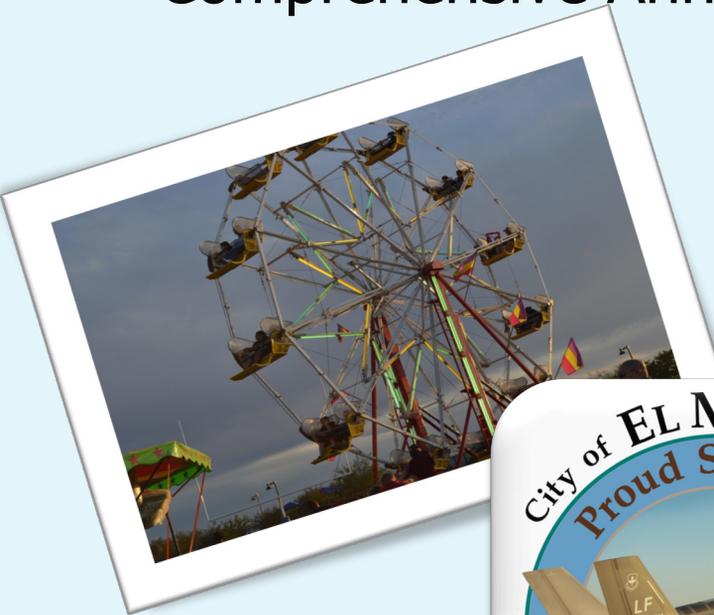


City of **EL MIRAGE**

Arizona

GRAND HERITAGE, BRIGHT FUTURE!

Comprehensive Annual Financial Report



For the fiscal year ended June 30, 2012

**CITY OF EL MIRAGE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Issued by:
Department of Finance and Technology

CITY OF EL MIRAGE, ARIZONA

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INTRODUCTORY SECTION

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City of El Mirage *Finance Department*
12145 N.W. Grand Ave. El Mirage, AZ 85335
Phone (623) 876-2955 Fax (623) 972-8110 TDD (623) 933-3258

December 12, 2012

Honorable Mayor and Members of the City Council
El Mirage, AZ 85335

State law mandates that all general-purpose local governments are required to undergo an annual Single Audit and publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of El Mirage, Arizona (City) for the fiscal year ended June 30, 2012.

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

The City's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

El Mirage Community Profile

Background, Population, and Business. El Mirage is situated on approximately 11 square miles in the heart of the rapidly growing West Valley. The city was founded in 1937 by migrant farm workers who settled on the west bank of the Agua Fria River and harvested the acres of roses, cotton, and other crops that would come to define the city's agricultural heritage. Since its incorporation in 1951, the community has transcended its agricultural beginnings to become a vibrant, diverse community with a current population of just over 32,000.



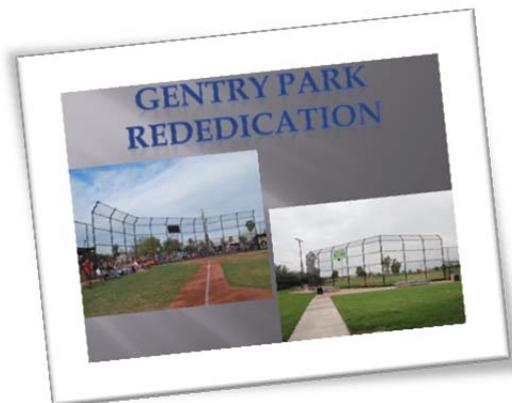
In recent years, El Mirage has adopted economic development initiatives to attract new commercial and industrial businesses to the city. Impact fees normally charged for

infrastructure expansion have been eliminated, and El Mirage has joined with other West Valley cities to form the Greater Maricopa Foreign Trade Zone, allowing goods to be moved through the region exempt from certain U.S. Customs fees.



Local employers include Burlington Northern Santa Fe Railroad, which operates an 82-acre vehicle distribution center in El Mirage. Vulcan Materials Group, Union Rock and Materials, Hanson Pipe, and

Contech Engineered Solutions are also among the firms representing the city's industrial base. Luke Air Force Base, just nine miles west of El Mirage, is the largest jet fighter training base in the world and employs over 1,500 civilians, many of whom are El Mirage residents.



The City of El Mirage offers a range of community facilities including a senior center and library. Thirteen-acre Gateway Park is the center for sports and family gatherings in El Mirage, with an amphitheater, picnic armadas, shaded playgrounds, lighted sports fields, and a skate plaza that is the first of its kind in Arizona. El Mirage is also home to Bill Gentry Park, a newly renovated little league field that draws teams from throughout the Valley for regular play, as well as regional tournaments. The nationally renowned Pueblo El Mirage Golf Resort, situated on 310 acres in the city, boasts an 18-hole professional golf course and has home choices, as well as a host of indoor and outdoor activities for active seniors.

In November 2011, El Mirage voters authorized \$5.5 million in bonds for construction of a premier recreation facility with swimming pool and \$6 million for a new police facility. Both facilities are scheduled for completion in late 2013.

Governing Structure. Like most Arizona cities and towns, El Mirage operates under a council-manager form of government. Under this system, the City Council hires a City Manager to implement policy, as well as oversee the daily administration and management of all city departments. The City Manager is responsible for developing a balanced budget and a capital improvement plan for council review and approval each year. The City Manager also keeps the council advised of the city's financial condition and future needs. As City Manager, Dr. Spencer A. Isom is responsible for the activities of seven city departments and more than 170 employees. He also oversees a \$114 million budget to provide services for the city's 32,000 residents. This year's budget utilizes the theme "*creating stability and meeting expectations responsibly.*"



Policymaking and legislative authority are vested in a governing council consisting of the mayor and six councilors (one is selected as vice-mayor). All seven members of the council are elected at large and on a non-partisan basis to serve a four-year term. Elections are staggered so three councilors are elected every two years and the mayor is elected every four years. The council is responsible for passing ordinances, adopting the budget, appointing committees, and selecting the city attorney, city clerk, and judge in addition to the City Manager.



Types and Levels of Services. The City of El Mirage provides a full range of services including police and fire protection, roadway maintenance and construction, recreational and cultural activities, health and social services, as well as general administrative services. The city provides sewer and water services to its residents, along with water services to residents in a portion of the City of Surprise. El Mirage contracts with a local sanitation company for sanitary services. An enterprise funds was established for the accounting and financial reporting of water, sewer, and sanitation services.

Budget Process and Legal Level of Control. The annual expenditure budget serves as the foundation for city financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the City Council. All city departments are required to submit requests for appropriations during the budget process. The City Manager and Finance Department use these requests plus the prior year's operating budget as the starting point for assembling a proposed budget for Council consideration. The Council holds a retreat to discuss the proposed budget where presentations are made to the Council on revenues, expenditures, capital, staffing, and taxes. Public hearings are then held on both the budget and proposed property levies. Both the budget and the tax levy are approved by the Council in June or July each year. Maricopa County is required to set the tax rate to collect the levy that the Council sets. The County sets the rate on the third Monday in August. The budget schedules provided by the state are adopted at both the fund and department levels, which are the legal levels of control for the state.

Factors Affecting Economic Conditions

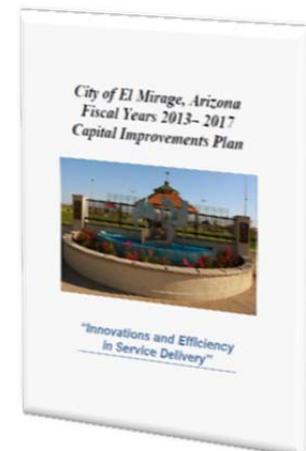
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the city operates.

Local Economy. The El Mirage economy was primarily dependent on housing construction for many years. In 2004, however, the city began to approach residential build-out and the Maricopa County housing market began to diminish causing unemployment statewide, countywide, and locally to spike (The local unemployment rate tends to be slightly higher than county and state levels.). Since that time, the city has turned its focus toward retail and industrial growth resulting in the opening of a Walmart supercenter and two Walgreens pharmacies in recent years. In addition, the number of local businesses has



been rising steadily and currently stands at 904. The recession and weaker than expected recovery have made further commercial growth challenging, resulting in the city's reliance on state shared revenues as much as local sales and property tax to remain fiscally solvent. State shared revenues are distributions of sales, income, vehicle, and gasoline taxes based on a statewide formula that was implemented as a result of limitations placed on the ability of cities and towns to collect local revenues. Further information on the history of city revenues may be found in the MD&A, page 5, and the statistical section that begins on page 97 of this financial statement.

Long-term Financial Planning. In 2011, the Council adopted the city's first-ever, five-year Capital Improvements Plan (CIP). The CIP was based in part on a series of goals recently adopted by the Council. The Council goals and the CIP are intended to make the city more attractive to commercial development. As part of the CIP, the city developed a five-year financial projection. If the city is successful in expanding its commercial base, the CIP will be revised upward each year.



To improve the city's ability to attract business, three departments - Community Development, Economic Development, and Engineering - were combined to streamline processes.

The presence of Luke Air Force Base provides a significant employment and economic engine for the community. However, Luke's presence has placed significant land use restrictions on large tracks of city property. Although such property is primarily zoned 'agricultural' at present, the city and the primary property owner have long-term plans to convert this property for commercial and industrial uses. Conceivably, this process may take thirty years to complete. Until the property owner is prepared to move forward with development, the city will concentrate on infill properties ranging in size from a few acres to more than 80 acres for continued business growth.

Given the continuing economic uncertainty at the local, state, and national levels, the City Council and administration recognize the need to assure reserves are available for future revenue shortfalls. Therefore, the budget reflects a General Fund reserve of \$6.0 million. When the Council approved a utility rate study earlier this year, it established reserves for each of the three utilities ranging from one month to three months. The reserves are not budgeted. The reserves are only intended to offset shortfalls in revenue collections, not as an opportunity to increase expenditures. By resolution, the Council also directed that all primary property taxes would be restricted to uses in support of police and fire operations.

Relevant Financial Policies. In June 2012, the City Council adopted a series of comprehensive financial management policies designed to maintain a financially viable city government that provides an adequate level of services, programs, and activities that add value and contribute to the city's mission, while providing financial flexibility to adapt to local, regional, and national economic changes. Some of the adopted financial policies that may help users better understand the financial data included in this report are included below:



- The city shall maintain a prudent level of financial resources to protect against reducing service levels, incurring debt, or raising taxes and fees because of unexpected revenue shortfalls, unanticipated expenditures, and similar circumstances.
- The city shall rely on ongoing revenues to fund ongoing expenditures and avoid one-time sources of revenues to fund ongoing activities.
- The Finance Director shall annually prepare five-year revenue and expenditure forecasts to examine the city's ability to absorb operating costs due to changes in the economy, service demands, service levels, and capital improvements.
- The city shall fund current year capital projects with bonds, grants, or funds accumulated (fund balances) prior to budgeting for capital expenditures.
- The city shall practice conservatism in budgeting for both revenues and expenditures to ensure the city can meet its ongoing obligations. The city shall not budget excess funds collected (fund balance) for ongoing expenditures.

- The city shall develop diversified and stable revenue sources to protect activities from short-term fluctuations in any single revenue source.
- The city shall not dedicate revenues for specific purposes unless required by law, Council policy, or Generally Accepted Accounting Principles (GAAP). The Finance Director shall deposit all non-restricted revenues in the general fund for appropriation through the budget process.
- The Council shall review user fees and charges annually to ensure recovery of all direct and indirect costs of service, unless full cost recovery would be excessively burdensome on citizens receiving service.

Major Initiatives. The city currently has three major capital initiatives that will have significant future impact on the quality of life for its citizens, while expanding infrastructure and increasing the resources available for economic development.

El Mirage Road - The city is partnering with Maricopa County Department of Transportation (McDOT) and the Maricopa Association of Governments (MAG) to complete construction of El Mirage Road from Northern Avenue to Thunderbird Road and to complete improvements along Thunderbird Road from Grand Avenue to west of El Mirage Road. The city has bond authorization to pay for its share of the improvements. McDOT will provide \$6 million and MAG will provide 70% funding up to approximately \$36 million. The city intends to accelerate the project to complete improvements in less than five years. The original projection for project completion was approximately ten years.



City of El Mirage Northwest Family YMCA

Recreation Facility with Pool - The city plans to construct a new recreation facility with pool. The facility will be approximately 28,000 square feet and will be located adjacent to Gateway Park on approximately 5 acres.

Police Facility - The city plans to construct a new police station on land designated for city use next to Gateway Park. Cost includes design, construction, site improvements and furnishings. The energy efficient facility will house all operations of the Police Department, including administration, patrol, investigations, evidence storage, records management and storage, modern IT infrastructure, a community meeting room, and a public lobby.



Award and Acknowledgments

Award. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

This certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the program's requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2011-12 certificate.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance and Technology. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council, preparation of this report would not have been possible.

