City of Eloy, Arizona

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2013

628 N. Main Street – Eloy, Arizona 85231

City of Eloy, Arizona

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

For the Fiscal Year Ended June 30, 2013

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

CITY OF ELOY, ARIZONA

TABLE OF CONTENTS

TABLE OF CONTENTS (Cont'd)

TABLE OF CONTENTS (Cont'd)

STATISTICAL SECTION

CITY OF ELOY, ARIZONA

TABLE OF CONTENTS (Concl'd)

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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 20, 2013

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, 2013.

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, 2013 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, 2013 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 2013, the incorporated city limits is 112.88 square miles with a planning area of 542 square miles and has an estimated population of 17,433.

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 $10,843,039 to $71,387,550 for fiscal year 2012-2013.

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.

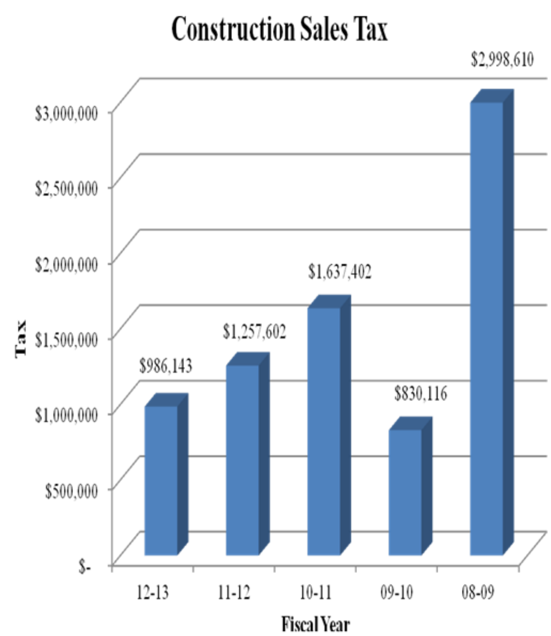
The City's population has increased 68% since 2000. According to the Arizona Department of Administration, Office of Employment & Population Statistics, Eloy's population is estimated at 17,433 as of July 1, 2012. Much of this growth was due to the continual development of Robson Ranch and the building of three private prisons which have been 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 2008. Local sale taxes are comprised of retail, construction, manufacturing, restaurant/bar, hotel/motel, and other taxing categories. Since 2008-2009 local sales taxes have decreased 25.75%. This decline is due to the construction industry and economic development projects slowing. In 2012-13, local sales collections were $4,797,681 or $363,158 less 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.

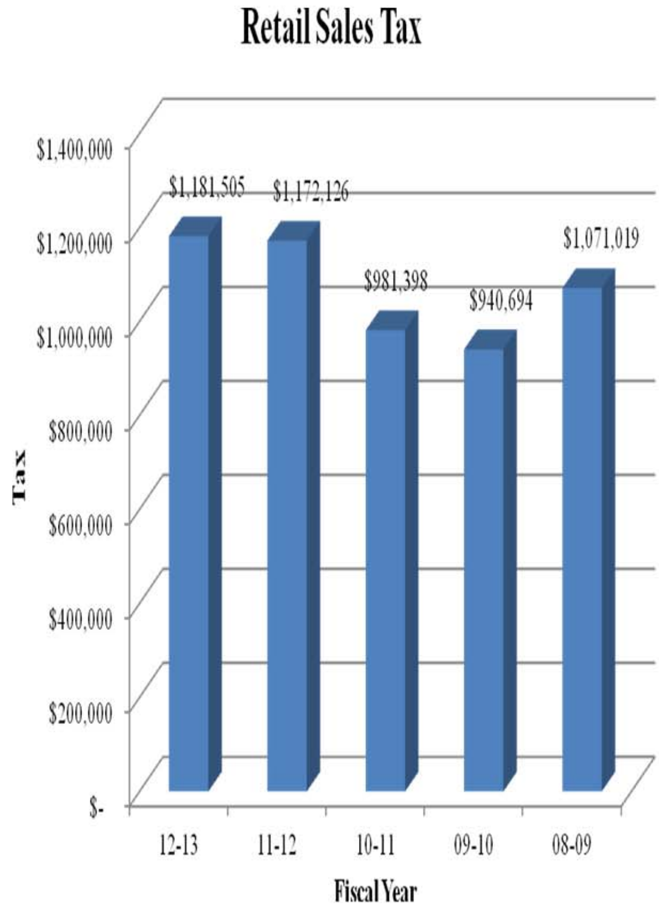
It is also the most volatile and unstable tax. The graph to the right shows the fluctuations in construction sales tax collected from 2008-2013. In 2012-2013, construction sales tax was $986,143 or 21% of overall tax collected.

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.



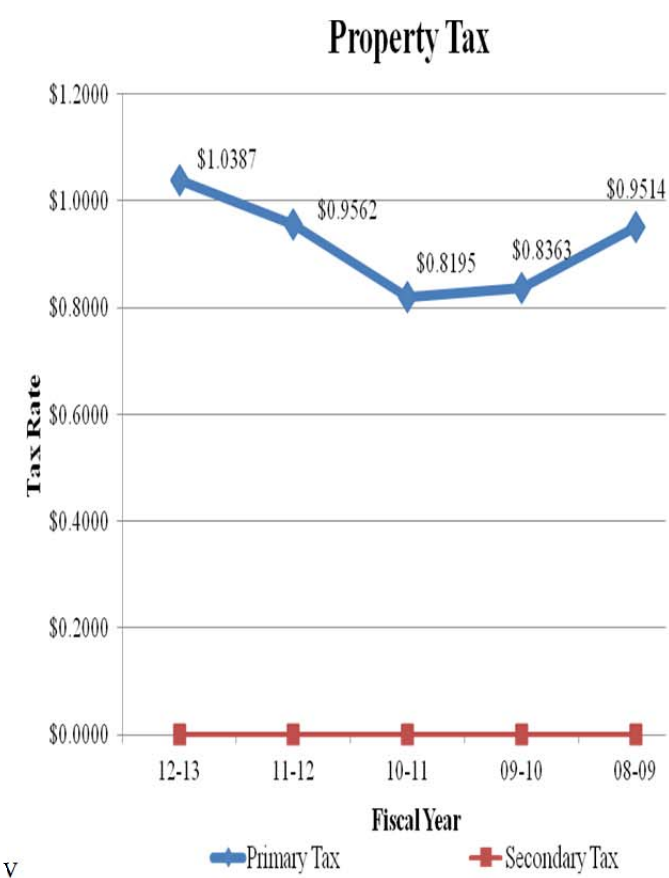
Retail sales tax is collected on items such as supplies, tools, clothing, materials, and etc. The tax rate for retail sales is 3%.

Since 2008, retail sales tax has increased 9% 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 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 .9562 in 2011-2012 to 1.0387 in 2012-2013 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 4 miles of double chip seal road projects on Hanna Road. A total of four streets were double chipped sealed at a cost of $238,121.
- The City purchased one Ford truck for the Police Department, two Ford trucks, one road grader for streets and a power broom for the Streets Department for an amount of $476,855. The City maintains a vehicle replacement plan for its fleet.
- The City obtained a loan for $2,900,000 with an annual interest rate of 3.10% for 20 years from Great Western Bank to purchase 280 acres of land around the Airport for $1,650,000, refinance the Public Works Building thus saving approximately $48,000 over the life of the original loan and $300,000 to remodel the old library.
- The City began construction of a new 16 inch-water line along a new alignment of Houser Road and a 12-inch water line along Toltec Road. The total cost of this project is $3,565,000 with $318,056 spent as of June 30, 2013. The project will be completed in early 2014.
- The City completed engineering and design services for Battaglia Road. Construction of Battaglia Road will be from 11 Mile Corner to Sunshine Blvd with the project being completed by November 2013.
- The City purchased 501and 505 North Main Street for $67,500 and accepted, as a donation, a property located at138 West Frontier Street.

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, 2012. This was the first 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	Brian M. Wright
Interim City Manager	Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Eloy

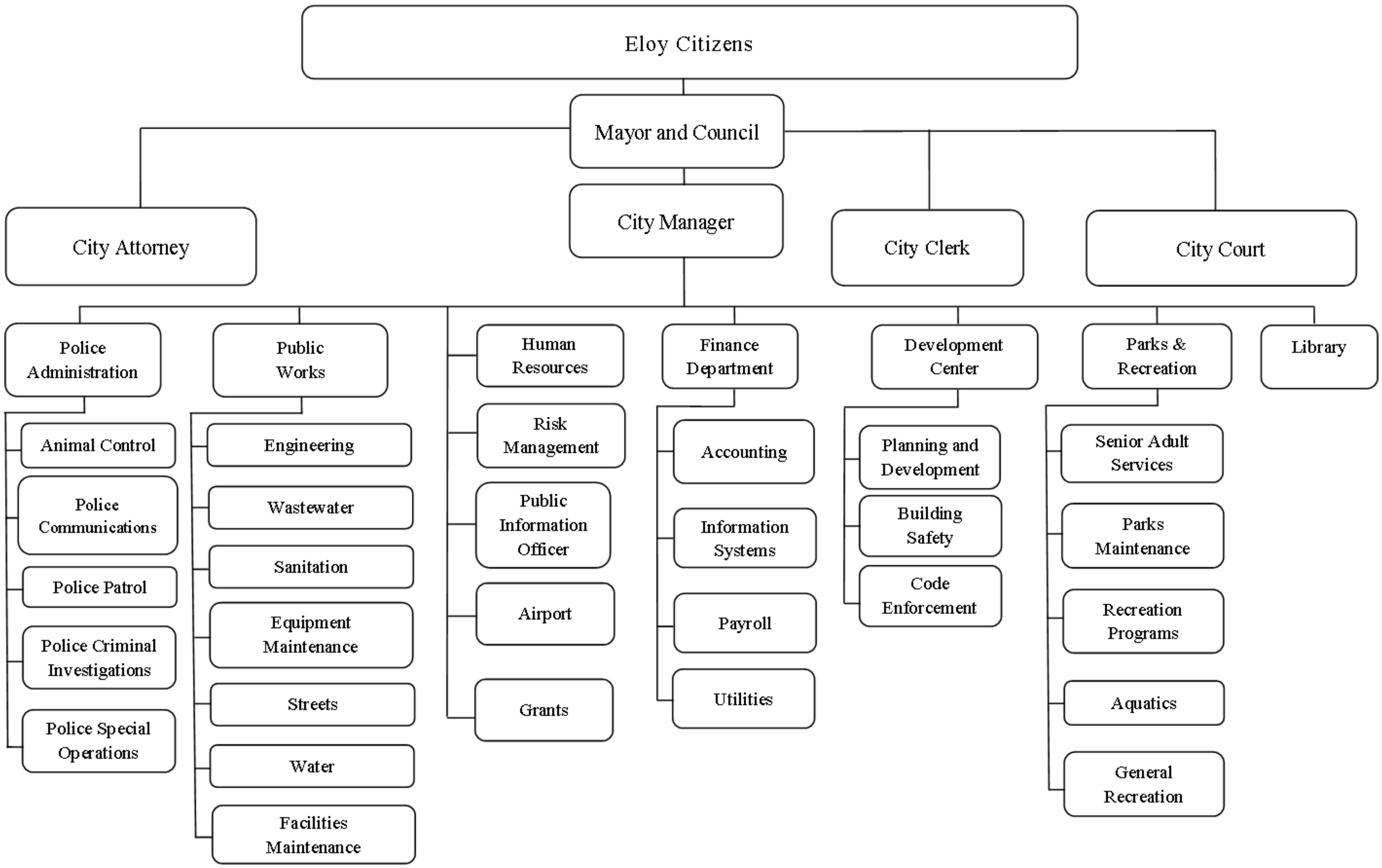
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Eloy Organizational Chart



CITY OF ELOY

List of Elected and Principal Officials for Fiscal Year Ended June 30, 2013

City Council
Joseph Nagy
Mayor

Joel G. Belloc
Vice Mayor

Belinda Akes

Etta Ruth Amerson

Micah Powell

Augustine Sauceda

J.W. Tidwell

City Manager
Ruth Osuna

Finance Director
Brian Wright

FINANCIAL SECTION

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

10120 N. Oracle Road
Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

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, 2013, 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 City'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 City'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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 20, 2013, 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 20, 2013

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

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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, 2013. 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 2013 as follow:

- The assets of the City of Eloy exceeded its liabilities at the close of the most recent fiscal year by $44,135,924 (net position). Of this amount, $14,015,065 (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 $9,732,426 or 19% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for $41,545,764 or 81% of total governmental activities revenues. The City had $4,175,642 of program revenues and $1,748 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 $20,548,936, an increase of $605,439 in comparison with the prior year.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $10,968,659 or 99% of the total general fund expenditures.

- As of June 30, 2013, the net capital assets for the City of Eloy were $36,762,206, an increase of $1,761,941 from the prior year. Governmental activities increased by $2,299,623 while business-type activities decreased by $537,681.

- General Fund expenditures exceeded revenues by $656,735 before transfers. After transfers and loan proceeds of $1,770,203, a positive change in fund balance occurred in the amount of $1,113,468. This positive change was due to more revenue from permits and fees, conservative budgeting and fiscal constraints in spending.

