | 6.96% |
| Transportation/Communication/ Utilities | 580,435 | 8.16% | 677,648 | 8.03% | 683,760 | 10.61% | 684,547 | 16.62% |
| Wholesale Trade | 10,730 | 0.15% | 33,601 | 0.40% | 63,534 | 0.99% | 91,143 | 2.21% |
| Retail Trade | 853,859 | 12.00% | 926,918 | 10.98% | 1,071,019 | 16.61% | 940,694 | 22.84% |
| Restaurants/Bars | 1,112,458 | 15.64% | 1,062,237 | 12.58% | 942,401 | 14.62% | 836,373 | 20.30% |
| Insurance/Real Estate | 85,739 | 1.21% | 129,904 | 1.54% | 101,791 | 1.58% | 121,700 | 2.95% |
| Hotel/Lodging | 125,886 | 1.77% | 127,598 | 1.51% | 87,157 | 1.35% | 84,893 | 2.06% |
| Services | 330,193 | 4.64% | 305,641 | 3.62% | 129,296 | 2.01% | 154,429 | 3.75% |
| All Other | 91,929 | 1.29% | 105,883 | 1.25% | 153,807 | 2.39% | 88,512 | 2.15% |
| Total | \$ 7,113,849 | 100.00% | \$ 8,441,969 | 100.00% | \$ 6,446,585 | 100.00% | \$ 4,119,155 | 100.00% |

| | Fiscal Year 2011 | | Fiscal Year 2012 | | Fiscal Year 2013 | | Fiscal Year 2014 | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Tax Paid | Percentage of Total |
| Construction | \$ 1,637,402 | 31.17% | \$ 1,257,602 | 24.59% | \$ 986,143 | 20.60% | \$ 1,493,389 | 27.09% |
| Manufacturing | 273,899 | 5.21% | 268,820 | 5.26% | 223,290 | 4.66% | 313,380 | 5.68% |
| Transportation/Communication/ Utilities | 659,001 | 12.55% | 638,519 | 12.49% | 646,302 | 13.50% | 669,495 | 12.14% |
| Wholesale Trade | 124,332 | 2.37% | 118,652 | 2.32% | 150,107 | 3.14% | 98,775 | 1.79% |
| Retail Trade | 981,398 | 18.68% | 1,172,126 | 22.92% | 1,181,505 | 24.68% | 1,278,677 | 23.19% |
| Restaurants/Bars | 1,042,401 | 19.84% | 1,107,200 | 21.65% | 959,115 | 20.04% | 1,037,957 | 18.83% |
| Insurance/Real Estate | 219,347 | 4.18% | 202,784 | 3.97% | 247,337 | 5.17% | 259,296 | 4.70% |
| Hotel/Lodging | 84,651 | 1.61% | 82,686 | 1.62% | 71,811 | 1.50% | 73,479 | 1.33% |
| Services | 126,222 | 2.40% | 156,361 | 3.06% | 170,100 | 3.55% | 143,231 | 2.60% |
| All Other | 104,424 | 1.99% | 109,512 | 2.14% | 150,885 | 3.15% | 145,546 | 2.64% |
| Total | \$ 5,253,077 | 100.00% | \$ 5,114,262 | 100.00% | \$ 4,786,595 | 100.00% | \$ 5,513,225 | 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, ARIZONA
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

City of Eloy

| Fiscal Year | Local Sales Tax | Bed Tax | Construction Sales Tax | Restaurant and Bar Tax | Use Tax | State of Arizona Tax (a) | Pinal County Tax |
|----------------|--------------------|---------|---------------------------|---------------------------|---------|-----------------------------|---------------------|
| 2005 | 3.00% | 7.00% | 4.50% | 6.00% | 0.00% | 5.60% | 1.1% |
| 2006 | 3.00% | 7.00% | 4.50% | 6.00% | 0.00% | 5.60% | 1.1% |
| 2007 | 3.00% | 7.00% | 4.50% | 6.00% | 0.00% | 5.60% | 1.1% |
| 2008 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 5.60% | 1.1% |
| 2009 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 5.60% | 1.1% |
| 2010 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 6.60% | 1.1% |
| 2011 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 6.60% | 1.1% |
| 2012 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 6.60% | 1.1% |
| 2013 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 5.60% | 1.1% |
| 2014 | 3.00% | 7.00% | 4.50% | 6.00% | 3.00% | 5.60% | 1.1% |