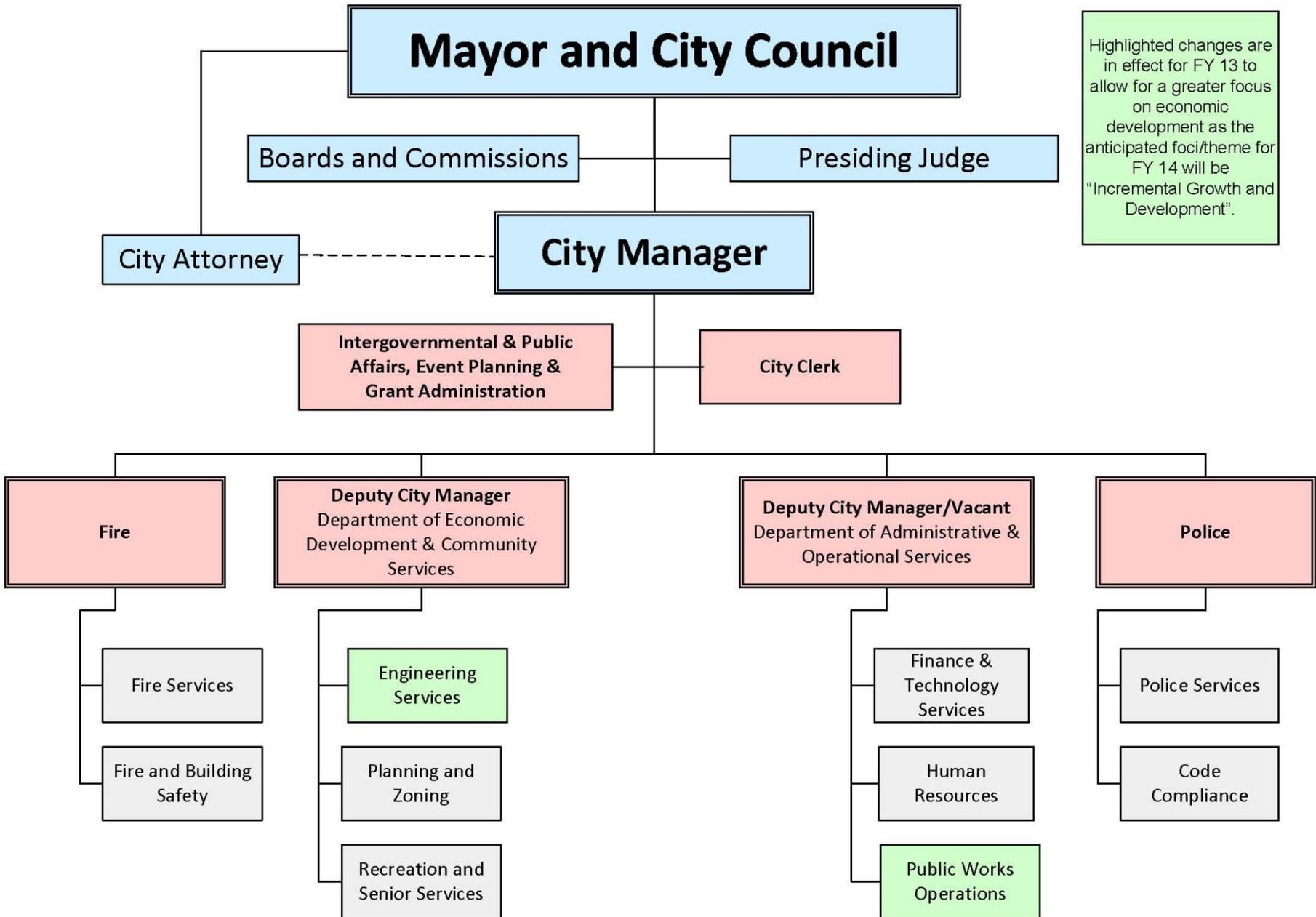
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Spencer A. Isom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dr. Spencer A. Isom
City Manager

A handwritten signature in black ink, appearing to read "Robert Nilles". The signature is cursive and somewhat stylized, with a large initial "R".

Robert Nilles
Finance and Technology Director



Highlighted changes are in effect for FY 13 to allow for a greater focus on economic development as the anticipated foci/theme for FY 14 will be "Incremental Growth and Development".

CITY OF EL MIRAGE, ARIZONA LIST OF ELECTED CITY OFFICIALS

LIST OF ELECTED CITY OFFICIALS

Mayor Lana Mook



Mayor Lana Mook has called Arizona home for nearly 30 years. After retiring from approximately three decades in management, training and patient relations in the health care industry, Mook devoted much of her time to volunteering in El Mirage, pursuing her commitment to do everything she could to improve her community. With a number of other community volunteers, she co-founded the People of El Mirage (POEM), a civic-based community organization focused on helping those in need, as well as informing the public on local issues. Under her leadership, the organization promoted local support for Luke Air Force Base, raised funds for local Cub Scouts and participated in numerous food and clothing drives for the area's residents in need. In addition, POEM members partnered with local public safety officials to increase safety and awareness in El Mirage neighborhoods.

In 2010, Mook was elected Mayor of the City of El Mirage. She currently serves as a board member of the Valley Metro Regional Public Transportation Authority (RPTA), the Western Maricopa Coalition (WESTMARC), and the Regional Council for the Maricopa Association of Governments (MAG). Although new to public service, Mayor Mook is not new to the world of community involvement and civic leadership. She spent many years dedicating time to the Phoenix Suns Charities, the Girl Scouts of America, and the U.S. Forest Service (Smokey Bear and Woodsey Owl Fire Prevention Programs). She considers herself a leader who says what she means and does what she says.

Vice Mayor David Shapera



Vice Mayor David M. Shapera has lived in El Mirage since 2002. He served on the city's Planning and Zoning Commission and was Chairman for several years. He was elected to City Council in 2008 and has been known as "the voice of reason" according to a large local newspaper. He has been a leading proponent of Gateway Park, the new fire station, the new police station, and the YMCA. He is an avid supporter of public safety. Shapera is a retired police officer and has held elected and appointed offices for more than 35 years.

**CITY OF EL MIRAGE, ARIZONA
LIST OF ELECTED CITY OFFICIALS**



Councilman Roy Delgado

Councilman Roy Delgado has served on the El Mirage City Council for 10 years and was last elected in September 2012 to a four-year term. Delgado spent over 20 years in the U.S. Army and National Guard, as well as more than 30 years in management in the oil industry in California and Arizona. His current government service includes chairing the Community Development Advisory Committee (CDAC), which oversees the flow of federal housing and infrastructure project funds received by Maricopa County and awarded on a competitive basis to local governments. The CDAC's funding recommendations are vetted and ultimately approved by the County Board of Supervisors

Delgado also chairs the Citizens Advisory Committee of the County Library District. He was appointed to the position by Supervisor Max Wilson and, along with other committee members, serves as a liaison between the district's board of directors, the library administration, and the community.

Councilman Delgado is equally proud of his community service activities, which include teaching hunter safety for the Arizona Game and Fish Department; serving as mass coordinator for Luke AFB's Catholic communities; and helping raise funds, along with his wife Sue, for student scholarships on behalf of Dysart Unified School District and the West Valley Neighborhood Coalition.

As a member of the Elks, the American Legion, and two military officers' associations, Delgado maintains strong ties with the Valley's military community.



Councilman James McPhetres

Councilman James McPhetres moved to Arizona in 1987 and married in 2000. He moved his family from Avondale to El Mirage in 2001 after building the family home in the city. McPhetres has volunteered countless hours to community causes, serving on the Police Advisory Committee, coaching Cal Ripken baseball and youth football, and encouraging residents to vote for the recently completed new fire station. In addition, he served on the Judicial Advisory Board (JAB) that selected candidates for the city's first municipal judge, and was JAB's chairman for four years. He was elected President of the Grande Mirage Homeowners Association in 2001 and held the position for nine years until being elected to the City Council in 2010. He was appointed as the city's representative to the Western Maricopa Coalition (WESTMARC) Energy and Water Committee in 2011. In March 2012, Councilman McPhetres retired from the U.S. Air Force as a superintendent of human resource systems and readiness after 36 years of service.

McPhetres is committed to ensuring accountability for all city resources and feels the Council owes residents a city that is affordable and one where residents can live, work, and play. He focuses on fiscally conservative economic development and believes in "Integrity first, Service before self, and Excellence in all we do" - core values from his Air Force past that he carries forward in his role as City Councilman.



Councilman Jack Palladino

Born and raised in Chelsea, Massachusetts, Councilman Jack Palladino's commitment to community began over 40 years ago with his service as a medic in the United States Army. After retiring from active duty, he married his sweetheart, Michele, and went to work for the U.S. Post Office as a letter carrier. Over the course of more than 30 years, Palladino's hard work and perseverance were recognized and he was promoted to management in a U.S.P.S. Boston facility. During this time, he also volunteered as a Little League coach and served with the Knights of Columbus. Shortly after retiring in 2003, Palladino and his wife moved to Arizona where he currently works part time for the Pueblo El Mirage Post Office. The Palladinos have one son and a five year-old grandson who also live in the West Valley. Last year, the couple celebrated their 40th wedding anniversary. After attending numerous local City Council meetings and volunteering in the community, Palladino decided to run for El Mirage City Council and was overwhelmingly elected in 2010. Palladino believes that one person *can* make a difference!

CITY OF EL MIRAGE, ARIZONA LIST OF ELECTED CITY OFFICIALS



Councilman Joe Ramirez

Councilman Joe Ramirez is proud to call El Mirage home for more than 50 years. He graduated from Dysart High School and attended Glendale Community College before beginning work in the construction industry, which led him to a 30-year career that included owning his own construction firm. A straight-to-the-point individual, Councilman Ramirez has always been a supporter of El Mirage and the West Valley. In addition to serving on the City Council, he volunteers his time on numerous civic projects and participates in local events including the Christmas Toy Drive, the Clean Our Community Program, and Habitat for Humanity. Councilman Ramirez invites residents to learn more about the issues in the community and join him in working toward a better El Mirage.



Councilman Lynn Selby

Born and raised in Los Angeles, California, Councilman Lynn Selby has a business background spanning more than 30 years. He has managed cash flow and inventories, developed yearly budgets, and managed personnel. Selby and his wife, Danielle retired to El Mirage and began attending City Council meetings regularly and volunteering in the community. In attending the Council meetings, Selby became interested in the workings of the city and wanted to give something back to the community he loves and calls home. Selby was elected to the City Council in August 2010. He served in the U.S. Navy and now volunteers his time as an engineer every Sunday from September through May with the Maricopa Live Steamers Club, giving free rides to the public. Selby also helps the El Mirage Fire Department distribute and install free smoke detectors. He represents Operation Lifesaver throughout the State of Arizona, presenting railroad safety programs to government agencies and local organizations. The Selbys have been married for more than 47 years and have three daughters and four grandchildren.

LIST OF APPOINTED CITY OFFICIALS

City Manager – Dr. Spencer A. Isom
City Attorney (Interim) – Robert M. Hall
City Magistrate – James Mapp
City Clerk – Richard Saathoff

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of El Mirage
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of El Mirage, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 El Mirage, Arizona, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of the City of El Mirage, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 58 through 60 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information such as 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Heinfeld, Meech & Co., P.C.

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

December 12, 2012

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

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**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the City of El Mirage, Arizona (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 ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that 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 the Management's Discussion and Analysis provide those significant key financial highlights for 2011-12 as follows.

- The City's total net assets of governmental activities increased \$2.6 million to \$47.3 million and business-type activities decreased \$1.5 million to \$32.7 million representing 59 percent and 41 percent, respectively, of the total net assets of \$80.0 million.
- General revenues before transfers from governmental activities accounted for \$15.5 million in revenue, or 73 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5.7 million or 27 percent of total governmental activities revenues. The City had \$11.0 million of program revenues and \$5,546 in general revenues related to business-type activities.
- The City had \$20.3 million in expenses related to governmental activities, a decrease of 10 percent from the prior fiscal year. The City had \$10.9 million in expenses related to business-type activities an increase of 21 percent from the prior fiscal year.
- Among major funds, the General Fund had \$15.3 million in revenues, which primarily consisted of taxes and intergovernmental revenues. The total expenditures of the General Fund were \$14.6 million. The General Fund's fund balance increased from \$11.2 million to \$13.8 million, due primarily to reduced expenditures and other financing sources.
- The Streets (HURF) Fund had \$1.6 million in revenues, which primarily consisted of intergovernmental revenues. The total expenditures of the Streets (HURF) Fund were \$1.6 million. The Streets (HURF) Fund's fund balance increased from \$714,197 to \$819,888, at the end of the current fiscal year due primarily to a transfer of \$100,000 from the General Fund.
- The Fire Impact Fees Fund had \$12,876 in revenues which primarily consisted of development impact fees. The total expenditures of the Fire Impact Fees Fund were \$2.8 million. The Fire Impact Fees Fund reported a fund balance decrease of \$2.7 million due to construction in process of a new fire station.
- The Water and Sewer Fund net assets decreased \$952,788. Operating expenses of \$9.0 million were exceeded by operating revenues of \$9.7 million.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are 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 themselves.

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

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

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

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

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, highways and streets, culture and recreation, redevelopment and housing, health and welfare, and interest on long-term debt. General revenues finance most of these activities.
- **Business-type activities** – The services provided by the City included here are water, sewer and solid waste services. The services are primarily financed through user fees and charges.

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

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

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

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

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

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and solid waste operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer and Non-Major Enterprise Fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

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

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$80.0 million at the current fiscal year end.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, land improvements; buildings and improvements; sewer plant; water mains and lines; sewer collection system; infrastructure; vehicles, machinery, and equipment; and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the City's net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012	2011	2012	2011	2012	2011
	Governmental	Governmental	Business-type	Business-type	2012	2011
	Activities	Activities	Activities	Activities	Total	Total
				(as restated)		(as restated)
Current assets	\$ 20,754,693	\$ 19,170,061	\$ 3,060,460	\$ 5,325,981	\$ 23,815,153	\$ 24,496,042
Capital assets, net	41,473,651	40,497,357	45,867,104	46,525,071	87,340,755	87,022,428
Other non-current assets	225,298	240,116	158,223	175,803	383,521	415,919
Total assets, net	62,453,642	59,907,534	49,085,787	52,026,855	111,539,429	111,934,389
Current and other liabilities	1,478,129	1,056,178	2,156,426	2,654,758	3,634,555	3,710,936
Long-term liabilities	13,665,675	14,144,965	14,272,312	15,255,343	27,937,987	29,400,308
Total liabilities	15,143,804	15,201,143	16,428,738	17,910,101	31,572,542	33,111,244
Invested in capital assets, net of related debt	30,394,556	31,113,879	31,646,838	31,308,227	62,041,394	62,422,106
Restricted	3,787,197	1,640,241			3,787,197	1,640,241
Unrestricted	13,128,085	11,952,271	1,010,211	2,808,527	14,138,296	14,760,798
Total net assets	\$ 47,309,838	\$ 44,706,391	\$ 32,657,049	\$ 34,116,754	\$ 79,966,887	\$ 78,823,145

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 and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Assets.