- Total business-type expenses exceeded total business-type revenues (excluding transfers) by $518,100 due to increases in operating expenses in water and sewer.

- The current year net loss before transfers in the HURF Fund was $320,176 due to the final loan payment which was for the reconstruction of Sunshine Boulevard.

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 reporting 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).

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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.

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 primarily 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.

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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.

Fund Balance Reporting and Governmental Fund Type Definitions, also known as GASB Statement No. 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 47), 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 Water, Sewer, and Sanitation funds. The basic proprietary fund financial statements can be found on pages 36-40 of this report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-66 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 16 (page 63-66) of the financial statements.

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, 2013 and June 30, 2012.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	$24,616,650	$24,163,906	$3,167,593	$ 2,137,181	$27,784,243	$ 26,301,087
Capital Assets	20,207,405	17,907,782	16,554,801	17,092,483	36,762,206	35,000,265
Total Assets	44,824,055	42,071,688	19,722,394	19,229,664	64,546,449	61,301,352
Current Liabilities	4,305,656	4,182,252	1,176,419	4,294,564	5,482,075	8,476,816
Noncurrent Liabilities	3,457,149	2,418,102	11,471,301	8,049,997	14,928,450	10,468,099
Total Liabilities	7,762,805	6,600,354	12,647,720	12,344,561	20,410,525	18,944,915
Net Position:						
Net Investments in Capital Assets	16,961,904	15,985,323	8,089,091	9,090,283	25,050,995	25,075,606
Restricted	4,624,572	4,978,419	559,631	291,532	5,184,203	5,269,951
Unrestricted	15,474,774	14,507,592	(1,574,048)	(2,496,712)	13,900,726	12,010,880
Total Net Position	$37,061,250	$35,471,334	$7,074,674	$ 6,885,103	$44,135,924	$ 42,356,437

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 $14,015,065 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition capital assets and the depreciation of capital assets.

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

- Purchased 280 acres of land adjacent to the Airport.
- Continuation of construction of a new 16-inch water line along Houser Road and a 12-inch water line along Toltec Road.
- Continuation of the design and engineering services for the reconstruction to Battaglia Road.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in Net Position

The City's total revenue for the year ended June 30, 2013 was $55,453,832. The total cost of all programs and services was $53,676,093. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for Services	$1,109,237	$1,020,578	$ 4,164,954	$ 4,203,361	$ 5,274,191	$ 5,223,939
Operating Grants and Contributions	39,863,905	39,824,399			39,863,905	39,824,399
Capital Grants and Contributions	572,622	1,251,911	10,688	792,051	583,310	2,043,962
General Revenue:						
City Sales Tax	4,797,681	5,160,839			4,797,681	5,160,839
Property Taxes	897,160	846,923			897,160	846,923
Franchise Taxes	139,478	135,939			139,478	135,939
Share of State Income Tax	1,698,821	1,403,669			1,698,821	1,403,669
Share of State Sales Tax	1,361,278	1,299,551			1,361,278	1,299,551
County Auto Lieu Tax	724,822	703,979			724,822	703,979
Investment Earnings (losses)	56,673	64,587	1,748	1,908	58,421	66,495
Other Revenue	56,513				56,513	
Total Revenues	$ 51,278,190	$51,712,375	$ 4,177,390	$ 4,997,320	$ 55,455,580	$ 56,709,695
EXPENSES						
Program Expenses:						
General Government	$ 2,535,814	$ 2,451,503			$ 2,535,814	$ 2,451,503
Public Safety	4,141,860	4,106,470			4,141,860	4,106,470
Public Works	2,007,422	2,509,477			2,007,422	2,509,477
Culture and Recreation	1,290,178	1,438,463			1,290,178	1,438,463
Community Development	805,789	597,877			805,789	597,877
Health and Welfare	147,876	290,000			147,876	290,000
CCA Pass-Through	37,972,180	37,964,365			37,972,180	37,964,365
Interest on Long-Term Debt	79,484	58,225			79,484	58,225
Water			1,921,729	1,950,484	1,921,729	1,950,484
Sewer			1,275,294	2,264,921	1,275,294	2,264,921
Sanitation			1,498,467	1,379,485	1,498,467	1,379,485
Total Expenses	48,980,603	49,416,380	4,695,490	5,594,890	53,676,093	55,011,270
Excess before Transfers	2,297,587	2,295,995	(518,100)	(597,570)	1,779,487	1,698,425
Transfers	(707,671)	(420,978)	707,671	420,978		
Changes in Net Position	1,589,916	1,875,017	189,571	(176,592)	1,779,487	1,698,425
Net Position, Beginning	35,471,334	33,596,317	6,885,103	7,061,695	42,356,437	40,658,012
Net Position, Ending	$ 37,061,250	$35,471,334	$ 7,074,674	$ 6,885,103	$ 44,135,924	$ 42,356,437

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Governmental Activities

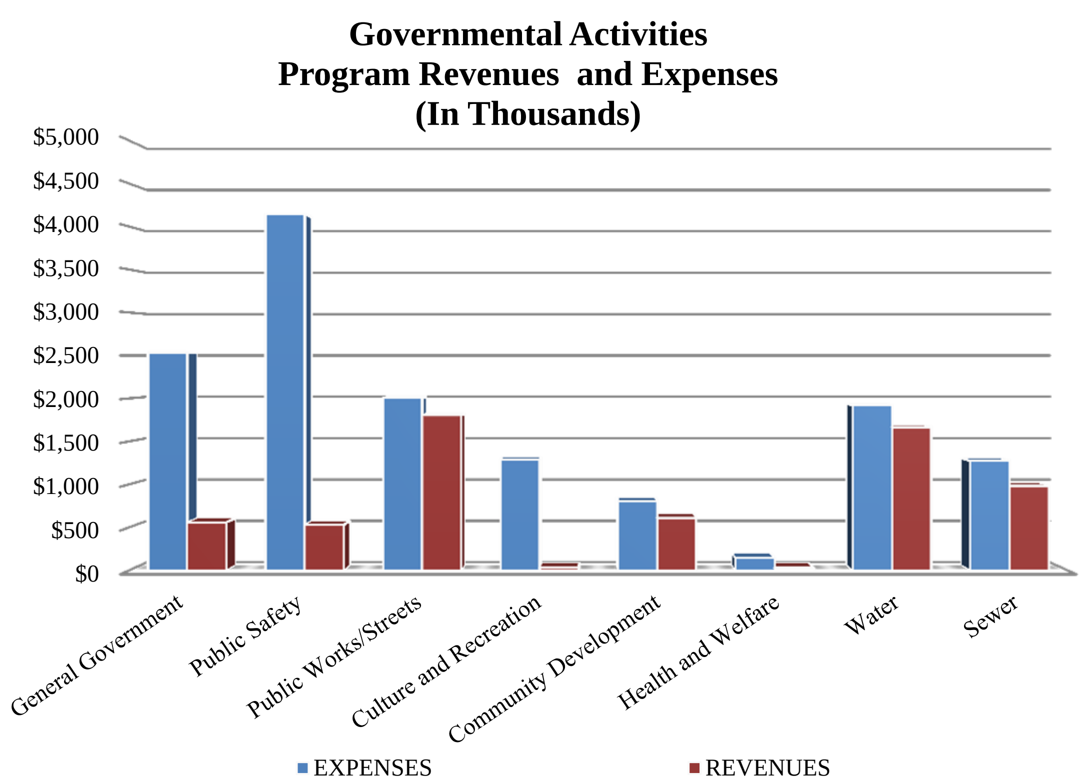
During the year, net position for governmental activities increased $1,589,916 from the prior fiscal year, which was $285,101 less (-15%) than the change in net position last year.

Significant changes between fiscal year 2013 and 2012 program revenues are explained below:

- Capital grants and contributions were $679,289 less (-54%) less than last year. The City incurred $403,166 less in housing rehabilitation grants than the previous fiscal year. Projects were moving forward at a slower pace in 2013 when compared to the pace of capital grants in the prior year.

- General revenues increased $116,939 to $9,732,426, which comprised of 19% of all governmental activities revenue sources. Explanations for the primary impacts follow:
    - Property taxes were $50,237 more than last year primarily due to the increasing in the primary property tax rate from $.9562 to $1.0387.
    - State shared revenues were $377,722 more than last year. State distributions for these revenues are based upon proportional population figures.

As shown on the chart below, all functions, except for CCA pass-through, had greater program expenses than program revenues. Accordingly, general revenues were used to fund each of these functions.



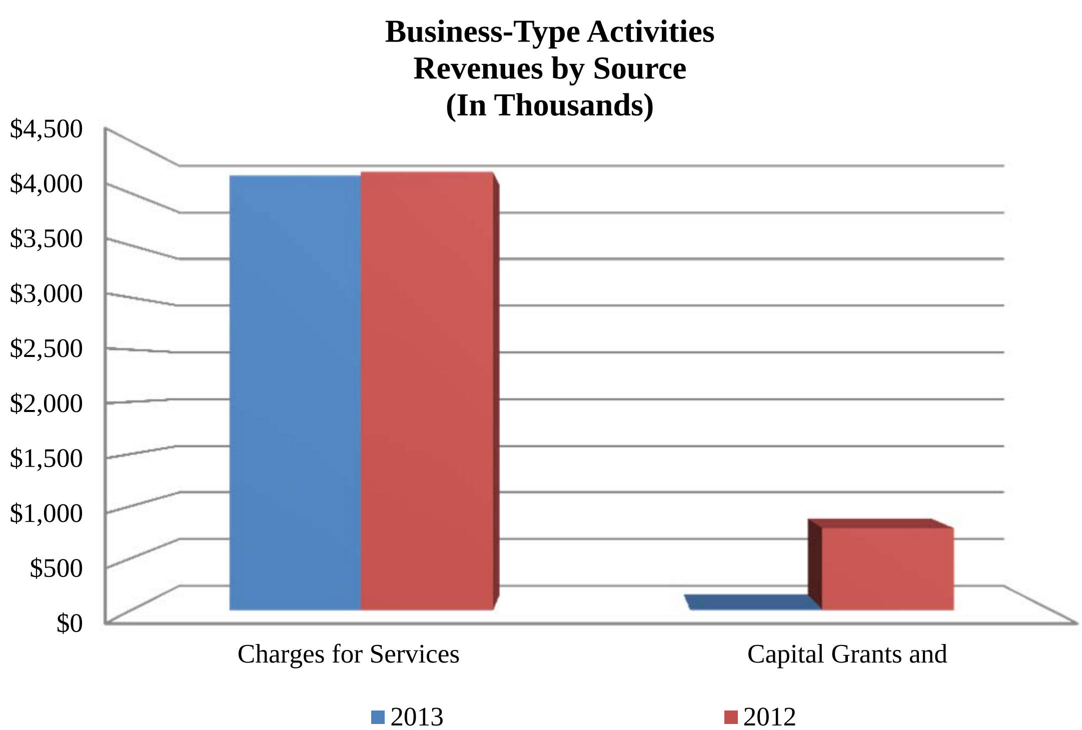
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

Business-Type Actitivies

Business-type activities increased the City's net position by $189,571 in fiscal year 2013. Last year, the change in net position as a negative $176,592, a difference of $366,163 when compared to the current year change.

Significant changes between fiscal year 2013 and 2012 program revenues are explained below:

- Capital Grants and Contributions for business-type activities were $781,363 less (-99%) than last year primarily due to the completion of the Toltec Sewer-Tie In Project which connected over 150 homes to the City's Wastewater facility.
- Sanitation revenue was $47,636 more (3.2%) than last year. This increase is primarily due from the increase in the collections from roll-off customers.
- Transfers were $286,693 more (68%) than last year. The primarily cause for the increase was due to capital projects.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

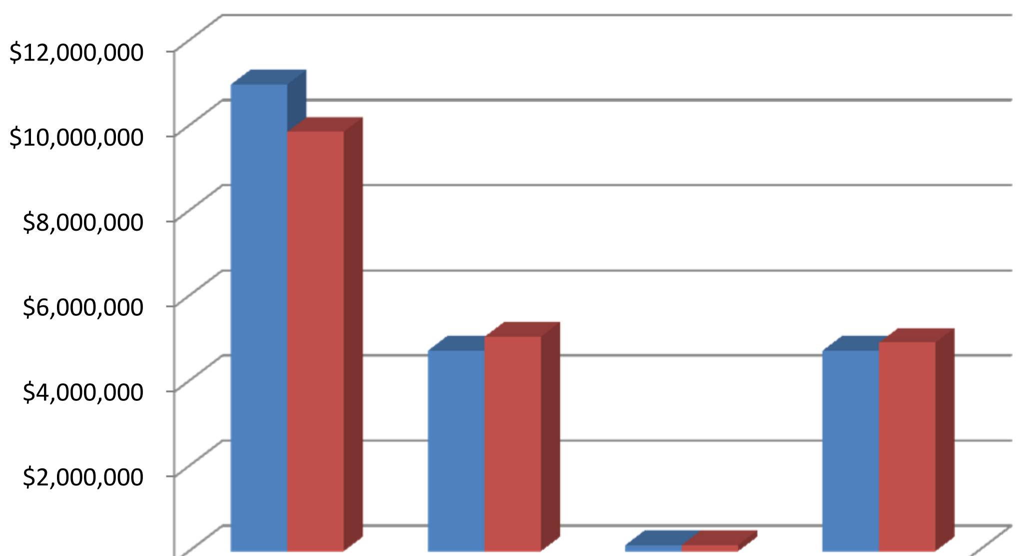
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

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, 2013, the governmental funds reflect a combined fund balance of $20,548,936, an increase of $605,439 compared to last fiscal year. Approximately 53% of this total amount, $10,968,659, constitutes fund balance of the General Fund, which is available for contribution to assigned or committed fund balance.