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

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

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

| <u>Fiscal Year</u> | <u>City Sales Tax</u> | <u>State Shared Sales Tax</u> | <u>Urban Revenue Share</u> | <u>Franchise Tax</u> | <u>Vehicle License Tax</u> | <u>Total</u> |
|--------------------|-----------------------|-------------------------------|----------------------------|----------------------|----------------------------|--------------|
| 2005 | 3,164,171 | 961,143 | 953,748 | 79,577 | 502,289 | 5,660,928 |
| 2006 | 4,734,172 | 1,101,748 | 1,086,256 | 118,018 | 639,807 | 7,680,001 |
| 2007 | 7,113,848 | 1,057,403 | 1,263,084 | 112,137 | 696,508 | 10,242,980 |
| 2008 | 8,441,969 | 1,022,432 | 1,565,622 | 135,324 | 753,544 | 11,918,891 |
| 2009 | 6,446,586 | 885,140 | 1,665,549 | 129,343 | 728,472 | 9,855,090 |
| 2010 | 4,119,155 | 816,413 | 1,436,354 | 121,542 | 696,980 | 7,190,444 |
| 2011 | 5,253,078 | 887,563 | 1,082,827 | 132,654 | 682,530 | 8,038,652 |
| 2012 | 5,114,261 | 1,229,551 | 1,403,669 | 135,939 | 703,979 | 8,587,399 |
| 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 |

Source: The source of this information is the City financial records and the Department of Revenue

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

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | | Total Primary Government | Per Capita (a) |
|-------------|-------------------------|--------------------------|---------------|--------------------------|--------------------------|---------------|---------------|--------------------------|----------------|
| | Capital Leases | General Obligation Bonds | Loans Payable | Capital Leases | General Obligation Bonds | Revenue Bonds | Loans Payable | | |
| 2005 | \$ 2,182,075 | \$ 1,816,070 | \$ | \$ 505,417 | \$ 663,931 | \$ 1,158,668 | \$ 3,909,020 | \$ 10,235,181 | \$ 1,002 |
| 2006 | 1,959,931 | 1,528,160 | | 304,247 | 466,841 | 1,083,010 | 4,784,338 | 10,126,527 | 966 |
| 2007 | 1,584,470 | 1,141,332 | | 172,586 | 348,668 | 1,001,632 | 4,573,580 | 8,822,268 | 824 |
| 2008 | 1,436,419 | 746,845 | 536,932 | 93,123 | 228,155 | 914,502 | 4,351,499 | 8,307,475 | 650 |
| 2009 | 1,295,853 | 333,208 | 3,711,329 | 35,687 | 101,792 | 826,585 | 7,548,401 | 13,852,855 | 948 |
| 2010 | 1,149,118 | 176,179 | 2,076,403 | 12,163 | 53,821 | 732,845 | 8,023,437 | 12,223,966 | 735 |
| 2011 | 1,059,802 | | 1,516,872 | | | 633,244 | 7,735,701 | 10,945,619 | 658 |
| 2012 | 965,877 | | 956,582 | | | 612,743 | 7,389,455 | 9,924,657 | 585 |
| 2013 | 36,384 | | 3,208,931 | | | 591,299 | 7,093,930 | 10,930,545 | 627 |
| 2014 | 12,587 | | 3,001,503 | | | 568,870 | 8,864,522 | 12,447,482 | 731 |

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

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

CITY OF ELOY, ARIZONA
Computation of Direct and Overlapping Debt
As of June 30, 2014