- The addition of \$4.0 million in governmental activities capital assets.
- The addition of \$2.3 million in business-type activities capital assets.
- The payment of \$630,868 in governmental long-term liabilities and \$996,583 in business-type long-term liabilities.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The City's total revenues for the current fiscal year were \$32.2 million. The total cost of all programs and services was \$31.1 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012 Governmental Activities	2011 Governmental Activities	2012 Business-type Activities	2011 Business-type Activities	2012 Total	2011 Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,323,592	\$ 1,598,199	\$ 11,036,335	\$ 9,830,303	\$ 14,359,927	\$ 11,428,502
Operating grants and contributions	1,757,715	3,753,356			1,757,715	3,753,356
Capital grants and contributions	642,943	2,031,513			642,943	2,031,513
General revenues:						
Property taxes	3,068,722	2,998,935			3,068,722	2,998,935
City sales taxes	5,534,445	5,368,649			5,534,445	5,368,649
Franchise taxes	667,559	654,999			667,559	654,999
State shared revenues	6,188,822	6,620,951			6,188,822	6,620,951
Investment income	23,535	23,200	5,546	5,116	29,081	28,316
Development impact fees		49,677		56,976		106,653
Total revenues	<u>21,207,333</u>	<u>23,099,479</u>	<u>11,041,881</u>	<u>9,892,395</u>	<u>32,249,214</u>	<u>32,991,874</u>
Expenses:						
General government	5,217,013	5,559,107			5,217,013	5,559,107
Public safety	10,207,265	9,899,205			10,207,265	9,899,205
Highways and streets	2,386,465	3,692,419			2,386,465	3,692,419
Culture and recreation	1,243,125	1,563,881			1,243,125	1,563,881
Redevelopment and housing	105,336	557,830			105,336	557,830
Health and welfare	469,933	497,956			469,933	497,956
Interest on long-term debt	623,167	646,132			623,167	646,132
Water and sewer			9,370,528	8,132,429	9,370,528	8,132,429
Solid waste			1,482,640	865,111	1,482,640	865,111
Total expenses	<u>20,252,304</u>	<u>22,416,530</u>	<u>10,853,168</u>	<u>8,997,540</u>	<u>31,105,742</u>	<u>31,414,070</u>
Transfers	<u>1,648,418</u>	<u>1,212,788</u>	<u>(1,648,418)</u>	<u>(1,212,788)</u>		
Changes in net assets	<u>2,603,447</u>	<u>1,895,737</u>	<u>(1,459,705)</u>	<u>(317,933)</u>	<u>1,143,742</u>	<u>1,577,804</u>
Net assets, beginning	<u>44,706,391</u>	<u>42,810,654</u>	<u>34,116,754</u>	<u>34,434,687</u>	<u>78,823,145</u>	<u>77,245,341</u>
Net assets, ending	<u>\$ 47,309,838</u>	<u>\$ 44,706,391</u>	<u>\$ 32,657,049</u>	<u>\$ 34,116,754</u>	<u>\$ 79,966,887</u>	<u>\$ 78,823,145</u>

- Expenses for highways and streets decreased \$1.3 million due to the completion of the Dysart and Thunderbird Road intersection.
- Charges for services related to governmental activities increased \$1.7 million due to photo enforcement operations expansion.
- Charges for services related to business-type activities increased \$1.2 million due to utility rate increases.
- Operating grants and contributions decreased by \$2.0 million due to reduced federal and state programs.
- Capital grants and contributions decreased by \$1.4 million due to reduced federal and state programs.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

Governmental and Business-type activities. The following table presents the cost of the City's functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	2012		2011	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 5,217,013	\$ (2,540,155)	\$ 5,559,107	\$ (5,139,337)
Public safety	10,207,265	(9,335,418)	9,899,205	(8,484,359)
Highways and streets	2,386,465	(633,901)	3,692,419	196,246
Culture and recreation	1,243,125	(1,097,447)	1,563,881	(1,530,925)
Redevelopment and housing	105,336	30,881	557,830	905,141
Health and welfare	469,933	(328,847)	497,956	(334,096)
Interest on long-term debt	623,167	(623,167)	646,132	(646,132)
Total	<u>\$ 20,252,304</u>	<u>\$ (14,528,054)</u>	<u>\$ 22,416,530</u>	<u>(15,033,462)</u>
Business-type Activities				
Water and sewer	\$ 9,370,528	\$ 398,084	\$ 8,132,429	\$ 575,165
Solid waste	1,482,640	(214,917)	865,111	257,598
Total	<u>\$ 10,853,168</u>	<u>\$ 183,167</u>	<u>\$ 8,997,540</u>	<u>\$ 832,763</u>

- Federal and State grants and charges for services subsidized certain governmental programs with revenues of \$5.7 million.
- Net cost of governmental activities of \$14.5 million was financed by general revenues, which are primarily local sales taxes and state shared revenues totaling \$14.8 million.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds. The focus of the City's governmental funds 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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$19.1 million, an increase of \$1.1 million, or 6 percent from the prior year.

The increase in the General Fund's fund balance of \$2.5 million was due primarily to reduced expenditures and other financing sources.

The Street (HURF) Fund's fund balance increased from \$714,197 to \$819,888 due primarily to a transfer of \$100,000 from the General Fund.

The Fire Impact Fees Fund reported a fund balance decrease of \$2.7 million due to construction in process of a new fire station.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$32.7 million, a decrease of \$1.5 million, or a 4 percent decrease from the prior year.

BUDGETARY HIGHLIGHTS

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances between budget and actual in the General Fund are summarized as follows:

- The favorable variance of \$354,445 in city sales taxes was a result of economic growth and residential rental sales tax collections.
- The favorable variance of \$804,728 in general government expenditures was a result of reduced expenditures and vacancy savings.
- The favorable variance of \$638,839 in public safety expenditures was a result of fire department limits on expenditures.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the City had invested \$119.6 million in capital assets. This amount represents a net increase prior to depreciation of \$3.9 million from the prior fiscal year, primarily due to construction of a new fire station. Total depreciation expense for the year was \$4.6 million. Capital assets originally costing \$1.3 million were disposed of during the current fiscal year. Depreciable assets totaling \$328,582 were transferred from governmental activities to business-type activities.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012 Governmental Activities	2011 Governmental Activities	2012 Business-type Activities	2011 Business-type Activities (as restated)
Non-depreciable assets	\$ 14,343,046	\$ 11,548,357	\$ 2,881,629	\$ 2,488,236
Depreciable assets	37,766,049	38,258,432	64,588,756	63,434,444
Less: Accumulated depreciation	(10,635,444)	(9,309,432)	(21,603,281)	(19,397,609)
Total capital assets, net	\$ 41,473,651	\$ 40,497,357	\$ 45,867,104	\$ 46,525,071

Additional information on the City's capital assets can be found in Note 6.

Debt Administration. At year end, the City had \$27.3 million in long-term debt outstanding, and \$1.7 million due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2012 and June 30, 2011.

	As of June 30, 2012	As of June 30, 2011
GADA bonds	\$ 13,035,000	\$ 13,645,000
Capital leases	7,252	28,120
WIFA loans	14,220,262	15,216,848
Total	\$ 27,262,514	\$ 28,889,968

The Arizona Constitution and State Statutes limit a municipality's bonded debt capacity to certain percentages of its secondary assessed valuation and by the type of project to be constructed with general obligation (GO) bonds. For projects involving water, wastewater, artificial lighting, parks, open space, recreational facility improvements, streets, public safety, and fire and emergency facilities, the City can issue GO bonds up to 20% of its secondary assessed valuation. For any other general-purpose improvements, the City may issue bonds up to 6% of its secondary assessed valuation. The City's available debt margin at year end was \$6.5 million in the 6% capacity and \$21.6 million in the 20% capacity. The City has no general obligation debt applicable to the 6% limit and \$13.0 million of debt applicable to the 20% limit.

Additional information on the City's long-term debt can be found in Notes 7 through 10.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The adopted combined operating and capital expenditure budget for fiscal year 2012-13 totals \$114.4 million, an increase of \$41.5 million or 57% more than fiscal year 2011-12.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Department of Finance and Technology, 12145 NW Grand Avenue, El Mirage, Arizona 85335.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF EL MIRAGE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 16,563,964	\$ 4,521,577	\$ 21,085,541
Accounts receivable	1,488	1,209,420	1,210,908
Property taxes receivable	208,184		208,184
Due from governmental entities	1,090,230	86,463	1,176,693
Internal balances	2,757,000	(2,757,000)	
Prepaid items	133,827		133,827
Total current assets	20,754,693	3,060,460	23,815,153
Noncurrent assets:			
Deferred charges	225,298	158,223	383,521
Capital assets, non-depreciable	14,343,046	2,881,629	17,224,675
Capital assets, depreciable (net)	27,130,605	42,985,475	70,116,080
Total noncurrent assets	41,698,949	46,025,327	87,724,276
Total assets	62,453,642	49,085,787	111,539,429
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,021,846	596,915	1,618,761
Accrued payroll and employee benefits	204,320	38,967	243,287
Accrued interest		205,998	205,998
Due to governmental entities	177,433		177,433
Compensated absences payable	177,252	17,177	194,429
Unearned revenue	11,066		11,066
Customer deposits	63,464	1,314,546	1,378,010
Capital leases payable	7,252		7,252
Loans payable		1,025,199	1,025,199
General obligation bonds payable	630,000		630,000
Total current liabilities	2,292,633	3,198,802	5,491,435
Noncurrent liabilities:			
Compensated absences payable	359,875	34,874	394,749
Loans payable		13,195,062	13,195,062
General obligation bonds payable	12,491,296		12,491,296
Total noncurrent liabilities	12,851,171	13,229,936	26,081,107
Total liabilities	15,143,804	16,428,738	31,572,542
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	30,394,556	31,646,838	62,041,394
Restricted for:			
Grants	1,817,193		1,817,193
Debt service	152,811		152,811
Capital projects	997,305		997,305
Street projects	819,888		819,888
Unrestricted	13,128,085	1,010,211	14,138,296
Total net assets	\$ 47,309,838	\$ 32,657,049	\$ 79,966,887

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

**CITY OF EL MIRAGE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 5,217,013	\$ 2,661,625	\$	\$ 15,233	\$ (2,540,155)
Public safety	10,207,265	435,437	400,343	36,067	(9,335,418)
Highways and streets	2,386,465	46,409	1,317,221	388,934	(633,901)
Culture and recreation	1,243,125	52,055		93,623	(1,097,447)
Redevelopment and housing	105,336	96,066	40,151		30,881
Health and welfare	469,933	32,000		109,086	(328,847)
Interest on long-term debt	623,167				(623,167)
Total governmental activities	<u>20,252,304</u>	<u>3,323,592</u>	<u>1,757,715</u>	<u>642,943</u>	<u>(14,528,054)</u>
Business-type activities:					
Water and sewer	9,370,528	9,768,612			
Solid waste	1,482,640	1,267,723			
Total business-type activities	<u>10,853,168</u>	<u>11,036,335</u>			
Total primary government	<u>\$ 31,105,472</u>	<u>\$ 14,359,927</u>	<u>\$ 1,757,715</u>	<u>\$ 642,943</u>	<u>(14,528,054)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	1,775,543
Property taxes, levied for debt purposes	1,293,179
City sales taxes	5,534,445
Franchise taxes	667,559
State shared revenues	6,188,822
Investment income	23,535
Transfers	<u>1,648,418</u>
Total general revenues and transfers	<u>17,131,501</u>
Changes in net assets	2,603,447
Net assets, beginning of year, as restated	<u>44,706,391</u>
Net assets, end of year	<u>\$ 47,309,838</u>

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

Net (Expense) Revenue and
Changes in Net Assets

Business-type Activities	Totals
\$	\$ (2,540,155)
	(9,335,418)
	(633,901)
	(1,097,447)
	30,881
	(328,847)
	(623,167)
	(14,528,054)
398,084	398,084
(214,917)	(214,917)
183,167	183,167
183,167	(14,344,887)
	1,775,543
	1,293,179
	5,534,445
	667,559
	6,188,822
5,546	29,081
(1,648,418)	
(1,642,872)	15,488,629
(1,459,705)	1,143,742
34,116,754	78,823,145
\$ 32,657,049	\$ 79,966,887

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FUND FINANCIAL STATEMENTS

**CITY OF EL MIRAGE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Streets (HURF)</u>	<u>Fire Impact Fees</u>
<u>ASSETS</u>			
Cash and investments	\$ 10,703,446	\$ 762,353	\$ 1,948,653
Accounts receivable	1,488		
Property taxes receivable	121,299		
Due from governmental entities	799,502	155,653	
Due from other funds	2,800,000	32,000	
Prepaid items	130,827		3,000
Total assets	<u><u>\$ 14,556,562</u></u>	<u><u>\$ 950,006</u></u>	<u><u>\$ 1,951,653</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 372,924	\$ 93,226	\$ 384,793
Accrued payroll and employee benefits	191,144	4,892	
Due to governmental entities	177,433		
Due to other funds		32,000	
Deferred revenue	63,428		
Customer deposits			
Total liabilities	<u><u>804,929</u></u>	<u><u>130,118</u></u>	<u><u>384,793</u></u>
Fund balances (deficits):			
Nonspendable	130,827		
Restricted		819,888	1,566,860
Committed	59,267		
Assigned	163,436		
Unassigned	13,398,103		
Total fund balances	<u><u>13,751,633</u></u>	<u><u>819,888</u></u>	<u><u>1,566,860</u></u>
Total liabilities and fund balances	<u><u>\$ 14,556,562</u></u>	<u><u>\$ 950,006</u></u>	<u><u>\$ 1,951,653</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 3,149,512	\$ 16,563,964
	1,488
86,885	208,184
135,075	1,090,230
32,000	2,864,000
	133,827
<u>\$ 3,403,472</u>	<u>\$ 20,861,693</u>

\$ 170,903	\$ 1,021,846
8,284	204,320
	177,433
75,000	107,000
142,018	205,446
63,464	63,464
<u>459,669</u>	<u>1,779,509</u>

	130,827
2,008,327	4,395,075
989,644	1,048,911
	163,436
(54,168)	13,343,935
<u>2,943,803</u>	<u>19,082,184</u>
<u>\$ 3,403,472</u>	<u>\$ 20,861,693</u>

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**CITY OF EL MIRAGE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total governmental fund balances		\$ 19,082,184
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Governmental capital assets	\$ 52,109,095	
Less accumulated depreciation	<u>10,635,444</u>	41,473,651
<p>Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.</p>		
Property taxes	107,760	
Intergovernmental	<u>86,620</u>	194,380
<p>Deferred items related to the issuance of debt are amortized over the life of the associated debt in the government-wide statements.</p>		
		139,002
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated absences	(537,127)	
Capital leases payable	(7,252)	
Revenue bonds payable	<u>(13,035,000)</u>	<u>(13,579,379)</u>
Net assets of governmental activities		<u><u>\$ 47,309,838</u></u>

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

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Streets (HURF)</u>	<u>Fire Impact Fees</u>
Revenues:			
Property taxes	\$ 1,794,939	\$	\$
City sales taxes	5,534,445		
Franchise taxes	667,559		
Licenses and permits	193,211		
Intergovernmental	6,387,482	1,592,018	
Charges for services	176,970		
Fines and forfeits	364,016		
Investment income	20,438		2,594
Rents	34,952		
Development impact fees			10,282
Contributions and donations	2,100		
Miscellaneous	134,165	45,934	
Total revenues	<u>15,310,277</u>	<u>1,637,952</u>	<u>12,876</u>
Expenditures:			
Current -			
General government	3,903,824		
Public safety	9,247,661		
Highways and streets		1,244,825	
Culture and recreation	954,131		
Redevelopment and housing			
Health and welfare			
Capital outlay	493,167	387,436	2,822,353
Debt service -			
Principal retirement	20,868		
Interest and fiscal charges	1,174		
Total expenditures	<u>14,620,825</u>	<u>1,632,261</u>	<u>2,822,353</u>
Excess (deficiency) of revenues over expenditures	<u>689,452</u>	<u>5,691</u>	<u>(2,809,477)</u>
Other financing sources (uses):			
Transfers in	2,345,308	100,000	109,211
Transfers out	(490,197)		
Total other financing sources (uses):	<u>1,855,111</u>	<u>100,000</u>	<u>109,211</u>
Changes in fund balances	<u>2,544,563</u>	<u>105,691</u>	<u>(2,700,266)</u>
Fund balances, beginning of year	11,207,070	714,197	4,267,126
Fund balances, end of year	<u>\$ 13,751,633</u>	<u>\$ 819,888</u>	<u>\$ 1,566,860</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,310,035	\$ 3,104,974
	5,534,445
	667,559
	193,211
524,162	8,503,662
32,000	208,970
2,331,587	2,695,603
503	23,535
	34,952
27,812	38,094
	2,100
1,498	181,597
<u>4,227,597</u>	<u>21,188,702</u>
972,210	4,876,034
221,976	9,469,637
63,787	1,308,612
	954,131
53,003	53,003
5,370	5,370
498,988	4,201,944
610,000	630,868
614,252	615,426
<u>3,039,586</u>	<u>22,115,025</u>
<u>1,188,011</u>	<u>(926,323)</u>
210,197	2,764,716
(297,519)	(787,716)
<u>(87,322)</u>	<u>1,977,000</u>
<u>1,100,689</u>	<u>1,050,677</u>
1,843,114	18,031,507
<u>\$ 2,943,803</u>	<u>\$ 19,082,184</u>

CITY OF EL MIRAGE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net changes in fund balances - total governmental funds **\$ 1,050,677**

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	\$ 3,470,798	
Less current year depreciation	<u>(2,334,607)</u>	1,136,191

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(36,252)	
Intergovernmental	<u>54,883</u>	18,631

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Capital leases payable	20,868	
Revenue bonds payable	<u>610,000</u>	630,868

Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported in governmental funds.