Governmental Fund Balances



	General Fund	HURF Fund	Grants Fund	Non-Major Governmental Funds
2013	$10,968,659	$4,718,726	$146,408	$4,715,143
2012	$9,855,191	$5,038,902	$147,581	$4,901,823

■ 2013 ■ 2012

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 $10,415,295 for fiscal year ending June 30, 2013. The expenditures before other financing sources and uses totaled $11,072,030.

The net change of fund balance for the General Fund was $1,113,468 after other financing sources and uses. This positive change was due to fiscal spending constraints, conservative budgeting forecasts, along with an increase in revenue 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 $1,675,416, while expenses totaled $1,995,592 for the fiscal year ending June 30, 2013. The net change of fund balance for HURF, prior to transfers, was a negative $320,176.

In the Grants Fund, the net change in fund balance for June 30, 2013 was a negative $1,173. This negative variance is due from the City completing grants for which funds were received in prior fiscal years.

Other non-major governmental funds of the City include the Airport Fund, LTAF Fund, Impact Fee Fund, Public Works Fund, JCEF Fund, Court Recovery Fund, Cemetery Fund, and Capital Projects Fund. All non-major funds of the City are combined into one column on the governmental fund statements. The fund balance for all other major governmental funds has decreased by $186,680. This decrease is attributed to the purchase of capital equipment with revenue from the Impact Fee Fund.

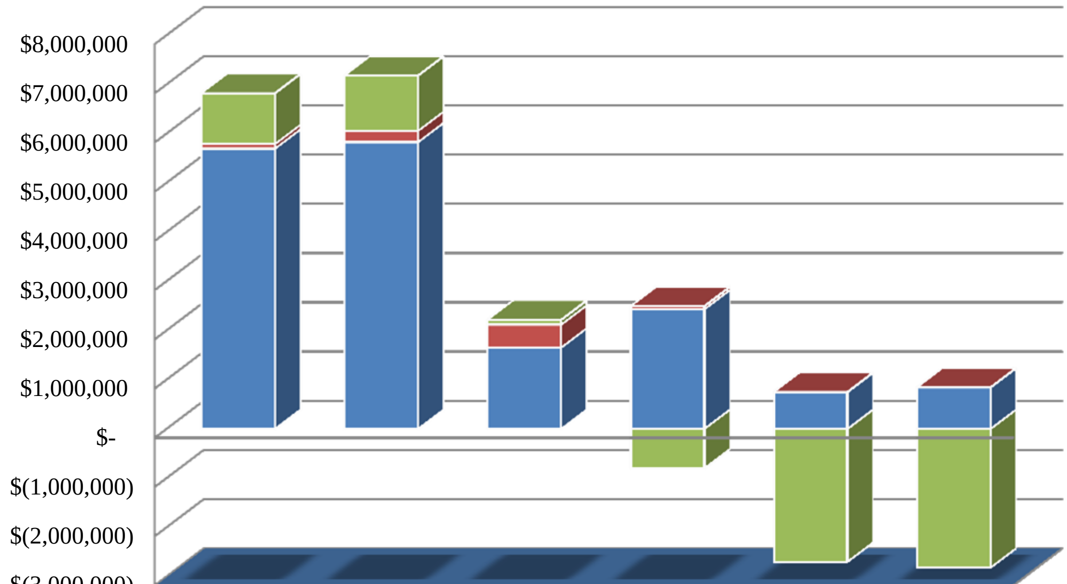
Proprietary Funds

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 $7,074,674 as of June 30, 2013. Operating revenues in fiscal year 2013 were $4,164,954 while operating expenses totaled $4,495,304 resulting in a loss of $198,438 before transfers.

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

Proprietary Fund's Net Position



	Water 2013	Water 2012	Sewer 2013	Sewer 2012	Sanitaiton 2013	Sanitation 2012
Unrestricted	$1,029,677	$1,121,236	$95,539	$(799,811)	$(2,699,264)	$(2,818,137)
Restricted	$94,102	$229,376	$465,529	$62,156	$-	$-
Net Investment in Capital	$5,693,413	$5,825,319	$1,651,073	$2,426,785	$744,605	$838,179

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 pages 49-50 for more information on budget policies). No amendments increasing the City's total adopted budget of $71,956,210 occurred during fiscal year 2013. Budget amendments between funds or from budgeted contingencies into operational expense/expenditures accounts did not occur.

BUDGETARY HIGHLIGHTS (Concl'd)

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

> General Fund expenditures of $11,072,030 were 115% of budgeted expenditures. Expenditures were over budget primarily due to the refinancing of debt for the Public Works facility and the purchase of 280 acres of land adjacent to the Airport.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City had invested $25,050,995 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 $36,762,206. This is a net increase of $1,761,941. There was an increase in capital assets of $2,299,623 within governmental activities. However, there was a decrease of $537,682 resulting from business-type activities.

The following table provides a breakdown of capital assets of the City at June 30, 2013 and 2012. Additional information on the City's capital assets may be found in Note 6 on pages 53-54.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	$ 7,118,128	$ 5,468,128	$ 347,468	$ 347,468	$ 7,465,596	$ 5,815,596
Land Improvements	427,703	378,935			427,703	378,935
Construction In Progress	206,208	129,845	594,022	181,249	800,230	311,094
Buildings and Improvements	4,442,780	4,452,986	1,713	1,803	4,444,493	4,454,789
Infrastructure	5,780,833	5,662,383			5,780,833	5,662,383
Furniture, Equipment and vehicles	2,231,753	1,815,506	910,144	1,023,698	3,141,897	2,839,204
Sewer System			8,383,749	8,896,600	8,383,749	8,896,600
Water System			6,317,705	6,641,664	6,317,705	6,641,664
Total	$ 20,207,405	$ 17,907,783	$ 16,554,801	$ 17,092,482	$ 36,762,206	$ 35,000,265

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

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

- The City completed 4 miles of double chip seal road projects on Hanna Road for an amount of $283,121.
- The City purchased 501 and 505 North Main Street for $67,500 and accepted, as a donation, a property located at 138 West Frontier.
- The City obtained a loan for $2,900,000 from Great Western Bank to purchase 280 acres around the Airport, refinance the Public Works building and to remodel the old library.
- The City began construction of a new 16-inch water line along Houser Road and a 12-inch water line along Toltec Road. The total project is $3,565,000 with $318,056 being expended.
- The City purchased 3 vehicles, a road motor grader and power broom for an amount of $476,855.

Long-term Debt

The City's outstanding long-term debt, including bonds, notes, leases, and compensated absences, was $11,906,000 at June 30, 2013. Of this total, $3,737,888 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, 2013 and 2012.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	$	$	$ 591,299	$ 612,743	$ 591,299	$ 612,743
Loans Payable	3,208,932	956,582	7,526,943	7,735,700	10,735,875	8,692,282
Capital Leases	36,569	965,877			36,569	965,877
Compensated Absences	492,287	495,643	49,970	47,797	542,257	543,440
Total	$ 3,737,788	$ 2,418,102	$ 8,168,212	$ 8,396,240	$ 11,906,000	$ 10,814,342

During 2013, governmental activities of the City obtained a loan of $2,900,000 from Great Western Bank to purchase of 280 acres of land, refinance the loan for the Public Works building, and to remodel the old library.

Additional information on the City's long-term debt can be found in Note 8 on pages 55-58.

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 2013-2014. Three primary factors that were considered were 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 2013-2014 budget expects general fund revenues to increase $29,300. The primary increase is coming from increased revenue in state sales tax and state shared revenue. The overall budget for fiscal year 2013-2014 is expected to increase by $2,764,385 over fiscal year 2012-2013. The primary reasons for this increase were in the General Fund, $294,985, HURF, $2,035,700 and Impact Fees Fund, $1,793,820. The City's population is expected to increase approximately 1.0% in the upcoming year. The unemployment rate in Eloy should remain stable at is 13.40% which is above the national average of 7.8% and Pinal County of 9.1%. These indicators were considered when adopting the budget for fiscal year 2013-2014.

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, Arizona, 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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and Cash Equivalents	$ 20,237,702	$ 1,912,561	$ 22,150,263
Other Receivables	10,127		10,127
Property Taxes Receivable	52,275		52,275
Due from Governmental Entities	4,082,958		4,082,958
Accounts Receivable (Net of Allowance)		546,663	546,663
Loan Proceeds Receivable		214,801	214,801
Inventory		115,116	115,116
Internal Balances	181,179	(181,179)	
Total current assets	24,564,241	2,607,962	27,172,203
Noncurrent assets:			
Restricted Cash and Investments	52,409	559,631	612,040
Land	7,118,128	347,468	7,465,596
Land Improvements	458,258		458,258
Buildings and Improvements	6,730,776	32,704	6,763,480
Collection and Distribution Systems		24,634,970	24,634,970
Infrastructure	7,113,463		7,113,463
Furniture, Equipment and Vehicles	5,771,927	2,665,678	8,437,605
Construction in Progress	206,208	594,022	800,230
Accumulated Depreciation	(7,191,355)	(11,720,041)	(18,911,396)
Total noncurrent assets	20,259,814	17,114,432	37,374,246
Total assets	44,824,055	19,722,394	64,546,449
LIABILITIES			
Current liabilities:			
Accounts Payable	3,533,145	480,530	4,013,675
Accrued Salaries and Wages Payable	431,034	28,352	459,386
Customer Deposits		140,984	140,984
Obligations Under Capital Leases	23,982		23,982
Bonds Payable		22,429	22,429
Loans Payable	207,428	433,012	640,440
Compensated Absences	49,229	4,998	54,227
Interest Payable		65,764	65,764
Other Current Liabilities	60,838	350	61,188
Total current liabilities	4,305,656	1,176,419	5,482,075
Noncurrent liabilities:			
Noncurrent Portion of Long-Term Obligations	3,457,149	11,471,301	14,928,450
Total noncurrent liabilities	3,457,149	11,471,301	14,928,450
Total liabilities	7,762,805	12,647,720	20,410,525
NET POSITION			
Net Investment in Capital Assets	16,961,904	8,089,091	25,050,995
Restricted for:			
Debt Service		559,631	559,631
Highways and Streets	2,354,568		2,354,568
Grants	146,408		146,408
Capital Projects	1,883,212		1,883,212
Other Purposes	240,384		240,384
Unrestricted	15,474,774	(1,574,048)	13,900,726
Total net position	$ 37,061,250	$ 7,074,674	$ 44,135,924

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, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General Government	$ 2,535,814	$ 531,214	$	$ 30,000	$ (1,974,600)
Public Safety	4,141,860	116,604	251,452	164,295	(3,609,509)
Public Works	2,007,422	120,518	1,635,281	49,807	(201,816)
Community Development	805,789	314,702		297,245	(193,842)
Health and Welfare	147,876			30,721	(117,155)
Culture and Recreation	1,290,178	26,199	4,992	554	(1,258,433)
CCA Pass-Through	37,972,180		37,972,180		
Interest on Long Term Debt	79,484				(79,484)
Total governmental activities	48,980,603	1,109,237	39,863,905	572,622	(7,434,839)
Business-type activities:					
Water	1,921,729	1,662,936		4,109	
Sewer	1,275,294	978,252		6,579	
Sanitation	1,498,467	1,523,766			
Total business-type activities	4,695,490	4,164,954		10,688	
Total primary government	$ 53,676,093	$ 5,274,191	$ 39,863,905	$ 583,310	(7,434,839)

General revenues:	
Taxes:	
Sales Taxes	4,797,681
Propert Taxes Levied for General Purposes	897,160
Franchise Taxes	139,478
County Auto Lieu Tax	724,822
State Shared Revenues	3,060,099
Investment Income	56,673
Other Revenues	56,513
Transfers	(707,671)
Total general revenues and transfers	9,024,755
Changes in net position	1,589,916
Net position, beginning of year	35,471,334
Net position, end of year	$ 37,061,250

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

Net (Expense) Revenue and Changes in Net Position	
Business-type Activities	Totals
$	$ (1,974,600)
	(3,609,509)
	(201,816)
	(193,842)
	(117,155)
	(1,258,433)
	(79,484)
	(7,434,839)
(254,684)	(254,684)
(290,463)	(290,463)
25,299	25,299
(519,848)	(519,848)
(519,848)	(7,954,687)
	4,797,681
	897,160
	139,478
	724,822
	3,060,099
1,748	58,421
	56,513
707,671	
709,419	9,734,174
189,571	1,779,487
6,885,103	42,356,437
$ 7,074,674	$ 44,135,924