| Jurisdiction | 2013-2014 Secondary Assessed Valuation | Net Debt Outstanding | Percentage Applicable to the City of Eloy | Amount Applicable to the City of Eloy | Combined Tax Rate Per \$100 Assessed |
|--|--|------------------------------|---|---|--|
| State of Arizona | \$ 52,598,341,678 | \$ | 0.16% | \$ | N/A |
| Pinal County | 2,005,343,534 | | 4.14% | | 3.7999% |
| Pinal County Community College District | 2,005,343,534 | 91,340,000 | 4.14% | 3,781,903 | 2.2507% |
| Central Arizona Valley Institute of Technology | 1,258,432,410 | | 6.60% | | 0.0500% |
| Eloy Fire District | 83,209,466 | | 99.79% | | 2.4735% |
| Toltec ESD #022 | 70,827,779 | 3,475,000 | 51.24% | 1,780,638 | 3.7556% |
| Casa Grande UHS #82 | 512,589,895 | 28,720,000 | 7.81% | 2,243,911 | 3.0509% |
| Eloy ESD #011 | 21,662,984 | 1,450,000 | 60.28% | 874,091 | 4.9345% |
| Santa Cruz Valley UHS #840 | 108,817,790 | 4,945,000 | 42.27% | 2,090,399 | 4.3045% |
| City of Eloy | 83,030,586 | 3,014,090 | 100.00% | 3,014,090 | 1.1378% |
| | <u>\$ 58,747,599,656</u> | <u>\$ 132,944,090</u> | | <u>\$ 13,785,032</u> | <u>25.7574%</u> |

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Secondary Assessed Value | \$ 32,608,443 | \$ 34,074,814 | \$ 36,833,437 | \$ 63,489,149 | \$ 119,026,192 | \$ 125,354,097 | \$ 115,615,201 | \$ 94,517,290 | \$ 88,241,336 | \$ 86,184,886 |
| 20% Limitation (a) | | | | | | | | | | |
| Debt Limit Equal to 20% of Assessed Valuation | 6,521,689 | 6,814,963 | 7,366,687 | 12,697,830 | 23,805,238 | 25,070,819 | 23,123,040 | 18,903,458 | 17,648,267 | 17,236,977 |
| Total Debt Applicable to 20% Limit | | | | | | | | | | |
| Legal 20% Debt Margin (Available Borrowing Capacity) | \$ 6,521,689 | \$ 6,814,963 | \$ 7,366,687 | \$ 12,697,830 | \$ 23,805,238 | \$ 25,070,819 | \$ 23,123,040 | \$ 18,903,458 | \$ 17,648,267 | \$ 17,236,977 |
| 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 | 1,956,507 | 2,044,489 | 2,210,006 | 3,809,349 | 7,141,572 | 7,521,246 | 6,936,912 | 5,671,037 | 5,294,480 | 5,171,093 |
| Total Debt Applicable to 6% Limit | | | | | | | | | | |
| Legal 6% Debt Margin (Available Borrowing Capacity) | \$ 1,956,507 | \$ 2,044,489 | \$ 2,210,006 | \$ 3,809,349 | \$ 7,141,572 | \$ 7,521,246 | \$ 6,936,912 | \$ 5,671,037 | \$ 5,294,480 | \$ 5,171,093 |
| Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

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

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

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

Water Revenue Bonds

| Fiscal Year Ended June 30th | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|-----------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2005 | 1,589,986 | 1,353,109 | 236,877 | 74,971 | 57,577 | 1.79 |
| 2006 | 1,614,248 | 1,580,737 | 33,511 | 75,628 | 53,888 | 0.26 |
| 2007 | 1,454,039 | 2,097,765 | (643,726) | 76,378 | 50,167 | (5.09) |
| 2008 | 1,593,681 | 1,560,635 | 33,046 | 81,378 | 46,163 | 0.26 |
| 2009 | 1,819,378 | 1,543,338 | 276,040 | 87,917 | 41,875 | 2.13 |
| 2010 | 1,846,457 | 1,362,606 | 483,851 | 93,740 | 37,550 | 3.69 |
| 2011 | 1,715,288 | 1,386,245 | 329,043 | 99,601 | 32,937 | 2.48 |
| 2012 | 1,761,118 | 1,553,018 | 208,100 | 20,501 | 28,035 | 4.29 |
| 2013 | 1,662,936 | 1,529,528 | 133,408 | 21,443 | 27,091 | 2.75 |
| 2014 | 1,893,647 | 1,529,720 | 363,927 | 22,428 | 26,104 | 7.50 |