Loss on disposal of capital assets	(159,897)	
Amortization of bond items	(7,741)	
Compensated absences	<u>(65,282)</u>	<u>(232,920)</u>

Change in net assets in governmental activities **\$ 2,603,447**

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

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds		
	Water and Sewer	Non-Major Enterprise Funds	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 4,276,192	\$ 245,385	\$ 4,521,577
Accounts receivable	1,084,750	124,670	1,209,420
Due from governmental entities	86,463		86,463
Total current assets	<u>5,447,405</u>	<u>370,055</u>	<u>5,817,460</u>
Noncurrent assets:			
Deferred charges	158,223		158,223
Capital assets, non-depreciable	2,881,629		2,881,629
Capital assets, depreciable (net)	42,985,475		42,985,475
Total noncurrent assets	<u>46,025,327</u>		<u>46,025,327</u>
Total assets	<u>51,472,732</u>	<u>370,055</u>	<u>51,842,787</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	526,062	70,853	596,915
Accrued payroll and employee benefits	38,967		38,967
Accrued interest	205,998		205,998
Due to other funds	2,157,000	600,000	2,757,000
Compensated absences payable	17,177		17,177
Customer deposits	1,314,546		1,314,546
Loans payable	1,025,199		1,025,199
Total current liabilities	<u>5,284,949</u>	<u>670,853</u>	<u>5,955,802</u>
Noncurrent liabilities:			
Compensated absences payable	34,874		34,874
Loans payable	13,195,062		13,195,062
Total noncurrent liabilities	<u>13,229,936</u>		<u>13,229,936</u>
Total liabilities	<u>18,514,885</u>	<u>670,853</u>	<u>19,185,738</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	31,646,838		31,646,838
Unrestricted	1,311,009	(300,798)	1,010,211
Total net assets	<u>\$ 32,957,847</u>	<u>\$ (300,798)</u>	<u>\$ 32,657,049</u>

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

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds		
	Water and Sewer	Non-Major Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 9,721,257	\$ 1,267,723	\$ 10,988,980
Total operating revenues	<u>9,721,257</u>	<u>1,267,723</u>	<u>10,988,980</u>
Operating expenses:			
Cost of sales and services	6,715,441	1,482,640	8,198,081
Depreciation	2,243,091		2,243,091
Total operating expenses	<u>8,958,532</u>	<u>1,482,640</u>	<u>10,441,172</u>
Operating income (loss)	<u>762,725</u>	<u>(214,917)</u>	<u>547,808</u>
Nonoperating revenues (expenses):			
Investment income	5,546		5,546
Development impact fees	47,355		47,355
Interest expense	(411,996)		(411,996)
Total nonoperating revenues (expenses)	<u>(359,095)</u>		<u>(359,095)</u>
Income (loss) before capital contributions and transfers	<u>403,630</u>	<u>(214,917)</u>	<u>188,713</u>
Transfers in	172,500		172,500
Transfers out	(1,857,500)	(292,000)	(2,149,500)
Capital contributions	<u>328,582</u>		<u>328,582</u>
Changes in net assets	<u>(952,788)</u>	<u>(506,917)</u>	<u>(1,459,705)</u>
Total net assets, beginning of year, as restated	33,910,635	206,119	34,116,754
Total net assets, end of year	<u>\$ 32,957,847</u>	<u>\$ (300,798)</u>	<u>\$ 32,657,049</u>

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

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Enterprise Funds		
	Water and Sewer	Non-Major Enterprise	Totals
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 9,832,875	\$ 1,255,433	\$ 11,088,308
Cash payments to suppliers for goods and services	(5,099,434)	(1,479,286)	(6,578,720)
Cash payments to employees for services	(2,296,189)		(2,296,189)
Net cash provided by (used for) operating activities	2,437,252	(223,853)	2,213,399
Cash flows from noncapital and related financing activities:			
Interfund borrowing	2,157,000	600,000	2,757,000
Interfund transfers	(1,857,500)	(292,000)	(2,149,500)
Net cash provided by noncapital financing activities	299,500	308,000	607,500
Cash flows from capital and related financing activities:			
Development impact fees	47,355		47,355
Principal paid on loans	(996,583)		(996,583)
Interest paid on loans	(408,724)		(408,724)
Acquisition and construction of capital assets	(1,084,042)		(1,084,042)
Net cash used for capital and related financing activities	(2,441,994)		(2,441,994)
Cash flows from investing activities:			
Interest on investments	5,546		5,546
Net cash provided by investing activities	5,546		5,546
Net increase in cash and cash equivalents	300,304	84,147	384,451
Cash and cash equivalents, July 1, 2011	3,975,888	161,238	4,137,126
Cash and cash equivalents, June 30, 2012	\$ 4,276,192	\$ 245,385	\$ 4,521,577
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</u>			
Operating income (loss)	\$ 762,725	\$ (214,917)	\$ 547,808
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,243,091		2,243,091
Changes in assets and liabilities:			
(Increase) in accounts receivable	(94,738)	(12,290)	(107,028)
Increase (decrease) in accounts payable	(709,529)	3,354	(706,175)
Increase in accrued payroll and employee benefits	15,795		15,795
Increase in compensated absences payable	13,552		13,552
Increase in deposits held for others	206,356		206,356
Total adjustments	1,674,527	(8,936)	1,665,591
Net cash provided by (used for) operating activities	\$ 2,437,252	\$ (223,853)	\$ 2,213,399
<u>Non-cash capital and financing activities</u>			
Contribution of assets from governmental funds	\$ 328,582		\$ 328,582

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of El Mirage, 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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.

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.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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. The General Fund includes the Municipal Court Fund and the Special Projects Fund. These funds are maintained as separate funds for accounting and budgeting purposes but do not meet the criteria for separate reporting in the financial statements.

Streets (HURF) Fund – This fund accounts for state shared highway user tax revenues for street improvements, maintenance, and capital additions.

Fire Impact Fees Fund – This fund accounts for fire impact fees and construction projects.

The City reports the following major proprietary fund.

Water and Sewer Fund – This fund is used to account for all water and wastewater operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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 solid waste. 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.

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."

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and are recorded as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

I. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, sewer plant, water mains and lines, sewer collection system, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. 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.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Buildings	10-50	Land improvements	10-25
Improvements other than buildings	10-50	Sewer plant	20-50
Vehicles, machinery and equipment	5-20	Sewer collection system	15-25
Streets infrastructure	7-30	Water infrastructure	10

J. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Vacation benefits vest at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. 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.

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

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.

Restricted. Fund balance is reported as restricted 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. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a City Council resolution adopted prior to the end of the fiscal year. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts (i.e. Council resolution).

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

Assigned. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a management official delegated that authority by the formal City Council action.

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

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

	<u>General Fund</u>	<u>Streets (HURF) Fund</u>	<u>Fire Impact Fees Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 130,827	\$	\$	\$
Restricted:				
Grants				1,035,660
Debt service				152,811
Streets projects		819,888		
Capital projects			1,566,860	819,856
Committed				
Street project				989,644
Other purposes	59,267			
Assigned	163,436			
Unassigned	13,398,103			(54,168)
Total fund balances	<u>\$ 13,751,633</u>	<u>\$ 819,888</u>	<u>\$1,566,860</u>	<u>\$ 2,943,803</u>

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual non-major governmental funds reported deficits in fund balance.

	Deficit
Non-Major Governmental Funds:	
Other Capital Projects	\$ 52,496
Police Impact Fees	1,672
Non-Major Enterprise Fund:	
Solid Waste	300,798

The deficits arose because of operations during the year and prior years. Additional revenues received in fiscal year 2012-13 are expected to eliminate the deficits.

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 \$4,847,847 and the bank balance was \$5,668,545. Of the bank balance, \$278,461 was covered by collateral held by the pledging financial institution in the City’s name.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

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	Maturities	Fair Value
State Treasurer’s investment pool 5	26 days	\$ 13,988,334
State Treasurer’s investment pool 7	29 days	2,249,360
Total		\$ 16,237,694

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 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.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	Streets (HURF) Fund	Water and Sewer Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from Federal government	\$ 32,505	\$	\$	\$ 8,023
Due from State government	605,837	154,673	86,463	112,157
Due from County government	4,000			4
Due from other governments	157,160	980		14,891
Net due from governmental entities	\$ 799,502	\$ 155,653	\$ 86,463	\$ 135,075

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 various components of deferred revenue reported in the governmental funds were as follows.

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 63,428	\$
Delinquent property taxes receivable (Non-Major Governmental Funds)	44,332	
Grant drawdown prior to meeting all eligibility requirements (Non-Major Governmental Funds)		11,066
Measurable but unavailable revenues (Non-Major Governmental Funds)	86,620	
Total deferred revenue for governmental funds	\$ 194,380	\$ 11,066

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 8,691,931	\$	\$	\$ 8,691,931
Construction in progress	2,856,426	3,287,928	493,239	5,651,115
Total capital assets, not being depreciated	<u>11,548,357</u>	<u>3,287,928</u>	<u>493,239</u>	<u>14,343,046</u>
Capital assets, being depreciated:				
Land improvements	452,829	418,351	13,991	857,189
Buildings and improvements	3,508,440	171,903	9,885	3,670,458
Infrastructure	26,157,652	57,807		26,215,459
Machinery, equipment and vehicles	8,139,511	28,049	1,144,617	7,022,943
Total capital assets being depreciated	<u>38,258,432</u>	<u>676,110</u>	<u>1,168,493</u>	<u>37,766,049</u>
Less accumulated depreciation for:				
Land improvements	(330,862)	(20,340)	13,991	(337,211)
Buildings and improvements	(1,257,856)	(150,371)	9,885	(1,398,342)
Infrastructure	(3,602,705)	(1,434,662)		(5,037,367)
Machinery, equipment and vehicles	(4,118,009)	(729,234)	984,719	(3,862,524)
Total accumulated depreciation	<u>(9,309,432)</u>	<u>(2,334,607)</u>	<u>1,008,595</u>	<u>(10,635,444)</u>
Total capital assets, being depreciated, net	<u>28,949,000</u>	<u>(1,658,497)</u>	<u>159,898</u>	<u>27,130,605</u>
Governmental activities capital assets, net	<u>\$ 40,497,357</u>	<u>\$ 1,629,431</u>	<u>\$ 653,137</u>	<u>\$ 41,473,651</u>
Governmental activities:				
General government			\$ 255,457	
Public safety			487,518	
Highways and streets			905,793	
Culture and recreation			289,712	
Health and welfare			396,127	
Total depreciation expense			<u>\$ 2,334,607</u>	

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 – CAPITAL ASSETS (Concl'd)

<u>Business-Type Activities</u>	Beginning Balance (as restated)	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 921,620	\$	\$	\$ 921,620
Construction in progress	1,566,616	1,046,420	653,027	1,960,009
Total	<u>2,488,236</u>	<u>1,046,420</u>	<u>653,027</u>	<u>2,881,629</u>
Capital assets, being depreciated:				
Sewer plant	20,455,101			20,455,101
Water mains and lines	27,975,081	415,130		28,390,211
Sewer collection system	8,323,511	107,932		8,431,443
Land improvements	4,667,955	259,944		4,927,899
Buildings and improvements	264,341	316,756		581,097
Machinery, equipment and vehicles	1,736,699	147,840	93,290	1,791,249
Infrastructure	11,756			11,756
Total capital assets being depreciated	<u>63,434,444</u>	<u>1,247,602</u>	<u>93,290</u>	<u>64,588,756</u>
Less accumulated depreciation for:				
Sewer plant	(3,261,740)	(455,027)		(3,716,767)
Water mains and lines	(7,871,886)	(1,212,066)		(9,083,952)
Sewer collection system	(3,821,221)	(326,706)		(4,147,927)
Land improvements	(3,670,919)	(84,127)		(3,755,046)
Buildings and improvements	(100,075)	(34,996)		(135,071)
Machinery, equipment and vehicles	(666,785)	(128,994)	37,419	(758,360)
Infrastructure	(4,983)	(1,175)		(6,158)
Total accumulated depreciation	<u>(19,397,609)</u>	<u>(2,243,091)</u>	<u>37,419</u>	<u>(21,603,281)</u>
Total capital assets, being depreciated, net	<u>44,036,835</u>	<u>(995,489)</u>	<u>130,709</u>	<u>42,985,475</u>
Business-type activities capital assets, net	<u>\$ 46,525,071</u>	<u>\$ 50,931</u>	<u>\$ 783,736</u>	<u>45,867,104</u>

Business-type activities:

Water and Sewer	<u>\$ 2,243,091</u>
Total depreciation expense – business-type activities	<u>\$ 2,243,091</u>

Construction Commitments – At year end, the City had contractual commitments related to various capital projects for the construction of street improvements, water and wastewater projects, and a fire station. At year end, the City had spent \$7.6 million on the projects and had estimated remaining contractual commitments of \$2.9 million. The water, wastewater, and fire station projects are being funded with bond proceeds.

Asset Transfers – Improvements totaling \$328,582 were transferred from governmental activities to business-type activities. The transfer explains the differences in revenue, expenditures, and transfers between the fund financial statements and the government-wide financial statements.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASES

The City has acquired a refurbished building 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 their future minimum lease payments as of the inception date. Revenues from the General Fund, a major governmental fund, are used to pay the capital lease obligation.