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FUND FINANCIAL STATEMENTS

CITY OF ELOY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Highway User Revenue Fund	Grants
ASSETS			
Cash and Cash Equivalents	$ 10,840,214	$ 4,631,415	$
Restricted Cash and Investments	52,409		
Other Receivables			
Property Taxes Receivable	52,275		
Due from Governmental Entities	446,170	147,142	3,488,470
Due from Other Funds	256,803		
Total assets	$ 11,647,871	$ 4,778,557	$ 3,488,470
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 164,787	$ 44,667	$ 3,261,580
Accrued Salaries and Wages Payable	410,890	15,164	4,858
Deferred Revenue	42,697		
Due to Other Funds			75,624
Other Current Liabilities	60,838		
Total liabilities	679,212	59,831	3,342,062
Fund balances:			
Restricted		2,354,568	146,408
Committed		2,364,158	
Assigned			
Unassigned	10,968,659		
Total fund balances	10,968,659	4,718,726	146,408
Total liabilities and fund balances	$ 11,647,871	$ 4,778,557	$ 3,488,470

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

Non-Major Governmental Funds	Total Governmental Funds
$ 4,766,073	$ 20,237,702
	52,409
10,127	10,127
	52,275
1,176	4,082,958
	256,803
$ 4,777,376	$ 24,692,274
$ 62,111	$ 3,533,145
122	431,034
	42,697
	75,624
	60,838
62,233	4,143,338
2,123,596	4,624,572
204,189	2,568,347
2,387,358	2,387,358
	10,968,659
4,715,143	20,548,936
$ 4,777,376	$ 24,692,274

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CITY OF ELOY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total governmental fund balances		**$ 20,548,936**
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	$ 27,398,760	
Less accumulated depreciation	(7,191,355)	20,207,405
Property taxes collected 60 days after fiscal year end will not be available to pay for current period expenditures and, therefore, are deferred in the funds.		42,697
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(492,287)	
Obligations under capital leases	(36,569)	
Loans payable	(3,208,932)	(3,737,788)
Net position of governmental activities		**$ 37,061,250**

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, 2013

	General	Highway User Revenue Fund	Grants
Revenues:			
Sales Taxes	$ 4,547,502	$	$
Property Taxes	908,077		
Franchise Taxes	139,478		
Licenses, Permits, and Fees	374,593		
Intergovernmental Revenue	4,085,014	1,654,681	702,212
Charges for Services	52,592		
Fines and Forfeitures	235,923		
Investment Income	27,343	20,735	
Impact Fees			
CCA Pass-Through			37,972,180
Other Revenues	44,773		
Total revenues	10,415,295	1,675,416	38,674,392
Expenditures:			
Current -			
General Government	2,331,273		
Public Safety	3,649,333		317,415
Public Works	557,671	1,086,712	
Community Development	528,675		273,692
Health and Welfare			59,249
Culture and Recreation	1,276,104		3,222
CCA Pass-Through			37,972,180
Capital Outlay	1,673,656	370,516	49,807
Debt service -			
Principal Retirement	978,143	530,450	
Interest and Fiscal Charges	64,750	7,914	
Loan Issuance Costs	12,425		
Total expenditures	11,072,030	1,995,592	38,675,565
Excess (deficiency) of revenues over expenditures	(656,735)	(320,176)	(1,173)
Other financing sources (uses):			
Transfers In			
Transfers Out	(1,129,797)		
Loan Proceeds	2,900,000		
Total other financing sources (uses):	1,770,203		
Changes in fund balances	1,113,468	(320,176)	(1,173)
Fund balances, beginning of year	9,855,191	5,038,902	147,581
Fund balances, end of year	$ 10,968,659	$ 4,718,726	$ 146,408

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

Non-Major Governmental Funds	Total Governmental Funds
$ 250,179	$ 4,797,681
	908,077
	139,478
	374,593
40,269	6,482,176
169,388	221,980
	235,923
8,595	56,673
43,833	43,833
	37,972,180
11,740	56,513
524,004	51,289,107
88,094	2,419,367
	3,966,748
17,124	1,661,507
	802,367
	59,249
	1,279,326
	37,972,180
949,375	3,043,354
68,366	1,576,959
9,851	82,515
	12,425
1,132,810	52,875,997
(608,806)	(1,586,890)
525,262	525,262
(103,136)	(1,232,933)
	2,900,000
422,126	2,192,329
(186,680)	605,439
4,901,823	19,943,497
$ 4,715,143	$ 20,548,936

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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, 2013

Net changes in fund balances - total governmental funds		**$ 605,439**
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	$ 3,010,266	
Less current year depreciation	(710,746)	2,299,520
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		(2,900,000)
Property taxes collected 60 days after fiscal year end do not provide current financial resources are not reported as revenues in the funds.		(10,917)
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	929,308	
Loan principal retirement	647,651	1,576,959
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	103	
Accrued interest payable	15,456	
Compensated absences	3,356	18,915
Change in net position in governmental activities		**$ 1,589,916**

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, 2013

	Enterprise Funds		
	Water	Sewer	Sanitation
ASSETS			
Current assets:			
Cash and Cash Equivalents	$ 879,399	$	$ 1,033,162
Accounts Receivable (Net of Allowance)	328,424	112,535	105,704
Loan Proceeds Receivable	214,801		
Inventory	115,116		
Total current assets	1,537,740	112,535	1,138,866
Noncurrent assets:			
Restricted Cash and Investments	94,102	465,529	
Land		347,468	
Buildings and Improvements	32,704		
Collection and Distribution Systems	10,902,671	13,732,299	
Furniture, Equipment and Vehicles	537,246	484,814	1,643,618
Construction in Progress	461,682	132,340	
Accumulated Depreciation	(5,074,341)	(5,746,687)	(899,013)
Total noncurrent assets	6,954,064	9,415,763	744,605
Total assets	8,491,804	9,528,298	1,883,471
LIABILITIES			
Current liabilities:			
Accounts Payable	313,353	120,321	46,856
Accrued Salaries and Wages Payable	14,411	3,620	10,321
Customer Deposits	140,984		
Due to Other Funds		181,179	
Bonds Payable	22,429		
Loans Payable	99,825	333,187	
Compensated Absences	3,255		1,743
Interest Payable	6,420	59,344	
Other Current Liabilities	350		
Total current liabilities	601,027	697,651	58,920
Noncurrent liabilities:			
Compensated Absences	29,290		15,682
Landfill Closure and Post Closure Costs			3,763,528
Bonds Payable	568,870		
Loans Payable	475,425	6,618,506	
Total noncurrent liabilities	1,073,585	6,618,506	3,779,210
Total liabilities	1,674,612	7,316,157	3,838,130
NET POSITION			
Net Investment in Capital Assets	5,693,413	1,651,073	744,605
Restricted for:			
Debt Service	94,102	465,529	
Unrestricted	1,029,677	95,539	(2,699,264)
Total net position	$ 6,817,192	$ 2,212,141	$ (1,954,659)

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

Enterprise Funds
Totals
$ 1,912,561
546,663
214,801
115,116
2,789,141
559,631
347,468
32,704
24,634,970
2,665,678
594,022
(11,720,041)
17,114,432
19,903,573
480,530
28,352
140,984
181,179
22,429
433,012
4,998
65,764
350
1,357,598
44,972
3,763,528
568,870
7,093,931
11,471,301
12,828,899
8,089,091
559,631
(1,574,048)
$ 7,074,674

CITY OF ELOY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds		
	Water	Sewer	Sanitation
Operating revenues:			
Charges for Services	$ 1,662,936	$ 978,252	$ 1,523,348
Rent and Other Revenues			418
Total operating revenues	1,662,936	978,252	1,523,766
Operating expenses:			
Salaries	415,759	110,908	326,838
Employee Benefits	217,402	53,634	165,324
Service, Supplies and Other	896,367	427,537	782,686
Landfill Closure and Post Closure Expense			130,045
Depreciation	352,270	522,960	93,574
Total operating expenses	1,881,798	1,115,039	1,498,467
Operating income (loss)	(218,862)	(136,787)	25,299
Nonoperating revenues (expenses):			
Investment Income	1,030	718	
Interest Expense and Fiscal Charges	(39,931)	(160,255)	
Total nonoperating revenues (expenses)	(38,901)	(159,537)	
Income (loss) before capital contributions and transfers	(257,763)	(296,324)	25,299
Transfers In	450,171	257,500	
Capital Contributions	4,109	6,579	
Changes in net position	196,517	(32,245)	25,299
Total net position, beginning of year, as restated	6,620,675	2,244,386	(1,979,958)
Total net position, end of year	$ 6,817,192	$ 2,212,141	$ (1,954,659)

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

Enterprise Funds
Totals
$ 4,164,536
418
4,164,954
853,505
436,360
2,106,590
130,045
968,804
4,495,304
(330,350)
1,748
(200,186)
(198,438)
(528,788)
707,671
10,688
189,571
6,885,103
$ 7,074,674

CITY OF ELOY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Enterprise Funds			
	Water	**Sewer**	**Sanitation**	**Total**
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows From Operating Activities:				
Cash Received from Customers, Service Fees	$ 1,586,894	$ 1,667,982	$ 1,516,904	$ 4,771,780
Cash Received from Customers, Other			418	418
Cash Paid to Supplies	(849,073)	(442,171)	(908,442)	(2,199,686)
Cash Paid to Employees	(415,029)	(112,583)	(325,209)	(852,821)
Net cash provided by (used for) operating activities	322,792	1,113,228	283,671	1,719,691
Cash Flows From Non-Capital Financing Activities:				
Interfund Transactions	450,171	(750,435)		(300,264)
Net cash provided by (used for) non-capital financing activities	450,171	(750,435)		(300,264)
Cash Flows From Capital and Related Financing Activities:				
Capital Grants		6,000		6,000
Acquisition of Capital Assets	(336,403)	(94,717)		(431,120)
Principal Paid on Debt	(118,656)	(326,346)		(445,002)
Interest Paid on Debt	(33,516)	(100,910)		(134,426)
Impact Fees	4,109	579		4,688
Net cash used for capital and related financing activities	(484,466)	(515,394)		(999,860)
Cash Flows From Investing Activities:				
Investment Income	1,030	718		1,748
Net cash provided by investing activities	1,030	718		1,748
Net Increase (Decrease) In Cash and Cash Equivalents	289,527	(151,883)	283,671	421,315
Cash and Cash Equivalents, Beginning of Year, As Restated	683,974	617,412	749,491	2,050,877
Cash and Cash Equivalents, End of Year	$ 973,501	$ 465,529	$ 1,033,162	$ 2,472,192
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash	$ 879,399	$	$ 1,033,162	$ 1,912,561
Restricted Cash and Investments	94,102	465,529		559,631
Total Cash and Cash Equivalents	$ 973,501	$ 465,529	$ 1,033,162	$ 2,472,192
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	$ (218,862)	$ (136,787)	$ 25,299	$ (330,350)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation	352,270	522,960	93,574	968,804
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(73,657)	689,730	(6,444)	609,629
Increase in Inventory	4,010			4,010
Increase in Compensated Absences Payable	585	(1,069)	2,657	2,173
Decrease in Deposits Held for Others	(2,385)			(2,385)
Increase in Accrued Payroll and Employee Benefits	996	(506)	(977)	(487)
Increase (Decrease) in Accounts Payable	259,835	38,900	39,517	338,252
Increase (Decrease) in Landfill Closure and Post Closure Payable			130,045	130,045
Total Adjustments	541,654	1,250,015	258,372	2,050,041
Net Cash Provided by (used for) Operating Activities	$ 322,792	$ 1,113,228	$ 283,671	$ 1,719,691

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

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.

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.

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

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

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

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. Deferred 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 deferred revenue 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.

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.

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.

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.

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

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.

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.

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

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.

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.

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.

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

Assets	Years
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. Compensated Absences

For governmental funds, amounts of vested or accumulated vacation 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.

J. 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 issuance costs and 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.

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

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.

K. 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.

L. Net Position Flow Assumption

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

M. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

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.

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, ordinance or vote by the City Council 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.

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	General Fund	Highway User Revenue Fund	Grants Fund	Non-Major Governmental Funds
Fund Balances:				
Restricted:				
Highways and Streets	$	$ 2,354,568	$	$ 9,089
Grants			146,408	
Capital Projects				1,883,212
Court Equipment				116,956
Cemetery				114,339
Committed:				
Highways and Street		2,364,158		388,304
Airport				157,852
Cemetery				46,337
Assigned:				
Capital Projects				1,999,054
Unassigned	10,968,659			
Total Fund Balances	$ 10,968,659	$ 4,718,726	$ 146,408	$ 4,715,143

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.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Concl'd)

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 $1,954,659 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.

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 $22,562,165 and the bank balance was $22,873,241. 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.

Investment Type	Average Maturities	Fair Value
State Treasurer's Investment Pool 5	25 days	$ 32,029
State Treasurer's Investment Pool 7	15 days	166,909
Total		$ 198,938

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 AAAF/S1+ from Standard & Poor's and the State's investment pool 7 had a weighted average rating of AA+ at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

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

NOTE 5 – RECEIVABLES

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

	General Fund	Highway User Revenue Fund	Grants Fund	Non-Major Governmental Funds
Due from Other Governmental Entities:				
Due from Federal Government	$	$	$ 3,480,204	$
Due from State Government	417,386	96,249	8,266	
Due from County Government	28,784	50,893		
Due from other Governments				1,176
Net Due from Governmental Entities	$ 446,170	$ 147,142	$ 3,488,470	$ 1,176

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the City had $42,697 of delinquent property taxes receivable in the General Fund.