Water Infrastructure Finance Authority Loans

| Fiscal Year Ended June 30th | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|-----------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2005 | 2,525,115 | 2,178,754 | 346,361 | 204,682 | 90,390 | 1.17 |
| 2006 | 2,447,742 | 2,309,863 | 137,879 | 209,415 | 97,109 | 0.45 |
| 2007 | 2,273,148 | 2,840,329 | (567,181) | 214,257 | 91,620 | (1.85) |
| 2008 | 2,519,272 | 2,154,518 | 364,754 | 219,211 | 86,003 | 1.20 |
| 2009 | 2,845,054 | 2,583,412 | 261,642 | 135,316 | 128,110 | 0.99 |
| 2010 | 2,900,260 | 1,977,559 | 922,701 | 344,979 | 137,050 | 1.91 |
| 2011 | 2,692,503 | 2,000,169 | 692,334 | 328,493 | 136,349 | 1.49 |
| 2012 | 2,706,408 | 3,124,769 | (418,361) | 409,349 | 131,488 | (0.77) |
| 2013 | 2,641,188 | 2,121,607 | 519,581 | 418,205 | 124,960 | 0.96 |
| 2014 | 3,034,941 | 2,040,588 | 994,353 | 427,256 | 160,486 | 1.69 |

United States Department of Agriculture Loan

| Fiscal Year Ended June 30th | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
|-----------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|----------|----------|
| | | | | Principal | Interest | |
| 2005 | | | | | | |
| 2006 | | | | | | |
| 2007 | | | | | | |
| 2008 | 925,591 | 593,883 | 331,708 | 79,008 | 7,824 | 3.82 |
| 2009 | 1,025,676 | 1,040,074 | (14,398) | 44,172 | 12,559 | (0.25) |
| 2010 | 1,053,803 | 614,953 | 438,850 | 43,654 | 13,087 | 7.73 |
| 2011 | 977,215 | 613,924 | 363,291 | 43,124 | 13,637 | 6.40 |
| 2012 | 945,290 | 1,571,751 | (626,461) | 42,551 | 14,210 | (11.04) |
| 2013 | 978,252 | 592,079 | 386,173 | 41,714 | 14,662 | 6.85 |
| 2014 | 1,141,294 | 510,868 | 630,426 | 41,097 | 15,279 | 11.18 |

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> |
|--------------------|------------------------|--------------------------|---|--|--------------------------|-------------------------------|---------------------------------------|
| 2005 | 10,216 | 219,472 | 4,734,138 | 21.57 | 2,413 | 8.8% | 5.9% |
| 2006 | 10,480 | 235,708 | 5,604,192 | 23.78 | 2,548 | 7.8 | 5.2 |
| 2007 | 10,701 | 271,328 | 6,534,174 | 24.08 | 2,500 | 6.4 | 4.2 |
| 2008 | 12,781 | 306,174 | 7,341,007 | 23.98 | 2,607 | 10.6 | 7.1 |
| 2009 | 14,620 | 335,311 | 8,300,261 | 24.75 | 2,520 | 18.5 | 12.8 |
| 2010 | 16,620 | 349,830 | 8,319,921 | 23.78 | 2,234 | 17.4 | 12.0 |
| 2011 | 16,631 | 385,812 | 8,835,866 | 22.90 | 2,077 | 16.1 | 11.1 |
| 2012 | 16,964 | 383,553 | 9,459,726 | 24.66 | 1,958 | 13.5 | 9.2 |
| 2013 | 17,423 | 387,365 | 9,619,961 | 24.83 | 1,989 | 13.4 | 9.3 |
| 2014 | 17,020 | 393,813 | 9,860,460 | 25.04 | 1,942 | 13.4 | 8.1 |

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

Note: Amounts for fiscal years 2009-2011 are based on an Bureau of Economic Analysis for personal income percent change from the proceeding year.

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

| Employer | 2014 | | 2004 | |
|--|------------------|--|------------------|--|
| | Employees | Percentage of Total City Employment | Employees | Percentage of Total City Employment |
| Corporation Corrections of America | 1,550 | 63.86% | 417 | 22.68% |
| Eloy Elementary School District | 175 | 7.21% | 145 | 7.88% |
| Republic Plastics | 125 | 5.15% | 0 | 0.00% |
| City of Eloy | 109 | 4.49% | 130 | 7.07% |
| Travel Center of America | 100 | 4.12% | 92 | 5.00% |
| Santa Cruz Valley High School District | 70 | 2.88% | 86 | 4.68% |
| Otto Plastics Arizona, LLC | 70 | 2.88% | 58 | 3.15% |
| Curiel Primary School | 63 | 2.60% | 56 | 3.05% |
| Iron Skillet Restaurant | 55 | 2.27% | 65 | 3.53% |
| Pilot Travel Center | 46 | 1.90% | 75 | 4.08% |
| | 2,363 | 97.36% | 1,124 | 61.12% |

Source: The source of this information is the Central Arizona Regional Economic Development Foundation and the various employers.