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

	Governmental Activities
Asset:	
Buildings and improvements	\$ 60,433
Less: Accumulated depreciation	16,077
Total	\$ 44,356

At June 30, 2012, the future minimum lease obligation was \$7,347, less the amount representing interest of \$95, resulting in a net present value of \$7,252 to be paid during the fiscal year ended June 30, 2013.

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE

The City has entered into three Greater Arizona Development Authority (GADA) bond agreements to refund a prior year issuance and to finance street and highway projects. The total outstanding principal does not include deferred bond premiums totaling \$86,296.

	Original Amount Issued	Interest Rate	Remaining Maturities	Outstanding Principal June 30, 2012
<u>Governmental activities:</u>				
GADA Bond, Series 2004 A	\$ 4,855,000	3.95-4.80%	7/1/12-24	\$ 3,450,000
GADA Bond, Series 2007 B	1,145,000	4.00-5.00%	7/1/12-27	945,000
GADA Bond, Series 2009 B	9,600,000	3.00-5.00%	7/1/12-29	8,640,000
Total				\$ 13,035,000

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 8 – GENERAL OBLIGATION BONDS PAYABLE (Concl'd)

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2013	\$ 630,000	\$ 589,539
2014	655,000	565,913
2015	680,000	541,680
2016	705,000	514,359
2017	735,000	485,649
2018-22	4,180,000	1,915,947
2023-27	4,055,000	910,347
2028-30	1,395,000	105,500
Total	<u>\$ 13,035,000</u>	<u>\$ 5,628,934</u>

NOTE 9 – LOANS PAYABLE

The City has entered into a number of separate Water Infrastructure Finance Authority (WIFA) loan agreements to refund a prior year issuance and to finance water facilities and infrastructure upgrades. The funding is drawn-down from the lender as the upgrade costs are incurred, as such not all proceeds have been received as of year-end.

	Original Amount Issued	Interest Rate (Including Fees)	Remaining Maturities	Outstanding Principal June 30, 2012
<u>Business-type activities:</u>				
WIFA Loan, DW 050-2005	\$ 16,550,000	2.93%	7/1/12-25	\$ 11,562,560
WIFA Loan, CW 030-2005	1,108,911	2.96%	7/1/12-25	841,163
WIFA Loan, CW 2008	1,900,000	2.75%	7/1/12-27	787,571
WIFA Loan, DW 2008	4,040,000	2.75%	7/1/12-27	470,588
WIFA Loan, ARRA 91A121-10	648,000	2.87%	7/1/12-29	318,427
WIFA Loan, ARRA 91A152-10	140,000	2.68%	7/1/12-29	79,331
WIFA Loan, ARRA 91A153-10	498,000	1.50%	7/1/12-29	160,621
Total				<u>\$ 14,220,261</u>

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 9 – LOANS PAYABLE (Concl'd)

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

Year ending June 30:	Business-type Activities	
	Principal	Interest
2013	\$ 1,025,199	\$ 397,474
2014	1,054,639	367,615
2015	981,112	339,022
2016	913,990	310,928
2017	940,488	284,481
2018-22	4,962,753	993,176
2023-27	4,240,263	267,603
2028-30	101,817	4,564
Total	\$ 14,220,261	\$ 2,964,863

Pledged revenues – business-type activities. The City has pledged future water and sewer revenues to repay the outstanding WIFA loans of \$14.2 million as of year end. Proceeds from the original loan issuances provided financing for improvements to the City’s water systems infrastructure and to refund certificates of participation. The loans are paid solely from water and sewer revenues and are payable through 2030. The total principal and interest to be paid on the loans is \$17.2 million. The current total customer gross revenues were \$9.7 million and the total principal and interest paid on the loans was \$1.4 million, or 14% of gross revenues.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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:					
General obligation bonds payable	\$ 13,645,000	\$	\$ 610,000	\$ 13,035,000	\$ 630,000
Deferred bond premium	93,373		7,077	86,296	
Net bonds payable	13,738,373		617,077	13,121,296	630,000
Compensated absences	471,845	654,610	589,328	537,127	177,252
Obligations under capital leases	28,120		20,868	7,252	7,252
Governmental activity long-term liabilities	<u>\$ 14,238,338</u>	<u>\$ 654,610</u>	<u>\$ 1,227,273</u>	<u>\$ 13,665,675</u>	<u>\$ 814,504</u>
Business-type activities:					
Compensated absences	\$ 38,499	\$ 74,615	\$ 61,063	\$ 52,051	\$ 17,177
Loans payable	15,216,844		996,583	14,220,261	1,025,199
Business-type activities long-term liabilities	<u>\$ 15,255,343</u>	<u>\$ 74,615</u>	<u>\$ 1,057,646</u>	<u>\$ 14,272,312</u>	<u>\$ 1,042,376</u>

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows.

Due to/from other funds:

Due from	Due to			Total
	General Fund	Streets (HURF) Fund	Non-Major Governmental Funds	
Streets (HURF) Fund	\$	\$	\$ 32,000	\$ 32,000
Non-Major Governmental Funds	43,000	32,000		75,000
Water and Sewer Fund	2,157,000			2,157,000
Non-Major Enterprise Funds	600,000			600,000
Total	<u>\$ 2,800,000</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 2,864,000</u>

Short-term borrowing arrangements are established to cover operational cash deficits that occur during the year. The interfund balances are expected to be paid within one year.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

Transfers out	Transfers in					Total
	General Fund	Streets (HURF) Fund	Fire Impact Fees Fund	Water and Sewer Fund	Non-Major Governmental Fund	
General Fund	\$	\$ 100,000	\$ 100,000	\$ 172,500	\$ 117,697	\$ 490,197
Non-Major Governmental Funds	288,308		9,211			297,519
Water and Sewer Fund	1,765,000				92,500	1,857,500
Non-Major Enterprise Funds	292,000					292,000
Total	\$2,345,308	\$ 100,000	\$ 109,211	\$ 172,500	\$ 210,197	\$2,937,216

Transfers between funds were primarily used (1) to move funds to the General Fund to support operations, and (2) to move \$300,500 from the General and Photo Enforcement Funds to the Court Fund to cover revenue shortages.

NOTE 12 – CONTINGENT LIABILITIES

Lawsuits – The City is a defendant in a number of lawsuits as of June 30, 2012. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2012, would not be material to the financial position of the City.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

The Water and Sewer Fund beginning net assets for business-type activities do not agree to the prior year financial statements due to a correction of an error.

	Statement of Activities
Net Assets, June 30, 2011, as previously reported	\$ 32,429,172
Correction of prior years' accumulated depreciation	1,481,463
Net Assets, July 1, 2011, as restated	<u>\$ 33,910,635</u>

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 14 – RISK MANAGEMENT

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

The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is \$2.0 million per occurrence on a claims made basis. Excess coverage is for an additional \$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.

NOTE 15 – 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)* 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 five-member board, known as The Fund Manager and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

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.

ASRS

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

PSPRS

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

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 10.74 percent (10.50 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 10.74 percent (9.87 percent for retirement and 0.63 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,			
2012	\$ 507,038	\$ 32,364	\$ 12,329
2011	541,444	35,427	13,580
2010	596,101	47,173	28,590

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 16.72 percent and 10.35 percent for police and fire, respectively. Additional information related to both the police and fire PSPRS agent plans follows.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Actuarial methods and assumptions – The contribution requirements for the current fiscal year were established by the June 30, 2010 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.50% - 8.50%
Includes inflation at	5.00%
Amortization method	Level percent-of-pay closed
Remaining amortization	26 years for underfunded 20 years for underfunded
Asset valuation method	7-year smoothed market value

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.

	<u>Police</u>		<u>Fire</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$482,597	\$25,208	\$179,661	\$9,504
Contributions made	482,597	25,208	179,661	9,504

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.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

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

Police:

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2012	\$482,597	100%	-0-
2011	415,225	100%	-0-
2010	326,474	100%	-0-
<i>Health Insurance</i>			
2012	\$25,208	100%	-0-
2011	21,574	100%	-0-
2010	14,140	100%	-0-

Fire:

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2012	\$179,661	100%	-0-
2011	169,735	100%	-0-
2010	132,175	100%	-0-
<i>Health Insurance</i>			
2012	\$9,504	100%	-0-
2011	7,636	100%	-0-
2010	5,565	100%	-0-

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – 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]
Police:						
Pension						
2012	\$6,207,742	\$9,858,157	\$3,650,415	63.0%	\$2,603,058	140.2%
2011	5,615,375	8,940,191	3,324,816	62.8%	2,647,318	125.6%
2010	4,710,572	7,500,844	2,790,272	62.8%	2,728,700	102.3%
Health Insurance						
2012	-0-	\$226,898	\$226,898	0.0%	\$2,603,058	8.7%
2011	-0-	230,835	230,835	0.0%	2,647,318	8.7%
2010	-0-	149,528	149,528	0.0%	2,728,700	5.5%
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]
Fire:						
Pension						
2012	\$3,355,007	\$3,682,380	\$327,373	91.1%	\$1,574,920	20.8%
2011	2,727,166	2,939,132	211,966	92.8%	1,626,296	13.0%
2010	2,264,357	2,407,400	143,043	94.1%	1,642,082	8.7%
Health Insurance						
2012	-0-	\$66,229	\$66,229	0.0%	\$1,574,920	4.2%
2011	-0-	79,032	79,032	0.0%	1,626,296	4.9%
2010	-0-	45,745	45,745	0.0%	1,642,082	2.8%

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(REQUIRED SUPPLEMENTARY INFORMATION)**

CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,770,000	\$ 1,770,000	\$ 1,794,939	\$ 24,939
City sales taxes	5,180,000	5,180,000	5,534,445	354,445
Franchise taxes	625,000	625,000	667,559	42,559
Licenses and permits	165,000	165,000	193,211	28,211
Intergovernmental	6,329,000	6,329,000	6,387,482	58,482
Charges for services	99,000	99,000	176,970	77,970
Fines and forfeits	95,000	95,000	81,948	(13,052)
Investment income	15,000	15,000	20,438	5,438
Rents	35,000	35,000	34,952	(48)
Contributions and donations			2,100	2,100
Miscellaneous	114,000	114,000	134,165	20,165
Total revenues	<u>14,427,000</u>	<u>14,427,000</u>	<u>15,028,209</u>	<u>601,209</u>
Expenditures:				
Current -				
General government	4,126,000	4,126,000	3,321,272	804,728
Public safety	9,812,000	9,886,500	9,247,661	638,839
Culture and recreation	1,203,000	1,203,000	954,131	248,869
Contingency	296,000	154,803		154,803
Capital outlay	510,000	510,000	493,167	16,833
Debt service -				
Principal retirement			20,868	(20,868)
Interest and fiscal charges			1,174	(1,174)
Total expenditures	<u>15,947,000</u>	<u>15,880,303</u>	<u>14,038,273</u>	<u>1,842,030</u>
Excess (deficiency) of revenues over expenditures	<u>(1,520,000)</u>	<u>(1,453,303)</u>	<u>989,936</u>	<u>2,443,239</u>
Other financing sources (uses):				
Transfers in	2,121,000	2,121,000	2,162,308	41,308
Transfers out	(541,500)	(607,697)	(607,697)	
Total other financing sources (uses):	<u>1,579,500</u>	<u>1,513,303</u>	<u>1,554,611</u>	<u>41,308</u>
Changes in fund balances	<u>59,500</u>	<u>60,000</u>	<u>2,544,547</u>	<u>2,484,547</u>
Fund balances, beginning of year	8,009,000	8,009,000	11,207,070	3,198,070
Fund balances, end of year	<u>\$ 8,068,500</u>	<u>\$ 8,069,000</u>	<u>\$ 13,751,617</u>	<u>\$ 5,682,617</u>

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREETS (HURF)
YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 1,600,000	\$ 1,592,018	\$ (7,982)
Miscellaneous		45,934	45,934
Total revenues	<u>1,600,000</u>	<u>1,637,952</u>	<u>37,952</u>
Expenditures:			
Current -			
Highways and streets	1,339,000	1,244,825	94,175
Capital outlay	745,500	387,436	358,064
Total expenditures	<u>2,084,500</u>	<u>1,632,261</u>	<u>452,239</u>
Excess (deficiency) of revenues over expenditures	<u>(484,500)</u>	<u>5,691</u>	<u>490,191</u>
Other financing sources (uses):			
Transfers in	100,000	100,000	
Total other financing sources (uses):	<u>100,000</u>	<u>100,000</u>	
Changes in fund balances	<u>(384,500)</u>	<u>105,691</u>	<u>490,191</u>
Fund balances, beginning of year	385,000	714,197	329,197
Fund balances, end of year	<u>\$ 500</u>	<u>\$ 819,888</u>	<u>\$ 819,388</u>

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exception: a portion of the General Fund activity is budgeted for separately as special revenue funds. Consequently, the following adjustments were necessary to present actual expenditures and fund balance at June 30, 2012, on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Fund Balance, June 30, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 14,620,825	\$ 13,751,633
Fiscal year 2011-12 activity budgeted as special revenue funds	<u>(582,552)</u>	<u>(16)</u>
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	<u>\$ 14,038,273</u>	<u>\$ 13,751,617</u>

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

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GOVERNMENTAL FUNDS

CITY OF EL MIRAGE, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,156,002	\$ 110,258	\$ 883,252
Property taxes receivable		86,885	
Due from governmental entities	48,455		86,620
Due from other funds			32,000
Total assets	<u>\$ 2,204,457</u>	<u>\$ 197,143</u>	<u>\$ 1,001,872</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 96,339	\$	\$ 74,564
Accrued payroll and employee benefits	8,284		
Due to other funds			75,000
Deferred revenue	11,066	44,332	86,620
Customer deposits	63,464		
Total liabilities	<u>179,153</u>	<u>44,332</u>	<u>236,184</u>
Fund balances (deficits):			
Restricted	1,035,660	152,811	819,856
Committed	989,644		
Unassigned			(54,168)
Total fund balances	<u>2,025,304</u>	<u>152,811</u>	<u>765,688</u>
Total liabilities and fund balances	<u>\$ 2,204,457</u>	<u>\$ 197,143</u>	<u>\$ 1,001,872</u>

Total Non-
Major
Governmental
Fund

\$ 3,149,512
86,885
135,075
32,000

\$ 3,403,472

\$ 170,903
8,284
75,000
142,018
63,464

459,669

2,008,327
989,644
(54,168)

2,943,803

\$ 3,403,472

CITY OF EL MIRAGE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Property taxes	\$	\$ 1,310,035	\$
Intergovernmental	382,864		141,298
Charges for services			32,000
Fines and forfeits	2,331,587		
Investment income	503		
Development impact fees			27,812
Miscellaneous			1,498
Total revenues	<u>2,714,954</u>	<u>1,310,035</u>	<u>202,608</u>
Expenditures:			
Current -			
General government	972,210		
Public safety	221,976		
Highways and streets	63,787		
Redevelopment and housing	53,003		
Health and welfare			5,370
Capital outlay	51,658		447,330
Debt service -			
Principal retirement		610,000	
Interest and fiscal charges		614,252	
Total expenditures	<u>1,362,634</u>	<u>1,224,252</u>	<u>452,700</u>
Excess (deficiency) of revenues over expenditures	<u>1,352,320</u>	<u>85,783</u>	<u>(250,092)</u>
Other financing sources (uses):			
Transfers in	142,500		67,697
Transfers out	(288,308)		(9,211)
Total other financing sources (uses):	<u>(145,808)</u>		<u>58,486</u>
Changes in fund balances	<u>1,206,512</u>	<u>85,783</u>	<u>(191,606)</u>
Fund balances, beginning of year	818,792	67,028	957,294
Fund balances, end of year	<u>\$ 2,025,304</u>	<u>\$ 152,811</u>	<u>\$ 765,688</u>

Total Non-
Major
Governmental
Funds

\$ 1,310,035
524,162
32,000
2,331,587
503
27,812
1,498

4,227,597

972,210
221,976
63,787
53,003
5,370
498,988

610,000
614,252

3,039,586

1,188,011

210,197

(297,519)

(87,322)

1,100,689

1,843,114

\$ 2,943,803

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SPECIAL REVENUE FUNDS

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

Municipal Court Enhance Fund – accounts for the technology and functional improvements of court operations.