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	$ 5,468,128	$ 1,650,000	$	$ 7,118,128
Construction in Progress	129,845	198,035	121,672	206,208
Total Capital Assets, not being Depreciated	5,597,973	1,848,035	121,672	7,324,336
Capital Assets, being Depreciated:				
Buildings and Improvements	6,574,514	166,262	10,000	6,730,776
Furniture, Equipment and Vehicles	5,524,836	752,588	505,497	5,771,927
Land Improvements	400,012	58,246		458,258
Infrastructure	6,806,656	306,807		7,113,463
Total Capital Assets being Depreciated	19,306,018	1,283,903	515,497	20,074,424
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,121,528)	(176,468)	(10,000)	(2,287,996)
Furniture, Equipment and Vehicles	(3,709,331)	(336,443)	(505,600)	(3,540,174)
Land Improvements	(21,077)	(9,478)		(30,555)
Infrastructure	(1,144,273)	(188,357)		(1,332,630)
Total Accumulated Depreciation	(6,996,209)	(710,746)	(515,600)	(7,191,355)
Total Capital Assets, being depreciated, net	12,309,809	573,157	(103)	12,883,069
Governmental Activities Capital Assets, net	$ 17,907,782	$ 2,421,192	$ 121,569	$ 20,207,405

Governmental activities:	
General Government	$ 82,977
Public Safety	186,429
Public Works	352,713
Health and Welfare	88,627
Total Depreciation Expense	$ 710,746

NOTE 6 – CAPITAL ASSETS (Concl'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land and Water Rights	$ 347,468	$	$	$ 347,468
Construction in Progress	181,249	412,773		594,022
Total	528,717	412,773		941,490
Capital Assets, being Depreciated:				
Water System	10,884,322	18,349		10,902,671
Sewer System	13,732,299			13,732,299
Buildings and Improvements	32,704			32,704
Furniture, Equipment and Vehicles	2,690,017		24,339	2,665,678
Total Capital Assets being Depreciated	27,339,342	18,349	24,339	27,333,352
Less Accumulated Depreciation for:				
Water System	(4,242,658)	(342,308)		(4,584,966)
Sewer System	(4,835,699)	(512,851)		(5,348,550)
Buildings and Improvements	(30,901)	(90)		(30,991)
Furniture, Equipment and Vehicles	(1,666,318)	(113,555)	(24,339)	(1,755,534)
Total Accumulated Depreciation	(10,775,576)	(968,804)	(24,339)	(11,720,041)
Total Capital Assets, being Depreciated, net	16,563,766	(950,455)		15,613,311
Business-Type Activities Capital Assets, net	$ 17,092,483	$ (537,682)	$	$ 16,554,801

Business-type activities:	
Water	$ 352,270
Sewer	522,960
Sanitation	93,574
Total Depreciation Expense	$ 968,804

Construction Commitments – At year end, the City had contractual commitments related to various capital projects for the construction of building improvements, infrastructure improvements, and water and sewer projects. At year end, the City had spent $800,230 on the projects and had estimated remaining contractual commitments of $4.9 million. The water and sewer projects are being funded with loan proceeds.

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	(46,433)
Total	$ 187,130

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

Year Ending June 30:	Governmental Activities
2014	$ 25,368
2015	12,684
Total Minimum Lease Payments	38,052
Less: Amount Representing Interest	1,483
Present Value of Minimum Lease Payments	$ 36,569
Due Within One Year	$ 23,982

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.	$ 235,041
Water Revenue Bonds, Series 1997B, bearing interest at 4.5% due in semiannual principal and interest installments, maturing January 1, 2031.	356,258
Total Revenue Bonds Payable	591,299
Less Current Portion	22,429
Total revenue bonds, net of current portion	$ 568,870

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

		Business-Type Activities	
Year Ending June 30:		Principal	Interest
	2014	$ 22,429	$ 26,609
	2015	23,459	25,599
	2016	24,536	24,544
	2017	25,664	23,439
	2018	26,843	22,284
	2019-23	153,884	92,156
	2024-28	192,630	54,200
	2029-31	121,854	10,420
Total		$ 591,299	$ 279,251

Pledged Revenues – Business-Type Activities. The City has pledged future water and sewer revenues to repay the outstanding Water Revenue Bonds loans of $591,299 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 $870,551. The current total customer gross revenues were $2.6 million and the total principal and interest paid on the bonds was $34,748, or 1.3% of gross revenues.

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.	$ 5,934,351
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.	437,764
Water Infrastructure Finance Authority (WIFA) Loan 920216-12, bearing interest at 2.933% due in semiannual principal and interest installments. $2,000,000 has been authorized by WIFA; however, at June 30, 2013, the City had only drawn down $214,801. The City repaid $77,314 during the current fiscal year leaving an outstanding balance of $137,487 at June 30, 2013, which matures at July 1, 2014. The City expects to draw down the remaining balance during fiscal year 2014, and debt will then be scheduled to mature at July 1, 2031.	137,488
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.	1,017,340
Total Loans Payable	7,526,943
Less Current Position	433,012
Total Loans Payable, net of Current Position	$ 7,093,931

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.

	Business-Type Activities	
Year Ending June 30:	Principal	Interest
2014	$ 433,012	$ 180,186
2015	419,402	182,125
2016	369,021	173,113
2017	376,959	163,900
2018	385,075	154,482
2019-23	2,053,730	677,081
2024-28	2,286,260	402,756
2029-33	636,531	144,591
2034-38	183,500	102,418
2039-43	225,454	61,252
2044-48	157,999	13,161
Total	$ 7,526,943	$ 2,255,065

Pledged Revenues – Business-Type Activities. The City has pledged future excise, transaction privilege, franchise, and income tax revenues to repay outstanding WIFA loans 910103-09 and 92A150-10 of $6.3 million as of year end, and has pledged future water revenues to repay WIFA loan 920216-12 of $137,487 as of year end. Proceeds from the original loan issuances provided financing for improvements to the City's water and sewer systems infrastructure. Loans 910103-09 and 92A150-10 are paid solely from excise, transaction privilege, franchise, and income tax revenues and are payable through 2029. Loan 920216-12 is paid solely from water revenues and is payable through 2031. The total principal and interest to be paid on loans 910103-09 and 92A150-10 is $7.8 million. The current total excise, transaction privilege, franchise, and income tax revenues were $8.0 million and the total principal and interest paid on the loans was $462,959, or 5.8% of gross revenues. The total principal and interest to be paid on loan 920216-12 is $137,486. The current total water customer gross revenues were $1.7 million and the total principal paid on the loan was $77,314, or 4.6% of gross revenues. The City was not billed for interest on this loan during the fiscal year.

NOTE 8 – LONG-TERM DEBT (Concl'd)

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.	$ 380,694
Great Western Bank, bearing interest at 3.1%, due in monthly principal and interest installments, maturing November 1, 2027.	2,828,238
Total Loans Payable	3,208,932
Less Current Portion	207,428
Total Loans Payable, net of Current Portion	$ 3,001,504

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

		Governmental Activities	
Year Ending June 30:		Principal	Interest
	2014	$ 207,428	$ 89,832
	2015	212,698	84,563
	2016	217,918	79,342
	2017	223,712	73,547
	2018	229,476	67,785
	2019-23	1,099,660	247,423
	2024-28	1,018,040	81,816
Total		$ 3,208,932	$ 724,308

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 $3,763,528 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 55% 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 $3,133,566 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in the current fiscal year. Resources from the Landfill Fund will be used to liquidate the landfill closure and postclosure payable. The estimated remaining life of the landfill site is 30 years.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Loans Payable	$ 956,583	$ 2,900,000	$ 647,651	$ 3,208,932	$ 207,428
Compensated Absences	495,643	275,092	278,448	492,287	49,229
Obligations under Capital Leases	965,877		929,308	36,569	23,982
Governmental Activity Long-Term Liabilities	$ 2,418,103	$ 3,175,092	$ 1,855,407	$ 3,737,788	$ 280,639
Business-type activities:					
Compensated Absences	$ 47,797	$ 31,864	$ 29,691	$ 49,970	$ 4,998
Revenue Bonds	612,743		21,444	591,299	22,429
Loans Payable	7,735,700	214,801	423,558	7,526,943	433,012
Landfill Closure and Post-Closure Costs Payable	3,633,483	130,045		3,763,528	
Business-Type Activities Long-Term Liabilities	$ 12,029,723	$ 376,710	$ 474,693	$ 11,931,740	$ 460,439

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due To/From Other Funds:

Due From	Due To General Fund
Sewer Fund	$ 181,179
Grants Fund	75,624
Total	$ 256,803

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	$ 522,937	$ 381,140	$ 225,720	$ 1,129,797
Non-Major Governmental Funds	2,325	69,031	31,780	103,136
Total	$ 525,262	$ 450,171	$ 257,500	$ 1,232,933

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 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.

NOTE 13 – CORRECTIONS CORPORATION OF AMERICA (CCA) PASS-THROUGH

Corrections Corporation of America (CCA) is a private prison within the City limits. The City entered into contracts with both the Department of Homeland Security and the CCA to provide funding to CCA and retain 25 cents per inmate per day. Revenues and expenses for this agreement are reflected in the Grants Fund, a major governmental fund.

NOTE 14 – RESTATEMENT

Due an error in the posting of project expenses in a prior fiscal year, the July 1, 2012 net position of the Water and Sewer Enterprise Funds do not agree to the prior year financial statements as follows.

	Proprietary Funds	
	Water Fund	Sewer Fund
Net Position, June 30, 2012, as Previously Reported	$ 7,175,931	$ 1,689,130
Project Expense Posting Error	(555,256)	555,256
Net Position, July 1, 2012, as Restated	$ 6,620,675	$ 2,244,386

NOTE 15 – 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 members 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 16 – 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 and school districts. 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.

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	PSPRS
3300 N. Central Ave.	3010 E. Camelback Road Suite 200
Phoenix, AZ 85012-0250	Phoenix, AZ 85016
(602) 240-2200 or (800) 621-3778	(602) 255-5575
www.azasrs.gov	www.psprs.com

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

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 11.14 percent (10.90 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 11.14 percent (10.25 percent for retirement and 0.65 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.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years Ended June 30,			
2013	$ 391,741	$ 24,842	$ 9,172
2012	369,239	23,568	8,978
2011	299,011	21,903	8,297

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 16.92 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, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial Valuation Date	June 30, 2011
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	5.50% - 8.00%
Includes Inflation at	5.00%
Amortization Method	Level percent-of-pay closed
Remaining Amortization	25 years for underfunded 20 years for overfunded
Asset Valuation Method	7-year smoothed market

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

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	
	Pension	Health Insurance
Annual Pension/OPEB cost	$ 273,542	$ 20,228
Contributions Made	$ 273,542	$ 20,228

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 June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Pension			
2013	$273,542	100%	-0-
2012	271,377	100%	-0-
2011	237,649	100%	-0-
Health Insurance			
2013	$ 20,228	100%	-0-
2012	20,720	100%	-0-
2012	19,816	100%	-0-

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

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

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([b-a]/c)
Pension						
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%
2011	5,374,288	6,579,788	1,205,500	81.7%	1,683,248	71.6%
Health Insurance						
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%
2011	-0-	192,081	192,081	0.0%	1,683,248	11.4%

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, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales Taxes	$ 4,700,000	$ 4,547,502	$ (152,498)
Property Taxes	896,705	908,077	11,372
Franchise Taxes	137,590	139,478	1,888
Licenses, Permits, and Fees	213,500	374,593	161,093
Intergovernmental Revenue	3,809,875	4,085,014	275,139
Charges for Services	50,100	52,592	2,492
Fines and Forfetures	348,200	235,923	(112,277)
Investment income	40,000	27,343	(12,657)
Other Revenues	276,150	44,773	(231,377)
Total revenues	10,472,120	10,415,295	(56,825)
Expenditures:			
Current -			
General Government			
Mayor and Council	227,710	207,866	19,844
City Clerk	330,365	272,360	58,005
Magistrate	417,420	364,339	53,081
City Manager	511,800	481,481	30,319
Finance	515,885	441,575	74,310
Legal and Professional	153,000	150,812	2,188
Contingency	333,590	412,840	(79,250)
Total General Government	2,489,770	2,331,273	158,497
Public Safety			
Law Enforcement	3,792,305	3,649,333	142,972
Total Public Safety	3,792,305	3,649,333	142,972
Public Works			
Vehicle Maintenance	187,555	184,737	2,818
Facilities Maintenance	347,560	293,058	54,502
Public Works Administration	99,410	79,876	19,534
Total Public Works	634,525	557,671	76,854
Community Development			
Community Development	649,930	528,675	121,255
Total Community Development	649,930	528,675	121,255

(Continued)

See accompanying notes to this schedule.