CITY OF ELOY, ARIZONA
Authorized Full-time Government Employees by Function/Program
Last Ten Fiscal Years

| Fiscal Year | Function/Program | | | | | | | | |
|-------------|--------------------|---------------|----------------------|--------------------|----------------------|--------------------|--------------------|-------------------------|-------|
| | General Government | Public Safety | Culture & Recreation | Public Works/Admin | Public Works/Streets | Public Works/Water | Public Works/Sewer | Public Works/Sanitation | Total |
| 2004 | 31 | 49 | 14 | 3 | 11 | 10 | 5 | 7 | 130 |
| 2005 | 31 | 50 | 14 | 3 | 11 | 10 | 5 | 7 | 131 |
| 2006 | 31 | 52 | 14 | 3 | 11 | 10 | 5 | 7 | 133 |
| 2007 | 31 | 51 | 14 | 3 | 11 | 10 | 5 | 7 | 132 |
| 2008 | 34 | 48 | 14 | 3 | 10 | 9 | 5 | 7 | 130 |
| 2009 | 31 | 46 | 13 | 4 | 10 | 9 | 3 | 7 | 123 |
| 2010 | 27 | 46 | 13 | 4 | 10 | 9 | 3 | 7 | 119 |
| 2011 | 27 | 43 | 13 | 4 | 10 | 9 | 2 | 7 | 115 |
| 2012 | 26 | 44 | 13 | 4 | 10 | 9 | 2 | 7 | 115 |
| 2013 | 27 | 43 | 13 | 4 | 10 | 10 | 2 | 7 | 116 |
| 2014 | 27 | 42 | 13 | 4 | 10 | 10 | 2 | 7 | 115 |

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

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

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

| Function/Program | Fiscal Year | | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| General Government | | | | | | | | | | | |
| Registered Voters | 3,438 | * | 3,047 | * | 3,135 | * | 3,314 | * | 3,322 | * | 3,810 |
| Votes cast last primary election | 708 | * | 531 | * | 369 | * | 638 | * | 891 | * | * |
| Police | | | | | | | | | | | |
| Arrests | 1,380 | 1,956 | 1,568 | 1,428 | 1,273 | 937 | 1,048 | 972 | 248 | 1,703 | 1,880 |
| Citations | 3,446 | 6,065 | 4,033 | 3,005 | 2,992 | 702 | 1,007 | 1,535 | 371 | 936 | 1,698 |
| Traffic Stops | 2,813 | 4,987 | 4,386 | 4,557 | 4,554 | 2,504 | 2,189 | 1,902 | 618 | 2,820 | 4,490 |
| Officer Reports | 2,787 | 2,571 | 2,703 | 2,985 | 4,110 | 3,905 | 3,717 | 3,435 | 1,031 | 3,401 | 3,021 |
| Photo Enforcement - Notices Printed | * | * | * | * | * | 864 | 1,172 | 2,383 | 1,525 | 1,451 | 1,358 |
| Calls for Service | 23,986 | 18,131 | 17,021 | 15,828 | 16,118 | 16,707 | 14,112 | 13,076 | 14,524 | 13,334 | 18,801 |
| Highways & Streets | | | | | | | | | | | |
| Street resurfacing (miles) | * | * | * | * | 3 | 3 | 4 | 3 | 1 | 1 | 6 |
| Cold Mix for Potholes (tons) | * | * | * | * | 212 | 271 | 168 | 197 | 145 | 96 | 192 |
| Street sweeping (miles) | 40 | 40 | 40 | 40 | 42 | 42 | 42 | 46 | 46 | 46 | 46 |
| Water | | | | | | | | | | | |
| New Residential Connections | 50 | 75 | 76 | 34 | 8 | 1 | 0 | 3 | 0 | 0 | 0 |
| Line Breaks | * | * | * | * | 179 | 252 | 204 | 177 | 69 | 87 | 27 |
| Average Daily Consumption | * | 1.31 | 1.31 | 1.31 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater | | | | | | | | | | | |
| Average Daily Sewage Treatment (thousands of gallons) | * | * | * | * | * | 550 | 490 | 490 | 490 | 600 | 450 |
| Line cleaning (feet) | * | * | * | * | * | * | * | 90,000 | 150,000 | 100,000 | 100,000 |
| Line Plugs | * | * | * | * | * | 52 | 54 | 58 | 22 | 43 | 27 |
| Parks and Recreation | | | | | | | | | | | |
| Park Areas | 7 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 |
| Parkland Acreage | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16.29 |
| Playgrounds | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Afterschool Program Participants | 970 | 485 | 333 | 355 | 378 | 382 | 272 | 228 | 216 | 205 | 240 |
| Aquatic Center Admissions | 3,644 | 2,350 | 4,536 | 5,223 | 2,530 | 2,120 | 2,357 | 2,075 | 2,268 | 2,935 | 4,451 |

| | | | | | | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Airport | | | | | | | | | | | |
| Hangers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| T-Hangers | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Economic Development | | | | | | | | | | | |
| Building Permits-Commercial | 10 | 26 | 23 | 23 | 38 | 22 | 20 | 14 | 12 | 15 | 19 |
| Building Permits-Residential | 74 | 94 | 310 | 113 | 44 | 35 | 78 | 48 | 37 | 96 | 99 |
| Housing Rehabilitations | 1 | 10 | 11 | 3 | 4 | 6 | 7 | 12 | 1 | 4 | 4 |
| Code Enforcement Cases | * | * | * | * | * | 1,104 | 1,267 | 2,087 | 1,601 | 1,729 | 4,063 |
| Planning Cases | 25 | 65 | 110 | 97 | 75 | 58 | 50 | 24 | 25 | 32 | 32 |
| Culture - Library | | | | | | | | | | | |
| Items in Collections | 14,388 | 15,433 | 16,046 | 16,386 | 17,809 | 16,362 | 18,924 | 19,086 | 20,857 | 23,900 | 26,540 |
| Total Items Circulated | 11,184 | 11,954 | 11,830 | 16,381 | 13,433 | 14,559 | 16,544 | 32,281 | 35,398 | 35,867 | 28,187 |
| Reference Transactions | 989 | 1,020 | 684 | 718 | 864 | 920 | 817 | 858 | 975 | 991 | 940 |
| Computer Uses (Hrs.) | 8,760 | 7,990 | 8,200 | 9,000 | 9,318 | 11,636 | 16,544 | 17,490 | 17,481 | 23,107 | 22,267 |
| Inter Library Loan | 549 | 359 | 401 | 307 | 628 | 790 | 1,821 | 2,204 | 2,274 | 3,629 | 5,618 |

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

Note: Voter registration is taken every two years

* The information is not available

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

| Function/Program | Fiscal Year | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Public Safety | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 15 |
| Highways and Streets | | | | | | | | | | |
| Streets (miles) | * | * | * | 85 | 90 | 90 | 91 | 93 | 93 | 93 |
| Streetlights | 575 | 591 | 605 | 616 | 598 | 598 | 598 | 598 | 598 | 598 |
| Street poles | 550 | 570 | 582 | 593 | 575 | 575 | 575 | 598 | 598 | 598 |
| Water | | | | | | | | | | |
| Water mains (miles) | 120 | 120 | 120 | 120 | 120 | 123 | 123 | 123 | 123 | 123 |
| Fire hydrants | 315 | 315 | 315 | 321 | 321 | 321 | 326 | 326 | 327 | 327 |
| Sewer | | | | | | | | | | |
| Sanitary Sewer (miles) | 44 | 44 | 44 | 45 | 45 | 47 | 47 | 47 | 47 | 47 |
| Maximum daily treatment capacity (thousands of gallons) | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Recreation and Aquatics | | | | | | | | | | |
| Parks Acreage | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16 |
| Number of Parks | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ball Fields | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

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