Court Photo Enforcement – accounts for the operations of the City’s photo enforcement.

Senior Center – accounts for the operations of the City’s Senior Center.

Dial-A-Ride (LTAF) – accounts for state funding for taxi voucher service and street construction.

Police Grants – accounts for intergovernmental revenues to be used to enhance police department operations.

Home Rehabilitation – accounts for housing grant activities.

Community Development Block Grant – accounts for the CDBG grant activities.

CITY OF EL MIRAGE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>Municipal Court Enhance Fund</u>	<u>Court Photo Enforcement</u>	<u>Dial-A-Ride (LTAF)</u>
<u>ASSETS</u>			
Cash and investments	\$ 678,957	\$ 1,063,387	\$ 285,643
Due from governmental entities			
Total assets	<u>\$ 678,957</u>	<u>\$ 1,063,387</u>	<u>\$ 285,643</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 16,207	\$ 71,476	\$
Accrued payroll and employee benefits	1,887	2,267	
Deferred revenue			
Customer deposits	63,464		
Total liabilities	<u>81,558</u>	<u>73,743</u>	
Fund balances:			
Restricted	597,399		285,643
Committed		989,644	
Total fund balances	<u>597,399</u>	<u>989,644</u>	<u>285,643</u>
Total liabilities and fund balances	<u>\$ 678,957</u>	<u>\$ 1,063,387</u>	<u>\$ 285,643</u>

<u>Police Grants</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 12,193	\$ 115,822	\$ 2,156,002
48,455		48,455
<u>\$ 60,648</u>	<u>\$ 115,822</u>	<u>\$ 2,204,457</u>
\$ 7,097	\$ 1,559	\$ 96,339
4,130		8,284
11,066		11,066
		63,464
<u>22,293</u>	<u>1,559</u>	<u>179,153</u>
38,355	114,263	1,035,660
		989,644
<u>38,355</u>	<u>114,263</u>	<u>2,025,304</u>
<u>\$ 60,648</u>	<u>\$ 115,822</u>	<u>\$ 2,204,457</u>

CITY OF EL MIRAGE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Municipal Court Enhance Fund</u>	<u>Court Photo Enforcement</u>	<u>Senior Center</u>
Revenues:			
Intergovernmental	\$	\$	\$
Fines and forfeits	368,577	1,963,010	
Investment income	503		
Total revenues	<u>369,080</u>	<u>1,963,010</u>	<u></u>
Expenditures:			
Current -			
General government	181,844	790,366	
Public safety			
Highways and streets			
Redevelopment and housing			
Capital outlay			
Total expenditures	<u>181,844</u>	<u>790,366</u>	<u></u>
Excess (deficiency) of revenues over expenditures	<u>187,236</u>	<u>1,172,644</u>	<u></u>
Other financing sources (uses):			
Transfers in			
Transfers out		(183,000)	(68,161)
Total other financing sources (uses):		<u>(183,000)</u>	<u>(68,161)</u>
Changes in fund balances	<u>187,236</u>	<u>989,644</u>	<u>(68,161)</u>
Fund balances (deficits), beginning of year	410,163		68,161
Fund balances, end of year	<u>\$ 597,399</u>	<u>\$ 989,644</u>	<u>\$</u>

Dial-A-Ride (LTAF)	Police Grants	Home Rehabilitation	Community Development Block Grant	Totals
\$ 93,296	\$ 249,417	\$ 40,151	\$	\$ 382,864
				2,331,587
				503
<u>93,296</u>	<u>249,417</u>	<u>40,151</u>		<u>2,714,954</u>
				972,210
	221,976			221,976
63,787				63,787
		53,003		53,003
	36,067		15,591	51,658
<u>63,787</u>	<u>258,043</u>	<u>53,003</u>	<u>15,591</u>	<u>1,362,634</u>
<u>29,509</u>	<u>(8,626)</u>	<u>(12,852)</u>	<u>(15,591)</u>	<u>1,352,320</u>
	50,000		92,500	142,500
		(37,147)		(288,308)
	<u>50,000</u>	<u>(37,147)</u>	<u>92,500</u>	<u>(145,808)</u>
<u>29,509</u>	<u>41,374</u>	<u>(49,999)</u>	<u>76,909</u>	<u>1,206,512</u>
256,134	(3,019)	49,999	37,354	818,792
<u>\$ 285,643</u>	<u>\$ 38,355</u>	<u>\$</u>	<u>\$ 114,263</u>	<u>\$ 2,025,304</u>

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Municipal Court		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$ 51,000	\$	\$ (51,000)
Fines and forfeits	463,000	282,068	(180,932)
Investment income			
Total revenues	<u>514,000</u>	<u>282,068</u>	<u>(231,932)</u>
Expenditures:			
Current -			
General government	631,500	582,552	48,948
Public safety			
Highways and streets			
Redevelopment and housing			
Capital outlay			
Total expenditures	<u>631,500</u>	<u>582,552</u>	<u>48,948</u>
Excess (deficiency) of revenues over expenditures	<u>(117,500)</u>	<u>(300,484)</u>	<u>(182,984)</u>
Other financing sources (uses):			
Transfers in	117,500	300,500	183,000
Transfers out			
Total other financing sources (uses):	<u>117,500</u>	<u>300,500</u>	<u>183,000</u>
Changes in fund balances		<u>16</u>	<u>16</u>
Fund balances (deficits), beginning of year			
Fund balances, end of year	<u>\$</u>	<u>\$ 16</u>	<u>\$ 16</u>

Municipal Court Enhance Fund			Court Photo Enforcement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 40,000	\$ 368,577	\$ 328,577	\$ 3,360,000	\$ 1,963,010	\$ (1,396,990)
	503	503			
<u>40,000</u>	<u>369,080</u>	<u>329,080</u>	<u>3,360,000</u>	<u>1,963,010</u>	<u>(1,396,990)</u>
408,000	181,844	226,156	3,360,000	790,366	2,569,634
<u>408,000</u>	<u>181,844</u>	<u>226,156</u>	<u>3,360,000</u>	<u>790,366</u>	<u>2,569,634</u>
<u>(368,000)</u>	<u>187,236</u>	<u>555,236</u>		<u>1,172,644</u>	<u>1,172,644</u>
				(183,000)	(183,000)
				(183,000)	(183,000)
<u>(368,000)</u>	<u>187,236</u>	<u>555,236</u>		<u>989,644</u>	<u>989,644</u>
400,000	410,163	10,163			
<u>\$ 32,000</u>	<u>\$ 597,399</u>	<u>\$ 565,399</u>	<u>\$</u>	<u>\$ 989,644</u>	<u>\$ 989,644</u>

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Senior Center		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$	\$	\$
Fines and forfeits			
Investment income			
Total revenues			
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets			
Redevelopment and housing			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses):			
Transfers in			
Transfers out	(64,000)	(68,161)	(4,161)
Total other financing sources (uses):	(64,000)	(68,161)	(4,161)
Changes in fund balances	(64,000)	(68,161)	(4,161)
Fund balances (deficits), beginning of year	64,000	68,161	4,161
Fund balances (deficits), end of year	\$	\$	\$

Dial-A-Ride (LTAF)			Police Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 93,296	\$ 93,296	\$ 382,000	\$ 249,417	\$ (132,583)
	<u>93,296</u>	<u>93,296</u>	<u>382,000</u>	<u>249,417</u>	<u>(132,583)</u>
84,500	63,787	20,713	394,000	221,976	172,024
<u>84,500</u>	<u>63,787</u>	<u>20,713</u>	<u>38,000</u>	<u>36,067</u>	<u>1,933</u>
(84,500)	29,509	114,009	(50,000)	(8,626)	41,374
			50,000	50,000	
			<u>50,000</u>	<u>50,000</u>	
(84,500)	29,509	114,009		41,374	41,374
52,500	256,134	203,634		(3,019)	(3,019)
<u>\$ (32,000)</u>	<u>\$ 285,643</u>	<u>\$ 317,643</u>	<u>\$</u>	<u>\$ 38,355</u>	<u>\$ 38,355</u>

(Continued)

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2012

	Home Rehabilitation		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 959,500	\$ 40,151	\$ (919,349)
Fines and forfeits			
Investment income			
Total revenues	<u>959,500</u>	<u>40,151</u>	<u>(919,349)</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets			
Redevelopment and housing	961,500	53,003	908,497
Capital outlay			
Total expenditures	<u>961,500</u>	<u>53,003</u>	<u>908,497</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(12,852)</u>	<u>(10,852)</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(37,147)	(37,147)
Total other financing sources (uses):		<u>(37,147)</u>	<u>(37,147)</u>
Changes in fund balances	<u>(2,000)</u>	<u>(49,999)</u>	<u>(47,999)</u>
Fund balances (deficits), beginning of year	49,000	49,999	999
Fund balances, end of year	<u>\$ 47,000</u>	<u>\$</u>	<u>\$ (47,000)</u>

Community Development Block Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 330,000	\$	\$ (330,000)	\$ 1,722,500	\$ 382,864	\$ (1,339,636)
			3,863,000	2,613,655	(1,249,345)
				503	503
<u>330,000</u>		<u>(330,000)</u>	<u>5,585,500</u>	<u>2,997,022</u>	<u>(2,588,478)</u>
			4,399,500	1,554,762	2,844,738
			394,000	221,976	172,024
			84,500	63,787	20,713
			961,500	53,003	908,497
<u>422,500</u>	<u>15,591</u>	<u>406,909</u>	<u>460,500</u>	<u>51,658</u>	<u>408,842</u>
<u>422,500</u>	<u>15,591</u>	<u>406,909</u>	<u>6,300,000</u>	<u>1,945,186</u>	<u>4,354,814</u>
<u>(92,500)</u>	<u>(15,591)</u>	<u>76,909</u>	<u>(714,500)</u>	<u>1,051,836</u>	<u>1,766,336</u>
92,500	92,500		260,000	443,000	183,000
			(64,000)	(288,308)	(224,308)
<u>92,500</u>	<u>92,500</u>		<u>196,000</u>	<u>154,692</u>	<u>(41,308)</u>
	76,909	76,909	(518,500)	1,206,528	1,725,028
	37,354	37,354	565,500	818,792	253,292
<u>\$</u>	<u>\$ 114,263</u>	<u>\$ 114,263</u>	<u>\$ 47,000</u>	<u>\$ 2,025,320</u>	<u>\$ 1,978,320</u>

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DEBT SERVICE FUND

Debt Service (GADA) – accounts for the accumulation of resources and the payment of long-term debt principal, interest, and related costs.

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2012

	Debt Service - GADA		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Property taxes	\$ 1,300,000	\$ 1,310,035	\$ 10,035
Total revenues	1,300,000	1,310,035	10,035
Expenditures:			
Debt service -			
Principal retirement	610,000	610,000	
Interest and fiscal charges	635,000	614,252	20,748
Total expenditures	1,245,000	1,224,252	20,748
Changes in fund balances	55,000	85,783	30,783
Fund balances, beginning of year	19,000	67,028	48,028
Fund balances, end of year	\$ 74,000	\$ 152,811	\$ 78,811

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

Streets – accounts for the construction and acquisition of streets and street department facilities.

Other Capital Projects – accounts for general capital needs should unexpected revenues become available.

Park Improvements – accounts for the construction and acquisition of Gateway Park.

Parks and Recreation Impact Fees – accounts for the construction and acquisition of capital facilities, infrastructure, and equipment for parks and recreation.

Municipal Facilities and Equipment Impact Fees – accounts for the construction and acquisition of capital facilities, infrastructure, and equipment for municipal operations.

Police Impact Fees – accounts for the construction and acquisition of capital facilities, infrastructure, and equipment for police department operations.