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Culture and Recreation			
Park Maintenance	335,275	331,020	4,255
Parks and Recreation	452,840	375,922	76,918
Library	297,065	247,570	49,495
Recreation	362,105	321,592	40,513
Total Culture and Recreation	1,447,285	1,276,104	171,181
Capital Outlay		1,673,656	(1,673,656)
Total Capital Outlay		1,673,656	(1,673,656)
Debt Services			
Principal Retirement	629,082	978,143	(349,061)
Interest and Fiscal Charges	41,643	64,750	(23,107)
Loan issuance Costs		12,425	
Total Debt Services	670,725	1,055,318	(372,168)
Total expenditures	9,684,540	11,072,030	(1,451,919)
Excess (deficiency) of revenues over expenditures	787,580	(656,735)	1,444,315
Other financing sources (uses):			
Transfers Out	(3,204,085)	(1,129,797)	2,074,288
Loan Proceeds		2,900,000	2,900,000
Total other financing sources (uses)	(3,204,085)	1,770,203	4,974,288
Change in fund balances	(2,416,505)	1,113,468	(3,529,973)
Fund balances, beginning of year	2,416,505	9,855,191	7,438,686
Fund balances (deficits), end of year	$	$ 10,968,659	$ 10,968,659

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	$ 1,642,030	$ 1,654,681	$ 12,651
Investment Income	15,000	20,735	5,735
Total revenues	1,657,030	1,675,416	18,386
Expenditures:			
Current -			
Public Works	2,055,279	1,086,712	968,567
Capital Outlay	370,516	370,516	
Debt service -			
Principal Retirement	538,366	530,450	7,916
Interest and Fiscal Charges	7,914	7,914	
Total expenditures	2,972,075	1,995,592	976,483
Changes in fund balances	(1,315,045)	(320,176)	994,869
Fund balances, beginning of year		5,038,902	5,038,902
Fund balances (deficits), end of year	$ (1,315,045)	$ 4,718,726	$ 6,033,771

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive
	Original & Final	Actual	(Negative)
Revenues:			
Intergovernmental Revenue	$ 4,713,935	$ 702,212	$ (4,011,723)
CCA Pass-Through	40,000,000	37,972,180	(2,027,820)
Total revenues	44,713,935	38,674,392	(6,039,543)
Expenditures:			
Current -			
Public Safety	572,215	317,415	254,800
Community Development	888,000	273,692	614,308
Health and Welfare	2,727,220	59,249	2,667,971
Culture and Recreation	18,000	3,222	14,778
CCA Pass-Through	40,000,000	37,972,180	2,027,820
Capital Outlay	500,000	49,807	450,193
Total expenditures	44,705,435	38,675,565	6,029,870
Changes in fund balances	8,500	(1,173)	(9,673)
Fund balances, beginning of year		147,581	147,581
Fund balances, end of year	$ 8,500	$ 146,408	$ 137,908

CITY OF ELOY, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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.

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COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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, 2013

	Special Revenue			
	Public Works Facility	LTAF	Impact Fee	JCEF
ASSETS				
Cash and Cash Equivalents	$ 388,304	$ 15,101	$ 1,920,784	$ 65,961
Other Receivables				3,055
Due from Governmental Entities				
Total assets	$ 388,304	$ 15,101	$ 1,920,784	$ 69,016
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$	$ 6,012	$ 37,572	$
Accrued Salaries and Wages Payable				
Total liabilities		6,012	37,572	
Fund balances:				
Restricted		9,089	1,883,212	69,016
Committed	388,304			
Assigned				
Total fund balances	388,304	9,089	1,883,212	69,016
Total liabilities and fund balances	$ 388,304	$ 15,101	$ 1,920,784	$ 69,016

Special Revenue			Capital Projects	Permanent	
Court Recovery	Cemetery	Airport	Capital Projects	Perpetual Care	Total Non-Major Governmental
$ 50,802	$ 47,504	$ 156,798	$ 2,006,480	$ 114,339	$ 4,766,073
1,542	5,530				10,127
		1,176			1,176
$ 52,344	$ 53,034	$ 157,974	$ 2,006,480	$ 114,339	$ 4,777,376
$ 4,404	$ 6,697	$	$ 7,426	$	$ 62,111
		122			122
4,404	6,697	122	7,426		62,233
47,940				114,339	2,123,596
	46,337	157,852			592,493
			1,999,054		1,999,054
47,940	46,337	157,852	1,999,054	114,339	4,715,143
$ 52,344	$ 53,034	$ 157,974	$ 2,006,480	$ 114,339	$ 4,777,376

CITY OF ELOY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue			
	Public Works Facility	LTAF	Impact Fee	JCEF
Revenues:				
Sales Taxes	$ 250,179	$	$	$
Intergovernmental Revenue				11,957
Charges for Services				
Investment Income		1,763	5,813	
Impact Fees			43,833	
Other Revenues				
Total revenues	250,179	1,763	49,646	11,957
Expenditures:				
Current -				
General Government				
Public Works		17,124		
Capital Outlay	206,152		392,279	85
Debt service -				
Principal Retirement				
Interest and Fiscal Charges				
Total expenditures	206,152	17,124	392,279	85
Excess (deficiency) of revenues over expenditures	44,027	(15,361)	(342,633)	11,872
Other financing sources (uses):				
Transfers In				
Transfers Out				
Total other financing sources (uses):				
Changes in fund balances	44,027	(15,361)	(342,633)	11,872
Fund balances, beginning of year	344,277	24,450	2,225,845	57,144
Fund balances, end of year	$ 388,304	$ 9,089	$ 1,883,212	$ 69,016

Special Revenue			Capital Projects	Permanent	
Court Recovery	Cemetery	Airport	Capital Projects	Perpetual Care	Total Non-Major Governmental
$	$	$	$	$	$ 250,179
28,312					40,269
	68,270	101,118			169,388
		358		661	8,595
					43,833
	11,740				11,740
28,312	80,010	101,476		661	524,004
	54,991	33,103			88,094
					17,124
		37,672	313,187		949,375
45,439		22,927			68,366
7,410		2,441			9,851
52,849	54,991	96,143	313,187		1,132,810
(24,537)	25,019	5,333	(313,187)	661	(608,806)
15,000			507,938	2,324	525,262
	(2,324)		(100,812)		(103,136)
15,000	(2,324)		407,126	2,324	422,126
(9,537)	22,695	5,333	93,939	2,985	(186,680)
57,477	23,642	152,519	1,905,115	111,354	4,901,823
$ 47,940	$ 46,337	$ 157,852	$ 1,999,054	$ 114,339	$ 4,715,143

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Sales Taxes	$ 300,000	$ 250,179	$ (49,821)
Total revenues	300,000	250,179	(49,821)
Expenditures:			
Current -			
Capital Outlay	506,480	206,152	300,328
Total expenditures	506,480	206,152	300,328
Changes in fund balances	(206,480)	44,027	250,507
Fund balances, beginning of year		344,277	344,277
Fund balances (deficits), end of year	$ (206,480)	$ 388,304	$ 594,784

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LTAF
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Income	$ 200	$ 1,763	$ 1,563
Total revenues	200	1,763	1,563
Expenditures:			
Current -			
Public Works	20,500	17,124	3,376
Total expenditures	20,500	17,124	3,376
Changes in fund balances	(20,300)	(15,361)	4,939
Fund balances, beginning of year		24,450	24,450
Fund balances (deficits), end of year	$ (20,300)	$ 9,089	$ 29,389

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IMPACT FEE
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Income	$	$ 5,813	$ 5,813
Impact Fees	36,100	43,833	7,733
Total revenues	36,100	49,646	13,546
Expenditures:			
Current -			
Capital Outlay	606,000	392,279	213,721
Total expenditures	606,000	392,279	213,721
Changes in fund balances	(569,900)	(342,633)	227,267
Fund balances, beginning of year		2,225,845	2,225,845
Fund balances (deficits), end of year	$ (569,900)	$ 1,883,212	$ 2,453,112

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JCEF
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	$ 14,150	$ 11,957	$ (2,193)
Total revenues	14,150	11,957	(2,193)
Expenditures:			
Current -			
Capital Outlay	14,150	85	14,065
Total expenditures	14,150	85	14,065
Changes in fund balances		11,872	11,872
Fund balances, beginning of year		57,144	57,144
Fund balances, end of year	$	$ 69,016	$ 69,016

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT RECOVERY
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	$ 38,000	$ 28,312	$ (9,688)
Total revenues	38,000	28,312	(9,688)
Expenditures:			
Debt service -			
Principal Retirement	45,439	45,439	
Interest and Fiscal Charges	7,561	7,410	151
Total expenditures	53,000	52,849	151
Excess (deficiency) of revenues over expenditures	(15,000)	(24,537)	(9,537)
Other financing sources (uses):			
Transfers In	15,000	15,000	
Total other financing sources (uses):	15,000	15,000	
Changes in fund balances		(9,537)	(9,537)
Fund balances, beginning of year		57,477	57,477
Fund balances, end of year	$	$ 47,940	$ 47,940

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	$ 84,315	$ 68,270	$ (16,045)
Other Revenues	22,900	11,740	(11,160)
Total revenues	107,215	80,010	(27,205)
Expenditures:			
Current -			
General Government	103,865	54,991	48,874
Total expenditures	103,865	54,991	48,874
Excess (deficiency) of revenues over expenditures	3,350	25,019	21,669
Other financing sources (uses):			
Transfers Out	(3,350)	(2,324)	1,026
Total other financing sources (uses):	(3,350)	(2,324)	1,026
Changes in fund balances		22,695	22,695
Fund balances, beginning of year		23,642	23,642
Fund balances, end of year	$	$ 46,337	$ 46,337

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	$ 77,385	$ 101,118	$ 23,733
Investment Income		358	358
Total revenues	77,385	101,476	24,091
Expenditures:			
Current -			
General Government	74,565	33,103	41,462
Capital Outlay		37,672	(37,672)
Debt service -			
Principal Retirement	22,927	22,927	
Interest and Fiscal Charges	2,473	2,441	32
Total expenditures	99,965	96,143	3,822
Excess (deficiency) of revenues over expenditures	(22,580)	5,333	27,913
Other financing sources (uses):			
Transfers In	22,580		(22,580)
Total other financing sources (uses):	22,580		(22,580)
Changes in fund balances		5,333	5,333
Fund balances, beginning of year		152,519	152,519
Fund balances, end of year	$	$ 157,852	$ 157,852

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Current -			
Capital Outlay	$ 2,534,910	$ 313,187	$ 2,221,723
Total expenditures	2,534,910	313,187	2,221,723
Excess (deficiency) of revenues over expenditures	(2,534,910)	(313,187)	2,221,723
Other financing sources (uses):			
Transfers In	1,400,000	507,938	(892,062)
Transfers Out		(100,812)	(100,812)
Total other financing sources (uses):	1,400,000	407,126	(992,874)
Changes in fund balances	(1,134,910)	93,939	1,228,849
Fund balances, beginning of year		1,905,115	1,905,115
Fund balances (deficits), end of year	$ (1,134,910)	$ 1,999,054	$ 3,133,964

CITY OF ELOY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERPETUAL CARE
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Income	$ 500	$ 661	$ 161
Total revenues	500	661	161
Expenditures:			
Current -			
General Government	3,850		3,850
Total expenditures	3,850		3,850
Excess (deficiency) of revenues over expenditures	(3,350)	661	4,011
Other financing sources (uses):			
Transfers In	3,350	2,324	(1,026)
Total other financing sources (uses):	3,350	2,324	(1,026)
Changes in fund balances		2,985	2,985
Fund balances, beginning of year		111,354	111,354
Fund balances, end of year	$	$ 114,339	$ 114,339

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**

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	$ 5,053,159	$ 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
Restricted	1,640,154	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
Unrestricted	1,633,119	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
Total Governmental Activities Net Assets	$ 8,326,432	$ 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
Business-type activities										
Net Investment in Capital Assets	$ 2,503,907	$ 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
Restricted			269,560	311,257	380,056	379,454	343,584	289,448	291,532	559,631
Unrestricted	(762,817)	(333,944)	(1,465,858)	(3,145,956)	(3,195,169)	(2,739,943)	(2,965,864)	(2,760,273)	(2,496,712)	(1,574,048)
Total Business-Type Activities Net Assets	$ 1,741,090	$ 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
Primary government										
Net Investment in Capital Assets	$ 7,557,066	$ 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
Restricted	1,640,154	3,096,941	4,091,424	5,867,430	8,429,264	10,647,660	7,617,028	5,718,729	5,269,951	5,184,203
Unrestricted	870,302	616,435	1,361,263	1,334,991	5,422,663	5,224,546	5,043,847	10,404,475	12,010,880	13,900,726
	$ 10,067,522	$ 13,287,837	$ 19,261,451	$ 22,747,434	$ 30,231,197	$ 36,863,849	$ 38,587,381	$ 40,658,013	$ 42,356,437	$ 44,135,924

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

	Fiscal Year									
Expenses	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government	$ 2,508,825	$ 2,803,340	$ 8,319,675	$ 39,069,442	$ 39,039,411	$ 40,977,710	$ 41,557,237	$ 2,878,214	$ 2,451,503	$ 2,535,814
CCA Passthrough								38,053,366	37,964,365	37,972,180
Public Safety	3,091,169	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
Public Works	1,609,599	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
Culture and Recreation	1,012,065	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
Community Development									597,877	805,789
Health and Welfare			86,907	24,067	103,896	84,934	18,618		290,000	147,876
Interest on Long-Term Debt	110,673	98,177	190,454	128,102	179,565	175,834	93,818	63,294	58,225	79,484
Total Governmental Activities Expenses	8,332,331	8,345,584	15,521,021	46,700,088	47,291,171	50,303,946	49,219,793	48,919,474	49,416,380	48,980,603
Business-Type Activities:										
Water	1,304,661	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
Sewer	1,098,685	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
Sanitation and Other	933,963	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
Memorial Park	64,075	78,289								
Airport	49,387	73,396								
Total Business-Type Activities Expenses	3,450,771	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
Total Primary Government Expenses	$ 11,783,102	$ 12,173,845	$ 19,620,773	$ 51,652,018	$ 51,481,073	$ 54,938,029	$ 57,999,958	$ 53,403,257	$ 55,011,270	$ 53,676,093
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	616,307	1,115,204	6,770,433	35,873,813	36,281,572	38,079,648	38,389,247	618,181	589,588	531,214
Public Safety	4,752	63,946	588,580	656,561	1,315,283	289,858	282,085	380,459	332,861	116,604
Public Works			187,878	290,368	86,457	402,654	89,682	72,434	79,779	120,518
Community Development										314,702
Culture and Recreation	15,676	26,941	20,571	24,896	25,185	24,407	21,863	19,598	18,350	26,199
Operating Grants and Contributions	2,178,095	2,184,007	2,593,428	2,893,405	3,372,261	2,398,640	2,324,873	40,249,113	39,824,399	39,863,905
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
Total Governmental Activities Program Revenues	2,814,830	3,390,098	11,467,451	40,670,227	42,171,677	44,299,131	41,782,637	42,654,127	42,096,888	41,545,764
Business-Type Activities:										
Charges for Services:										
Water	3,615,614	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
Sewer		944,830	835,754	819,109	925,591	1,025,676	1,053,803	977,215	945,290	978,252
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
Memorial Park	138,315	86,545								
Airport		80,038								
Operating Grants and Contributions		603,806								
Capital Grants and Contributions	395,793	1,287,356	2,474,963	512,508	113,016	2,314,606	2,821,830	69,930	792,051	10,688
Total Business-Type Activities Program Revenues	4,149,722	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
Total Primary Government Program Revenues	$ 6,964,552	$ 8,938,220	$ 17,470,843	$ 44,700,533	$ 46,072,803	$ 50,806,911	$ 48,857,467	$ 46,748,478	$ 47,092,300	$ 45,721,406

(continued)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental Activities	$ (5,517,501)	$ (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)
Business-Type Activities	698,951	1,719,861	1,903,700	(921,624)	(288,776)	1,873,697	(1,705,335)	(389,432)	(599,478)	(519,848)
Total Primary Government Net Expense	$ (4,818,550)	$ (3,235,625)	$ (2,149,870)	$ (6,951,485)	$ (5,408,270)	$ (4,131,118)	$ (9,142,491)	$ (6,654,779)	$ (7,918,970)	$ (7,954,687)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
City Sales Tax	$ 2,941,389	$ 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
State Sales Taxes	872,849	961,143	1,101,748	1,057,403	1,022,432	885,140	816,412	887,563	1,299,551	1,361,278
Auto Lieu Tax	489,963	502,289	639,807	696,508	753,544	728,472	696,980	682,530	703,979	724,822
State Sales Taxes-Revenue Sharing	935,507	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
Property Tax	397,381	430,980	558,062	476,317	580,882	648,196	713,073	786,184	846,923	897,160
Franchise Tax	104,217	106,263	118,019	112,137	135,324	129,343	121,542	132,653	135,939	139,478
Unrestricted Investment Earnings	11,470	40,949	118,291	297,313	373,733	232,670	137,475	63,965	64,587	56,673
Gain on Sale of Assets		139,447		174,832						
Other Revenues										56,513
Transfers	(168,635)	(174,859)	(79,961)		(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)
Total Governmental Activities	5,584,141	6,274,107	8,276,394	11,191,446	12,192,255	9,933,111	7,313,109	8,427,102	9,194,509	9,024,755
Business-Type Activities:										
Unrestricted Investment Earnings	2,181	6,974	11,580	33,638	15,944	27,813	4,152	1,954	1,908	1,748
Transfers	168,635	174,859	79,961		683,834	802,846	396,626	296,353	420,978	707,671
Total Business-Type Activities	170,816	181,833	91,541	33,638	699,778	830,659	400,778	298,307	422,886	709,419
Total Primary Government	$ 5,754,957	$ 6,455,940	$ 8,367,935	$ 11,225,084	$ 12,892,033	$ 10,763,770	$ 7,713,887	$ 8,725,409	$ 9,617,395	$ 9,734,174
Change in Net Position										
Governmental Activities	$ 66,640	$ 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
Business-Type Activities	869,767	1,901,694	1,995,241	(887,986)	411,002	2,704,356	(1,304,557)	(91,125)	(176,592)	189,571
Total Primary Government	$ 936,407	$ 3,220,315	$ 6,218,065	$ 4,273,599	$ 7,483,763	$ 6,632,652	$ (1,428,604)	$ 2,070,630	$ 1,698,425	$ 1,779,487

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	1,675,989	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
Total General Fund	$ 1,675,989	$ 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
All other Governmental Fund										
Reserved:										
Roads and Highways	$ 950,272	$ 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
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
Court Equipment	-	-	114,111	147,972	77,675	87,644	95,200	101,915	114,621	116,956
Cemetery	-	-	25,923	-	-	-	-	108,605	111,354	114,339
Other Purposes	689,882	785,467	522,661	446,995	531,914	542,002	434,694	161,692	147,581	146,408
Committed for:										
Airport	-	-	131,349	140,451	140,925	114,271	140,275	148,855	152,519	157,852
Cemetery	-	-	-	23,371	39,896	48,702	42,794	34,250	23,642	46,337
Roads and Highways	-	-	-	-	-	-	-	2,684,334	2,684,334	2,752,462
Assigned for:										
Capital Projects	-	-	-	-	-	-	-	1,942,442	2,249,392	1,999,054
Unassigned:										
Total all other Governmental Funds	$ 1,640,154	$ 3,083,352	$ 2,715,196	$ 3,880,961	$ 8,230,029	$ 12,796,712	$ 9,750,968	$ 10,239,162	$ 10,088,306	$ 9,580,277

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$ 3,442,980	$ 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
Licenses and Permits	235,615	403,314	724,423	897,405	1,352,303	654,224	311,252	415,189	361,173	374,593
Intergovernmental	4,476,414	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
Charges for Services	46,036	375,620	118,662	103,595	114,303	119,015	118,283	105,856	113,925	221,980
Impact Fees	-	-	432,400	530,406	715,465	59,193	110,755	114,901	50,521	43,833
Fines and Forfeitures	255,551	266,792	292,066	364,033	381,384	340,520	292,267	277,601	264,739	235,923
Interest	11,470	40,949	118,291	297,313	373,733	232,670	137,475	63,965	64,587	56,673
CCA Pass-Through	-	-	5,945,019	34,950,830	35,327,401	37,205,992	37,738,433	38,053,366	37,964,365	37,972,180
Other Revenues	99,533	160,365	300,434	187,054	973,802	130,040	159,211	270,504	133,214	56,513
Total Revenues	$ 8,567,599	$ 9,684,743	$ 19,830,677	$ 51,690,932	$ 55,051,396	$ 53,351,844	$ 49,475,217	$ 51,379,320	$ 51,735,129	$ 51,289,107
Expenditures										
Current:										
General Government	$ 2,437,850	$ 2,806,405	$ 2,272,310	$ 3,681,115	$ 3,490,572	$ 3,093,446	$ 2,588,439	$ 2,729,089	$ 2,262,749	$ 2,419,367
Public Safety	2,968,827	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
Public Works	1,714,639	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
Health and Welfare	-	-	10,798	24,071	103,790	84,842	18,587	-	290,000	59,249
Community Development	-	-	-	-	-	-	-	-	597,877	802,367
Culuture and Recreation	1,061,888	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
CCA Pass-Through	-	-	5,923,351	34,922,393	35,327,401	37,205,592	37,738,433	38,053,366	37,964,365	37,972,180
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
Debt Service										
Principal	220,968	229,995	684,011	740,497	578,008	508,096	1,996,608	855,204	641,584	1,576,959
Interest and Fiscal Charges	110,673	98,177	174,494	153,928	151,198	151,198	86,882	69,226	79,082	82,515
Loan Issuance Costs	-	-	-	-	-	-	-	-	-	12,425
Total Expenditures	8,514,845	9,409,033	18,498,079	48,579,572	48,281,107	51,648,958	52,068,869	49,837,980	50,376,494	52,875,997
Revenues Over (Under) Expenditures	52,754	275,710	1,332,598	3,111,360	6,770,289	1,702,886	(2,593,652)	1,541,340	1,358,635	(1,586,890)
Other Finance Sources (Uses)										
Sale of Assets	-	205,000	-	276,832	3,060	-	-	-	-	-
Bond Proceeds	50,000	1,633,949	-	-	550,000	3,200,000	-	-	-	2,900,000
Transfers In (Out)	(168,635)	(174,859)	(79,960)	-	(683,834)	(802,846)	(396,626)	(296,353)	(420,978)	(707,671)
Total other Finance Scources (Uses)	(118,635)	1,664,090	(79,960)	276,832	(130,774)	2,397,154	(396,626)	(296,353)	(420,978)	2,192,329
Net Change in Fund Balances	$ (65,881)	$ 1,939,800	$ 1,252,638	$ 3,388,192	$ 6,639,515	$ 4,100,040	$ (2,990,278)	$ 1,244,987	$ 937,657	$ 605,439
Debt Service as a Percentage of Noncapital Expenditures	4.05%	3.61%	5.76%	1.96%	1.57%	1.36%	4.37%	1.95%	1.50%	3.45%

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

	Limited Property Value -Primary		Full Cash Value-Secondary		
Fiscal Year	Net Assessed Value	Total Value	Net Assessed Value	Total Value	Ratio of Net Assessed to Total Values
2003-2004	30,083,715	220,730,828	32,092,485	230,987,841	14%
2004-2005	31,345,318	228,572,057	32,608,443	236,283,676	14%
2005-2006	33,084,566	239,929,880	34,074,814	246,154,691	14%
2006-2007	35,488,716	264,545,940	36,833,437	271,302,992	14%
2007-2008	47,148,069	353,590,419	63,489,149	456,137,673	14%
2008-2009	70,389,857	530,151,332	119,026,192	842,248,039	14%
2009-2010	81,605,192	616,477,382	125,354,097	900,434,027	14%
2010-2011	101,317,831	747,069,356	115,615,201	821,585,705	14%
2011-2012	90,183,109	659,116,219	94,517,290	675,875,514	14%
2012-2013	86,329,516	624,646,309	88,241,336	633,233,534	14%

Source: 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

	Fiscal Year									
Tax Authority	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
City of Eloy	1.3549	1.3497	1.3266	1.2917	1.2326	0.9514	0.8363	0.8195	0.9562	1.0387
Pinal County	4.4532	4.4532	4.4532	4.3035	4.0183	3.4355	3.2316	3.9999	3.9999	3.7999
Eloy Fire District	1.7734	1.8429	1.9546	1.9792	1.9533	1.6388	1.6881	1.9655	2.2835	2.3358
Pinal County Jr. College	2.1737	2.1500	2.1000	2.0528	1.8000	1.4100	1.4636	1.5854	1.8529	1.8786
Toltec Elementary School District	3.0228	2.2815	4.8805	3.6983	3.1657	3.0585	2.3283	2.3255	2.3255	2.9326
Casa Grande Union High School District	3.0307	2.9961	2.9355	2.8074	3.2091	2.8887	2.3972	2.3624	2.4860	2.5266
Santa Cruz Unified School District	4.4168	4.4011	4.405	4.2236	4.0708	3.9656	3.7581	3.6517	3.7308	4.4195
Eloy Elementary School District	5.5230	6.9661	6.8010	6.2520	5.5102	5.4636	4.0013	3.9656	4.1156	4.7645
Other Taxing Authorities	0.8741	0.8592	0.8383	0.3834	0.3692	0.4008	0.7516	0.7878	0.8664	0.9182

Source: Pinal County Treasurer

CITY OF ELOY, ARIZONA
Property Tax Billings and Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Billed	Total Current Assessments Collected	Ratio of Collections to Amount Due	Total Current Outstanding Assessments
2003-2004	*	*	0.00%	*
2004-2005	424,716	424,692	99.99%	*
2005-2006	439,629	439,143	99.89%	485
2006-2007	467,813	467,248	99.88%	565
2007-2008	580,518	579,874	99.89%	644
2008-2009	657,801	655,155	99.60%	2,646
2009-2010	719,780	715,864	99.46%	3,917
2010-2011	821,297	815,702	99.32%	5,596
2011-2012	835,355	828,538	99.18%	6,817
2012-2013	872,554	841,835	96.48%	30,720

Source: Pinal County Assessors Office and City of Eloy Finance Department

* Means no data available during that fiscal year.