CITY OF EL MIRAGE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	Streets	Other Capital Projects	Parks and Recreation Impact Fees
<u>ASSETS</u>			
Cash and investments	\$ 779,475	\$ 9,194	\$ 13,435
Due from governmental entities		86,620	
Due from other funds		32,000	
Total assets	\$ 779,475	\$ 127,814	\$ 13,435
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 38,068	\$ 18,690	\$
Due to other funds		75,000	
Deferred revenue		86,620	
Total liabilities	38,068	180,310	
Fund balances (deficits):			
Restricted	741,407		13,435
Unassigned		(52,496)	
Total fund balances	741,407	(52,496)	13,435
 Total liabilities and fund balances	 \$ 779,475	 \$ 127,814	 \$ 13,435

CITY OF EL MIRAGE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Streets	Other Capital Projects	Park Improvements
Revenues:			
Intergovernmental	\$	\$ 140,823	\$ 475
Charges for services		32,000	
Development impact fees			
Miscellaneous	1,498		
Total revenues	1,498	172,823	475
Expenditures:			
Current -			
Health and welfare		5,370	
Capital outlay	126,671	263,279	296
Total expenditures	126,671	268,649	296
Excess (deficiency) of revenues over expenditures	(125,173)	(95,826)	179
Other financing sources (uses):			
Transfers in		67,697	
Transfers out			(9,211)
Total other financing sources (uses):		67,697	(9,211)
Changes in fund balances	(125,173)	(28,129)	(9,032)
Fund balances (deficits), beginning of year	866,580	(24,367)	9,032
Fund balances (deficits), end of year	\$ 741,407	\$ (52,496)	\$

<u>Parks and Recreation Impact Fees</u>	<u>Municipal Facilities and Equipment Impact Fees</u>	<u>Police Impact Fees</u>	<u>Totals</u>
\$	\$	\$	\$
5,203	15,233	7,376	141,298
<u>5,203</u>	<u>15,233</u>	<u>7,376</u>	<u>32,000</u>
			27,812
			1,498
			<u>202,608</u>
			5,370
		<u>57,084</u>	<u>447,330</u>
		<u>57,084</u>	<u>452,700</u>
<u>5,203</u>	<u>15,233</u>	<u>(49,708)</u>	<u>(250,092)</u>
			67,697
			<u>(9,211)</u>
			<u>58,486</u>
<u>5,203</u>	<u>15,233</u>	<u>(49,708)</u>	<u>(191,606)</u>
8,232	49,781	48,036	957,294
<u>\$ 13,435</u>	<u>\$ 65,014</u>	<u>\$ (1,672)</u>	<u>\$ 765,688</u>

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Streets		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Investment income			
Development impact fees			
Miscellaneous		1,498	1,498
Total revenues		<u>1,498</u>	<u>1,498</u>
Expenditures:			
Current -			
Highways and streets			
Health and welfare			
Capital outlay	6,400,000	126,671	6,273,329
Total expenditures	<u>6,400,000</u>	<u>126,671</u>	<u>6,273,329</u>
Excess (deficiency) of revenues over expenditures	<u>(6,400,000)</u>	<u>(125,173)</u>	<u>6,274,827</u>
Other financing sources (uses):			
Transfers in	6,400,000		(6,400,000)
Transfers out			
Issuance of bonds			
Total other financing sources (uses):	<u>6,400,000</u>		<u>(6,400,000)</u>
Changes in fund balances		<u>(125,173)</u>	<u>(125,173)</u>
Fund balances (deficits), beginning of year		866,580	866,580
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 741,407</u>	<u>\$ 741,407</u>

Other Capital Projects			Park Improvements		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 5,014,066	\$ 140,823 32,000	\$ (4,873,243) 32,000	\$	\$ 475	\$ 475
<u>5,014,066</u>	<u>172,823</u>	<u>(4,841,243)</u>		<u>475</u>	<u>475</u>
235,336	5,370	235,336 (5,370)			
4,839,664	263,279	4,576,385	5,500,000	296	5,499,704
<u>5,075,000</u>	<u>268,649</u>	<u>4,806,351</u>	<u>5,500,000</u>	<u>296</u>	<u>5,499,704</u>
<u>(60,934)</u>	<u>(95,826)</u>	<u>(34,892)</u>	<u>(5,500,000)</u>	<u>179</u>	<u>5,500,179</u>
57,934	67,697	9,763	(9,500)	(9,211)	289
<u>57,934</u>	<u>67,697</u>	<u>9,763</u>	<u>5,500,000</u>	<u>(9,211)</u>	<u>(5,500,000)</u>
<u>(3,000)</u>	<u>(28,129)</u>	<u>(25,129)</u>	<u>5,490,500</u>	<u>(9,211)</u>	<u>(5,499,711)</u>
40,000	(24,367)	(64,367)	(9,500)	(9,032)	468
<u>37,000</u>	<u>(52,496)</u>	<u>(89,496)</u>	<u>9,500</u>	<u>9,032</u>	<u>(468)</u>
<u>\$ 37,000</u>	<u>\$ (52,496)</u>	<u>\$ (89,496)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Parks and Recreation Impact Fees		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Investment income			
Development impact fees		5,203	5,203
Miscellaneous			
Total revenues	_____	5,203	5,203
Expenditures:			
Current -			
Highways and streets			
Health and welfare			
Capital outlay	7,000		7,000
Total expenditures	7,000	_____	7,000
Excess (deficiency) of revenues over expenditures	(7,000)	5,203	12,203
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of bonds			
Total other financing sources (uses):	_____	_____	_____
Changes in fund balances	(7,000)	5,203	12,203
Fund balances (deficits), beginning of year	7,500	8,232	732
Fund balances (deficits), end of year	\$ 500	\$ 13,435	\$ 12,935

Municipal Facilities and Equipment Impact Fees			Fire Impact Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	15,233	15,233		2,594	2,594
				10,282	10,282
	<u>15,233</u>	<u>15,233</u>		<u>12,876</u>	<u>12,876</u>
<u>40,000</u>		<u>40,000</u>	<u>4,309,500</u>	<u>2,822,353</u>	<u>1,487,147</u>
<u>40,000</u>		<u>40,000</u>	<u>4,309,500</u>	<u>2,822,353</u>	<u>1,487,147</u>
<u>(40,000)</u>	<u>15,233</u>	<u>55,233</u>	<u>(4,309,500)</u>	<u>(2,809,477)</u>	<u>1,500,023</u>
			109,500	109,211	(289)
			<u>109,500</u>	<u>109,211</u>	<u>(289)</u>
<u>(40,000)</u>	<u>15,233</u>	<u>55,233</u>	<u>(4,200,000)</u>	<u>(2,700,266)</u>	<u>1,499,734</u>
40,000	49,781	9,781		4,267,126	4,267,126
<u>\$</u>	<u>\$ 65,014</u>	<u>\$ 65,014</u>	<u>\$ (4,200,000)</u>	<u>\$ 1,566,860</u>	<u>\$ 5,766,860</u>

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CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2012

	Police Impact Fees		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$	\$	\$
Charges for services			
Investment income			
Development impact fees		7,376	7,376
Miscellaneous			
Total revenues		<u>7,376</u>	<u>7,376</u>
Expenditures:			
Current -			
Highways and streets			
Health and welfare			
Capital outlay	6,045,000	57,084	5,987,916
Total expenditures	<u>6,045,000</u>	<u>57,084</u>	<u>5,987,916</u>
Excess (deficiency) of revenues over expenditures	<u>(6,045,000)</u>	<u>(49,708)</u>	<u>5,995,292</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Issuance of bonds	6,000,000		(6,000,000)
Total other financing sources (uses):	<u>6,000,000</u>		<u>(6,000,000)</u>
Changes in fund balances	<u>(45,000)</u>	<u>(49,708)</u>	<u>(4,708)</u>
Fund balances (deficits), beginning of year	45,000	48,036	3,036
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ (1,672)</u>	<u>\$ (1,672)</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 5,014,066	\$ 141,298	\$ (4,872,768)
	32,000	32,000
	2,594	2,594
	38,094	38,094
	1,498	1,498
<u>5,014,066</u>	<u>215,484</u>	<u>(4,798,582)</u>
235,336		235,336
	5,370	(5,370)
<u>27,141,164</u>	<u>3,269,683</u>	<u>23,871,481</u>
<u>27,376,500</u>	<u>3,275,053</u>	<u>24,101,447</u>
<u>(22,362,434)</u>	<u>(3,059,569)</u>	<u>19,302,865</u>
6,567,434	176,908	(6,390,526)
(9,500)	(9,211)	289
<u>11,500,000</u>		<u>(11,500,000)</u>
<u>18,057,934</u>	<u>167,697</u>	<u>(17,890,237)</u>
<u>(4,304,500)</u>	<u>(2,891,872)</u>	<u>1,412,628</u>
142,000	5,224,420	5,082,420
<u>\$ (4,162,500)</u>	<u>\$ 2,332,548</u>	<u>\$ 6,495,048</u>

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STATISTICAL SECTION

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

Financial Trends

These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate property revenue.

Debt Capacity

These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

Fiscal year 2011 is the first year a comprehensive annual financial report has been 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 EL MIRAGE, ARIZONA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Assets:					
Governmental activities					
Invested in capital assets, net of related debt	\$ 30,394,556	\$ 31,113,879	\$ 32,963,664	\$ 30,325,304	\$ 16,414,625
Restricted	3,787,197	1,640,241			
Unrestricted	13,128,085	11,952,271	9,846,990	11,269,370	18,202,006
Total net assets	<u>\$ 47,309,838</u>	<u>\$ 44,706,391</u>	<u>\$ 42,810,654</u>	<u>\$ 41,594,674</u>	<u>\$ 34,616,631</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 31,646,838	\$ 29,826,764	\$ 27,967,960	\$ 28,096,706	\$ 27,467,007
Restricted			1,372,070	1,372,070	
Unrestricted	1,010,211	2,808,527	3,613,194	3,745,828	5,679,870
Total business-type activities net assets	<u>\$ 32,657,049</u>	<u>\$ 32,635,291</u>	<u>\$ 32,953,224</u>	<u>\$ 33,214,604</u>	<u>\$ 33,146,877</u>
Primary government					
Invested in capital assets, net of related debt	\$ 62,041,394	\$ 60,940,643	\$ 60,931,624	\$ 58,422,010	\$ 43,881,632
Restricted	3,787,197	1,640,241	1,372,070	1,372,070	
Unrestricted	14,138,296	14,760,798	13,460,184	15,015,198	23,881,876
Total primary government net assets	<u>\$ 79,966,887</u>	<u>\$ 77,341,682</u>	<u>\$ 75,763,878</u>	<u>\$ 74,809,278</u>	<u>\$ 67,763,508</u>
Net Assets:					
Governmental activities					
Invested in capital assets, net of related debt	\$ 11,712,399	\$ 4,317,496	\$ 2,756,165		
Restricted		4,229,819	4,547,649		
Unrestricted	15,001,274	8,430,525	7,499,919		
Total net assets	<u>\$ 26,713,673</u>	<u>\$ 16,977,840</u>	<u>\$ 14,803,733</u>		
Business-type activities					
Invested in capital assets, net of related debt	\$ 24,736,784	\$ 27,322,369	\$ 18,559,061		
Restricted					
Unrestricted	7,317,330	1,481,640	8,386,369		
Total business-type activities net assets	<u>\$ 32,054,114</u>	<u>\$ 28,804,009</u>	<u>\$ 26,945,430</u>		
Primary government					
Invested in capital assets, net of related debt	\$ 36,449,183	\$ 31,639,865	\$ 21,315,226		
Restricted		4,229,819	4,547,649		
Unrestricted	22,318,604	9,912,165	15,886,288		
Total primary government net assets	<u>\$ 58,767,787</u>	<u>\$ 45,781,849</u>	<u>\$ 41,749,163</u>		

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2005 therefore only eight years are shown.

CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES EXPENSE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Governmental activities:					
General government	\$ 5,217,013	\$ 5,559,107	\$ 6,505,436	\$ 5,699,131	\$ 5,054,911
Public safety	10,207,265	9,899,205	10,748,374	11,167,552	9,355,876
Highways and streets	2,386,465	3,692,419	2,035,720	2,205,517	1,804,617
Culture and recreation	1,243,125	1,563,881	1,645,357	1,479,963	1,232,624
Redevelopment and housing	105,336	557,830	487,603	171,758	621,504
Health and welfare	469,933	497,956	587,306	471,004	498,598
Interest on long-term debt	623,167	646,132	722,153	237,188	262,285
Total governmental activities expenses	20,252,304	22,416,530	22,731,949	21,432,113	18,830,415
Business-type activities:					
Water and sewer	\$ 9,370,528	\$ 8,132,429	\$ 7,754,833	\$ 7,688,567	\$ 7,293,423
Solid waste	1,482,640	865,111	926,067	858,629	896,410
Total business-type activities expenses	10,853,168	8,997,540	8,680,900	8,547,196	8,189,833
 Total primary government expenses	 \$ 31,105,472	 \$ 31,414,070	 \$ 31,412,849	 \$ 29,979,309	 \$ 27,020,248

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CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES EXPENSE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses			
Governmental activities:			
General government	\$ 5,031,078	\$ 2,740,575	\$ 2,377,274
Public safety	6,360,485	6,015,430	5,593,205
Highways and streets	1,436,644	1,097,115	593,309
Culture and recreation	880,332	489,768	613,944
Redevelopment and housing	292,338	319,126	245,938
Health and welfare	402,143	417,346	432,157
Interest on long-term debt	205,057	251,268	346,535
Total governmental activities expenses	<u>14,608,077</u>	<u>11,330,628</u>	<u>10,202,362</u>
Business-type activities:			
Water and sewer	\$ 6,731,838	\$ 7,622,235	\$ 6,599,002
Solid waste	899,035	839,409	948,732
Total business-type activities expenses	<u>7,630,873</u>	<u>8,461,644</u>	<u>7,547,734</u>
 Total primary government expenses	 <u><u>\$ 22,238,950</u></u>	 <u><u>\$ 19,792,272</u></u>	 <u><u>\$ 17,750,096</u></u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2005 therefore only eight years are shown.

(Concluded)

CITY OF EL MIRAGE, ARIZONA
PROGRAM REVENUES AND NET (EXPENSE)/REVENUE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,661,625	\$ 395,327	\$ 476,296	\$ 415,062	\$ 886,555
Public safety	435,437	1,005,833	955,739	531,233	98,318
Highways and streets	46,409	36,145	4,666	2,127	2,263
Culture and recreation	52,055	32,456	21,620	9,493	9,400
Revelopment and housing	96,066	128,438	58,322	124,647	312,340
Health and welfare	32,000		1,599	2,885	
Interest on long-term debt					
Operating grants and contributions	1,757,715	3,753,356	2,407,165	1,827,229	2,097,098
Capital grants and contributions	642,943	2,031,513	1,285,278	7,118,339	3,790,817
Total governmental activities program revenues	<u>5,724,250</u>	<u>7,383,068</u>	<u>5,210,685</u>	<u>10,031,015</u>	<u>7,196,791</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 9,768,612	\$ 8,707,594	\$ 9,075,408	\$ 8,828,737	\$ 8,502,311
Sanitation	1,267,723	1,122,709	908,033	911,504	935,224
Capital grants and contributions			642,039		417,795
Total business-type activities program revenues	<u>11,036,335</u>	<u>9,830,303</u>	<u>10,625,480</u>	<u>9,740,241</u>	<u>9,855,330</u>
Total primary government revenues	<u>\$ 16,760,585</u>	<u>\$ 17,213,371</u>	<u>\$ 15,836,165</u>	<u>\$ 19,771,256</u>	<u>\$ 17,052,121</u>
Net (Expense)/Revenue					
Governmental activities	\$ (14,528,054)	\$ (15,033,462)	\$ (17,521,264)	\$ (11,401,098)	\$ (11,633,624)
Business-type activities	183,167	832,763	1,944,580	1,193,045	1,665,497
Total primary government net (expense)/revenues	<u>\$ (14,344,887)</u>	<u>\$ (14,200,699)</u>	<u>\$ (15,576,684)</u>	<u>\$ (10,208,053)</u>	<u>\$ (9,968,127)</u>

(Continued)

CITY OF EL MIRAGE, ARIZONA
PROGRAM REVENUES AND NET (EXPENSE)/REVENUE
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 940,728	\$ 1,551,904	\$ 1,467,522
Public safety	106,417	95,209	133,143
Highways and streets	3,704		
Culture and recreation	51,623	72,240	74,653
Revelopment and housing	294,766		
Health and welfare	350		
Interest on long-term debt			
Operating grants and contributions	2,298,062	1,502,690	1,848,069
Capital grants and contributions	3,403,725	247,210	558,990
Total governmental activities program revenues	<u>7,099,375</u>	<u>3,469,253</u>	<u>4,082,377</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 8,828,318	\$ 7,447,621	\$ 5,993,878
Sanitation	961,324	980,264	928,007
Capital grants and contributions	1,237,978		
Total business-type activities program revenues	<u>11,027,620</u>	<u>8,427,885</u>	<u>6,921,885</u>
Total primary government revenues	<u>\$ 18,126,995</u>	<u>\$ 11,897,138</u>	<u>\$ 11,004,262</u>
Net (Expense)/Revenue			
Governmental activities	\$ (7,508,702)	\$ (7,861,375)	\$ (6,119,985)
Business-type activities	3,396,747	(33,759)	(625,849)
Total primary government net (expense)/revenues	<u>\$ (4,111,955)</u>	<u>\$ (7,895,134)</u>	<u>\$ (6,745,834)</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2005 therefore only eight years are shown.