CITY OF ELOY, ARIZONA
Sales Tax Revenues by Industry
Fiscal Years 2008 Through 2013

	Fiscal Year 2007-2008		Fiscal Year 2008-2009		Fiscal Year 2009-2010		Fiscal Year 2010-2011		Fiscal Year 2011-2012		Fiscal Year 2012-2013	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	$ 4,909,603	58.16%	$ 2,998,610	46.51%	$ 830,116	20.15%	$ 1,637,402	31.17%	$ 1,257,602	24.59%	$ 986,143	20.60%
Manufacturing	162,936	1.93%	215,210	3.34%	286,748	6.96%	273,899	5.21%	268,820	5.26%	223,290	4.66%
Transportation/Communication/ Utilities	677,648	8.03%	683,760	10.61%	684,547	16.62%	659,001	12.55%	638,519	12.49%	646,302	13.50%
Wholesale Trade	33,601	0.40%	63,534	0.99%	91,143	2.21%	124,332	2.37%	118,652	2.32%	150,107	3.14%
Retail Trade	926,918	10.98%	1,071,019	16.61%	940,694	22.84%	981,398	18.68%	1,172,126	22.92%	1,181,505	24.68%
Restaurants/Bars	1,062,237	12.58%	942,401	14.62%	836,373	20.30%	1,042,401	19.84%	1,107,200	21.65%	959,115	20.04%
Insurance/Real Estate	129,904	1.54%	101,791	1.58%	121,700	2.95%	219,347	4.18%	202,784	3.97%	247,337	5.17%
Hotel/Lodging	127,598	1.51%	87,157	1.35%	84,893	2.06%	84,651	1.61%	82,686	1.62%	71,811	1.50%
Services	305,641	3.62%	129,296	2.01%	154,429	3.75%	126,222	2.40%	156,361	3.06%	170,100	3.55%
All Other	105,883	1.25%	153,807	2.39%	88,512	2.15%	104,424	1.99%	109,512	2.14%	150,885	3.15%
Total	$ 8,441,969	100.00%	$ 6,446,586	100.00%	$ 4,119,155	100.00%	$ 5,253,078	100.00%	$ 5,114,261	100.00%	$ 4,786,595	100.00%

Source: Arizona Department of Revenue

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

City of Eloy
Direct and Overlapping Sales Tax Rates
As of June 30, 2013

	Tax Rates		
	City	State and Pinal County	Combined
Privilege Tax, except retail, utilities, and telecommunication	3.0%	6.70%	9.700%
Retail	3.0%	6.70%	9.700%
Retail - privilege tax for single item over $6,000	1.5%	6.70%	8.200%
Hotel/Motel (additional Tax)	4.0%	6.698%	10.698%
Restaurant/Bar	6.0%	6.70%	12.700%
Use Tax	3.0%	5.60%	8.600%
Construction	4.5%	6.60%	11.100%

Sources: City of Eloy Finance Department and Arizona Department of Revenue

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

Fiscal Year	City Sales Tax	State Shared Sales Tax	Urban Revenue Share	Franchise Tax	Auto Lieu Tax	Total
2003-2004	$ 2,941,389	$ 792,827	$ 935,507	$ 102,768	$ 484,673	$ 5,257,164
2004-2005	3,164,171	961,143	953,748	79,577	502,289	5,660,928
2005-2006	4,734,172	1,101,748	1,086,256	118,018	639,807	7,680,001
2006-2007	7,113,848	1,057,403	1,263,084	112,137	696,508	10,242,980
2007-2008	8,441,969	1,022,432	1,565,622	135,324	753,544	11,918,891
2008-2009	6,446,586	885,140	1,665,549	129,343	728,472	9,855,090
2009-2010	4,119,155	816,413	1,436,354	121,542	696,980	7,190,444
2010-2011	5,253,078	887,563	1,082,827	132,654	682,530	8,038,652
2011-2012	5,114,261	1,229,551	1,403,669	135,939	703,979	8,587,399
2012-2013	4,786,595	1,361,278	1,698,821	139,478	724,822	8,710,994

Source: City of Eloy Finance Department and Department of Revenue

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

	Governmental Activities			Business-Type Activities						
Fiscal Year	Capital Leases	General Obligation Bonds	Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2003-2004	906,885	2,046,065		274,730	883,934	1,233,639	4,109,076	9,457,329	*	908
2004-2005	2,182,075	1,816,070		505,417	663,931	1,158,668	3,909,020	10,235,181	*	1,002
2005-2006	1,959,931	1,528,160		304,247	466,841	1,083,010	4,784,338	10,126,527	*	966
2006-2007	1,584,470	1,141,332		172,586	348,668	1,001,632	4,573,580	8,822,268	*	824
2007-2008	1,436,419	746,845	536,932	93,123	228,155	914,502	4,351,499	8,307,475	*	650
2008-2009	1,295,853	333,208	3,711,329	35,687	101,792	826,585	7,548,401	13,852,855	*	948
2009-2010	1,149,118	176,179	2,076,403	12,163	53,821	732,845	8,023,437	12,223,966	*	735
2010-2011	1,059,802		1,516,872			633,244	7,735,701	10,945,619	*	658
2011-2012	965,877		956,582			612,743	7,389,455	9,924,657	*	585
2012-2013	36,569		3,208,932			591,299	7,526,943	11,363,743	*	652

* Means no data is available during that fiscal year

CITY OF ELOY, ARIZONA
Computation of Direct and Overlapping Debt
As of June 30, 2013

Jurisdiction	2012-2013 Secondary Assessed Valuation	Net Debt Outstanding	Percentage Applicable to the City of Eloy	Amount Applicable to the City of Eloy	2012-2013 Combined Tax Rate Per $100 Assessed
State of Arizona	$ 56,283,023,907	$	0.16%	$	None
Pinal County	$ 2,177,012,575	$	4.05%	$	3.7999%
Pinal County Community College District	$ 2,177,012,575	$ 93,930,000	4.05%	$ 3,807,286	1.8786%
Central Arizona Valley Institute of Technology	$ 1,340,684,440	$	6.58%	$	0.0500%
Eloy Fire District	$ 88,113,706	$	100.00%	$	2.3358%
Toltec ESD #022	$ 80,689,696	$ 3,805,000	49.19%	$ 1,871,567	2.9326%
Casa Grande UHS #82	$ 565,345,163	$ 30,330,000	7.05%	$ 2,129,255	2.5266%
Eloy ESD #011	$ 24,387,147	$ 1,490,000	100.00%	$ 1,490,000	4.7645%
Santa Cruz Valley UHS #840	$ 110,538,032	$ 6,245,000	12.36%	$ 771,627	4.4195%
City of Eloy	**$ 88,241,336**	**$ 11,363,743**	**100.00%**	$ 11,363,743	**1.0387%**
	$ 62,935,048,577	**$ 147,163,743**		**$ 21,433,478**	**23.7462%**

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

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

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

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

	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Secondary Assessed Value	$ 32,092,485	$ 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
20% Limitation (a)										
Debt Limit Equal to 20% of Assessed Valuation	$ 6,418,497	$ 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
Total Debt Applicable to 20% Limit	$ -	$ -	$ -	$ -	$ -					
Legal 20% Debt Margin (Available Borrowin Capacity)	$ 6,418,497	$ 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
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	$ 1,925,549	$ 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
Total Debt Applicable to 6% Limit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal 6% Debt Margin (Available Borrowing Capacity)	$ 1,925,549	$ 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
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: 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 Principal	Debt Service Interest	Coverage
2004	*	*	*	*	*	*
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	1,554,039	2,097,765	(543,726)	76,378	50,167	(4.30)
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

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

Fiscal Year	City Population	County Population	County Personal Income (in thousands)+	County Per Capita Personal Income	School Enrollment	City Unemployment Rate	Pinal County Unemployment Rate
2003-2004	10,407	202,940	4,107,473	20	2,588	9.5%	6.4%
2004-2005	10,216	215,465	4,500,589	21	2,413	8.8%	5.9%
2005-2006	10,480	246,660	5,001,332	20	2,548	7.8%	5.2%
2006-2007	10,701	299,875	6,041,934	20	2,500	6.4%	4.2%
2007-2008	12,781	327,670	7,164,122	22	2,607	10.6%	7.1%
2008-2009	14,620	350,558	7,892,358	23	2,520	18.5%	12.9%
2009-2010	16,620	356,303	8,259,897	23	2,234	17.4%	12.1%
2010-2011	16,631	375,770	8,860,496	24	2,077	16.1%	11.1%
2011-2012	16,964	384,231	9,301,723	24	1,958	13.5%	9.2%
2012-2013	17,433	387,365	9,766,809	25	1,989	13.4%	9.1%

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

+ 2009-2011 amounts estimated 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 Ten Years Ago

	2013		2003	
Employer	**Employees**	**Percentage of Total City Employment**	**Employees**	**Percentage of Total City Employment**
Corporation Corrections of America	1,632	48.31%	417	16.25%
Eloy Elementary School District	150	4.44%	145	5.65%
City of Eloy	117	3.46%	124	4.83%
Republic Plastics	110	3.26%		0.00%
Travel Center of America	100	2.96%	92	3.59%
Santa Cruz Valley High School District	85	2.52%	86	3.35%
Otto Plastics Arizona, LLC	70	2.07%	58	2.26%
Pilot Travel Center	70	2.07%	75	2.92%
Iron Skillet Restaurant	63	1.87%	65	2.53%
Curiel Primary School	60	1.78%	56	2.18%
	2,457	72.74%	1,118	43.57%

Sources: Central Arizona Regional Economic Development Foundation; various employers

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

	Function/Program							
Fiscal Year	General Government	Public Safety	Public Works/Streets	Culture & Recreation	Public Works/Water	Public Works/Sewer	Public Works/Sanitation	Total
2003-2004	24	49	21	14	10	5	7	130
2004-2005	24	50	21	14	10	5	7	131
2005-2006	24	52	21	14	10	5	7	133
2006-2007	24	51	21	14	10	5	7	132
2007-2008	24	48	23	14	9	5	7	130
2008-2009	23	46	22	13	9	3	7	123
2009-2010	22	46	21	13	9	3	7	121
2010-2011	20	43	21	13	9	2	7	115
2011-2012	19	44	21	13	9	2	7	115
2012-2013	20	43	21	13	10	2	7	116

Source: City Budget

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

	Fiscal Year									
Function/Program	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
General Government										
Registered Voters	3,438	*	3,047	*	3,135	*	3,314	*	3,322	*
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
Citations	3,446	6,065	4,033	3,005	2,992	702	1,007	1,535	371	936
Traffic Stops	2,813	4,987	4,386	4,557	4,554	2,504	2,189	1,902	618	2,820
Officer Reports	2,787	2,571	2,703	2,985	4,110	3,905	3,717	3,435	1,031	3,401
Photo Enforcement - Notices Printed	*	*	*	*	*	864	1,172	2,383	1,525	1,451
Calls for Service	23,986	18,131	17,021	15,828	16,118	16,707	14,112	13,076	14,524	13,334
Highways & Streets										
Street resurfacing (miles)	*	*	*	*	3	3	4	3	1	1
Cold Mix for Potholes (tons)	*	*	*	*	212	271	168	197	145	96
Street sweeping (miles)	40	40	40	40	42	42	42	46	46	46
Water										
New Residential Connections	50	75	76	34	8	1	0	3	0	0
Line Breaks	*	*	*	*	179	252	204	177	69	87
Average Daily Consumption	*	1.31	1.31	1.31	1	1	1	1	1	1
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	*	*	*	*	*	550	490	490	490	600
Line cleaning (feet)	*	*	*	*	*	*	*	90,000	150,000	100,000
Line Plugs	*	*	*	*	*	52	54	58	22	43

(Continued)

	Fiscal Year									
Function/Program	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Parks and Recreation										
Park Areas	7	7	7	9	9	9	9	9	9	9
Parkland Acreage	15	15	15	15	15	15	15	15	15	15
Playgrounds	5	5	5	6	6	6	6	6	6	6
Afterschool Program Participants	970	485	333	355	378	382	272	228	216	205
Aquatic Center Admissions	3,644	2,350	4,536	5,223	2,530	2,120	2,357	2,075	2,268	2,935
Airport										
Hangers	5	5	5	5	5	5	5	5	5	5
T-Hangers	12	12	12	12	12	12	12	12	12	12
Economic Development										
Building Permits-Commercial	10	26	23	23	38	22	20	14	12	15
Building Permits-Residential	74	94	310	113	44	35	78	48	37	96
Housing Rehabilitations	1	10	11	3	4	6	7	12	1	4
Code Enforcement Cases	*	*	*	*	*	1,104	1,267	2,087	1,601	1,729
Planning Cases	25	65	110	97	75	58	50	24	25	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
Total Items Circulated	11,184	11,954	11,830	16,381	13,433	14,559	16,544	32,281	35,398	35,867
Reference Transactions	989	1,020	684	718	864	920	817	858	975	991
Computer Uses	8,760	7,990	8,200	9,000	9,318	11,636	16,544	17,490	17,481	23,107
Inter Library Loan	549	359	401	307	628	790	1,821	2,204	2,274	3,629

Sources: Various City Departments

Note: Voter registration is taken every two years.

* Not available

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

	Fiscal Year									
Function/Program	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	12	12	12	12	12	12
Highways and Streets										
Streets (miles)	*	*	*	*	85	90	90	91	93	93
Streetlights	575	575	591	605	616	598	598	598	598	598
Street poles	554	550	570	582	593	575	575	575	598	598
Water										
Water mains (miles)	*	120	120	120	120	120	123	123	123	123
Fire hydrants	*	315	315	315	321	321	321	326	326	327
Sewer										
Sanitary Sewer (miles)	*	44	44	44	45	45	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	15
Number of Parks	7	7	7	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

* Not available

Sources: Various City Departments