(Concluded)

CITY OF EL MIRAGE, ARIZONA
GENERAL REVENUES, TRANSFERS, AND AND TOTAL CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,068,722	\$ 2,998,935	\$ 2,914,705	\$ 2,045,848	\$ 1,879,993
City sales taxes	5,534,445	5,368,649	5,366,105	5,908,742	5,931,713
Franchise taxes	667,559	654,999	622,259	636,826	643,844
State shared revenues	6,188,822	6,620,951	7,567,145	8,450,717	8,744,518
Investment income	23,535	23,200	54,459	14,750	839,564
Development impact fees		49,677	24,494	114,829	428,434
Miscellaneous					
Transfers	1,648,418	1,212,788	2,254,544	1,207,429	1,068,516
Total governmental activities	\$ 17,131,501	\$ 16,929,199	\$ 18,803,711	\$ 18,379,141	\$ 19,536,582
Business-type activities:					
Investment income	\$ 5,546	\$ 5,116	\$ 11,052	\$ 22,859	\$ 331,023
Development impact fees		56,976	37,532	59,252	155,212
Miscellaneous					9,547
Transfers	(1,648,418)	(1,212,788)	(2,254,544)	(1,207,429)	(1,068,516)
Total business-type activities	\$ (1,642,872)	\$ (1,150,696)	\$ (2,205,960)	\$ (1,125,318)	\$ (572,734)
Changes in Net Assets					
Governmental activities	\$ 2,603,447	\$ 1,895,737	\$ 1,282,447	\$ 6,978,043	\$ 7,902,958
Business-type activities	(1,459,705)	(317,933)	(261,380)	67,727	1,092,763
Total primary government	\$ 1,143,742	\$ 1,577,804	\$ 1,021,067	\$ 7,045,770	\$ 8,995,721

(Continued)

CITY OF EL MIRAGE, ARIZONA
GENERAL REVENUES, TRANSFERS, AND AND TOTAL CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Revenues:			
Governmental activities:			
Taxes:			
Property taxes	\$ 1,812,217	\$ 1,684,032	\$ 1,531,342
City sales taxes	5,819,145	4,945,375	4,312,639
Franchise taxes	617,759	561,454	422,298
State shared revenues	8,016,571	2,260,241	1,730,594
Investment income	534,942	399,638	190,831
Development impact fees	66,257	47,995	
Miscellaneous		65,580	70,401
Transfers	377,644	71,164	
Total governmental activities	<u>\$ 17,244,535</u>	<u>\$ 10,035,479</u>	<u>\$ 8,258,105</u>
Business-type activities:			
Investment income	\$ 215,125	\$ 228,702	\$ 153,724
Development impact fees	331,939	1,734,800	1,842,788
Miscellaneous	14,663		
Transfers	(377,644)	(71,164)	
Total business-type activities	<u>\$ 184,083</u>	<u>\$ 1,892,338</u>	<u>\$ 1,996,512</u>
Changes in Net Assets			
Governmental activities	\$ 9,735,833	\$ 2,174,104	\$ 2,138,120
Business-type activities	3,580,830	1,858,579	1,370,663
Total primary government	<u>\$ 13,316,663</u>	<u>\$ 4,032,683</u>	<u>\$ 3,508,783</u>

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

Notes: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2005 therefore only eight years are shown.

CITY OF EL MIRAGE, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 130,827	\$ 12,688			
Restricted					
Committed	59,267	170,634			
Assigned	163,436	148,381			
Unassigned	13,398,103	10,875,367			
Reserved					
Unreserved			\$ 8,368,983	\$ 11,804,555	\$ 16,180,323
Total General Fund	\$ 13,751,633	\$ 11,207,070	\$ 8,368,983	\$ 11,804,555	\$ 16,180,323
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 4,395,075	\$ 5,907,367			
Committed	989,644	914,719			
Assigned		75,651			
Unassigned	(54,168)	(73,300)			
Reserved					
Unreserved, reported in:					
Special revenue funds			\$ 7,388,557	\$ 5,556,943	\$ 589,948
Capital projects funds			(30,029)	52,420	1,373,303
Debt service fund			(189,503)	(36,138)	(22,871)
Total all other governmental funds	\$ 5,330,551	\$ 6,824,437	\$ 7,169,025	\$ 5,573,225	\$ 1,940,380

(Continued)

CITY OF EL MIRAGE, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:			
Reserved		\$ 3,619	
Unreserved	\$ 13,980,358	8,670,805	\$ 7,996,071
Total General Fund	<u>\$ 13,980,358</u>	<u>\$ 8,674,424</u>	<u>\$ 7,996,071</u>
All Other Governmental Funds:			
Reserved			
Unreserved, reported in:			
Special revenue funds	\$ 770,996	\$ 262,812	\$ 334,672
Capital projects funds	2,285,035	1,380,687	2,849,049
Debt service fund	1,701	2,586,320	1,363,931
Total all other governmental funds	<u>\$ 3,057,732</u>	<u>\$ 4,229,819</u>	<u>\$ 4,547,652</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance. Information prior to fiscal year 2005 is not available.

(Concluded)

**CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:					
Property taxes	\$ 3,104,974	\$ 3,028,998	\$ 2,917,548	\$ 1,993,173	\$ 1,755,750
City sales taxes	5,534,445	5,368,649	5,366,105	5,908,742	5,931,713
Franchise taxes	667,559	654,999	622,259	636,826	643,844
Licenses and permits	193,211	190,237	167,934	138,369	205,823
Intergovernmental	8,503,662	12,323,411	11,927,801	12,271,224	13,666,097
Charges for services	208,970	190,847	150,519	185,355	350,475
Fines and forfeits	2,695,603	1,092,123	976,780	485,999	470,211
Investment income (loss)	23,535	23,199	54,459	14,750	839,564
Rents	34,952	29,486	28,064	26,552	25,105
Development impact fees	38,094	49,677	24,494	114,829	428,434
Contributions and donations	2,100	2,500	7,010	6,901	809,351
Miscellaneous	181,597	143,678	195,045	251,646	782,757
Total revenues	\$ 21,188,702	\$ 23,097,804	\$ 22,438,018	\$ 22,034,366	\$ 25,909,124

(Continued)

**CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)**

	<u>2007</u>		<u>2006</u>		<u>2005</u>
Revenues:					
Property taxes	\$ 1,812,217	\$	1,684,032	\$	1,531,342
City sales taxes	5,819,145		4,945,375		4,312,639
Franchise taxes	617,759		561,454		422,298
Licenses and permits	439,521		1,162,150		972,455
Intergovernmental	12,234,579		4,000,616		4,102,866
Charges for services	453,168		295,658		371,446
Fines and forfeits	286,698		215,058		272,883
Investment income (loss)	534,942		399,638		190,831
Rents	24,542		46,487		58,534
Development impact fees	66,257		47,995		
Contributions and donations			9,525		34,787
Miscellaneous	200,888		65,580		70,401
Total revenues	<u>\$ 22,489,716</u>	<u>\$</u>	<u>13,433,568</u>	<u>\$</u>	<u>12,340,482</u>

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

Note: Information prior to fiscal year 2005 is not available.

(Concluded)

CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
General government	\$ 4,876,034	\$ 5,407,094	\$ 6,226,614	\$ 5,614,024	\$ 5,736,434
Public safety	9,469,637	9,366,020	10,498,529	11,284,832	10,827,987
Highways and streets	1,308,612	1,084,093	1,315,079	9,409,296	6,455,341
Culture and recreation	954,131	1,292,708	1,568,919	5,567,939	1,389,734
Redevelopment and housing	53,003	535,952	485,052	607,800	1,745,732
Health and welfare	5,370	101,698	189,644	431,889	480,694
Capital outlay	4,201,944	3,363,750	5,010,337		
Debt service -					
Principal retirement	630,868	609,599	517,714	230,000	210,000
Interest and fiscal charges	615,426	638,391	714,412	239,423	234,520
Bond issuance costs				140,473	
Total expenditures	<u>\$ 22,115,025</u>	<u>\$ 22,399,305</u>	<u>\$ 26,526,300</u>	<u>\$ 33,525,676</u>	<u>\$ 27,080,442</u>
Expenditures for capitalized assets	\$ 3,470,798	\$ 818,462	\$ 4,926,075	\$ 13,269,637	\$ 8,777,111
Debt service as a percentage of noncapital expenditures	7%	6%	6%	3%	2%

(Continued)

CITY OF EL MIRAGE, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:			
Current -			
General government	\$ 6,130,812	\$ 2,685,698	\$ 2,713,700
Public safety	7,353,015	5,994,913	5,960,023
Highways and streets	3,349,117	1,056,373	2,921,771
Culture and recreation	835,658	443,443	885,103
Redevelopment and housing	1,242,338	319,126	245,938
Health and welfare	391,781	412,656	427,467
Capital outlay			
Debt service -			
Claims and judgements	175,000	1,980,000	190,000
Interest and fiscal charges	205,792	252,003	347,270
Bond issuance costs			
Total expenditures	<u>\$ 19,683,513</u>	<u>\$ 13,144,212</u>	<u>\$ 13,691,272</u>
Expenditures for capitalized assets		\$ 385,926	\$ 3,522,044
Debt service as a percentage of noncapital expenditures	2%	17%	5%

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

Note: Information prior to fiscal year 2005 is not available.

CITY OF EL MIRAGE, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (926,323)	\$ 698,499	\$ (4,088,282)	\$ (11,491,310)	\$ (1,171,318)
Other financing sources (uses):					
Issuance of bonds				9,600,000	
Discount on sale of bonds				(59,042)	
Loan proceeds					1,145,000
Capital lease agreements			60,433		
Transfers in	2,764,716	2,726,317	5,990,234	6,843,403	3,669,608
Transfers out	(787,716)	(931,317)	(3,735,690)	(5,635,974)	(2,084,677)
Total other financing sources (uses)	1,977,000	1,795,000	2,314,977	10,748,387	2,729,931
Changes in fund balances	\$ 1,050,677	\$ 2,493,499	\$ (1,773,305)	\$ (742,923)	\$ 1,558,613
	<u>2007</u>	<u>2006</u>	<u>2005</u>		
Excess (deficiency) of revenues over expenditures	\$ 2,806,203	\$ 289,356	\$ (1,350,790)		
Other financing sources (uses):					
Issuance of bonds					
Discount on sale of bonds					
Loan proceeds					
Capital lease agreements					
Transfers in	1,878,684	1,798,982	567,237		
Transfers out	(551,040)	(1,727,818)	(567,237)		
Total other financing sources (uses)	1,327,644	71,164			
Changes in fund balances	\$ 4,133,847	\$ 360,520	\$ (1,350,790)		

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

Note: Information prior to fiscal year 2005 is not available.

**CITY OF EL MIRAGE, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS**

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Construction	\$ 238,256	\$ 220,055	\$ 326,776	\$ 577,636	\$ 611,544
Retail trade	2,517,612	2,518,800	2,529,084	2,847,174	2,794,950
Communications and utilities	1,234,096	1,214,447	1,218,109	1,187,770	1,262,128
Restaurant and bar	250,297	229,159	207,132	207,181	165,313
Real estate, rental and leasing	673,735	585,101	521,487	587,217	527,449
Accommodation	175,383	161,364	167,379	114,177	146,253
Services	117,129	99,732	128,749	131,616	130,634
Other	256,347	225,765	260,092	232,112	291,297
Total	<u>\$ 5,462,855</u>	<u>\$ 5,254,423</u>	<u>\$ 5,358,808</u>	<u>\$ 5,884,883</u>	<u>\$ 5,929,568</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Construction	\$ 1,631,054	\$ 1,777,262	\$ 1,649,943	\$ 2,268,879	\$ 5,005,465
Retail trade	1,428,371	1,282,568	921,797	797,211	725,453
Communications and utilities	1,201,177	1,030,071	633,166	401,956	408,243
Restaurant and bar	128,344	115,593	99,387	51,504	48,837
Real estate, rental and leasing	773,134	342,199	263,697	169,009	117,027
Accommodation	126,976	93,069	166,073	102,251	215,433
Services	126,095	128,075	99,965	187,041	144,228
Other	213,133	150,773	192,927	156,676	96,426
Total	<u>\$ 5,628,284</u>	<u>\$ 4,919,610</u>	<u>\$ 4,026,955</u>	<u>\$ 4,134,527</u>	<u>\$ 6,761,112</u>

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

**CITY OF EL MIRAGE, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2012 AND 2006**

<u>Description of Payers Business</u>	<u>Fiscal Year 2012</u>				<u>Fiscal Year 2006</u>			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Collections</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Collections</u>	<u>Percentage of Total</u>
Construction	750	24%	238,256	4%	531	27%	1,777,262	36%
Retail trade	635	20%	2,517,612	46%	514	26%	1,282,568	26%
Communications and utilities	91	3%	1,234,096	23%	87	4%	1,030,071	21%
Restaurant and bar	27	1%	250,297	5%	15	1%	115,593	2%
Real estate, rental and leasing	740	23%	673,735	12%	248	13%	342,199	7%
Accommodation	3	0%	175,383	3%	2	0%	93,069	2%
Services	295	9%	117,129	2%	163	8%	128,075	3%
Other	647	20%	256,347	5%	380	20%	150,773	3%
Total	3,188	100%	5,462,855	100%	1,940	100%	4,919,610	100%
Tax Collections from top ten taxpayers	10	<1%	3,260,168	60%	10	1%	2,690,202	55%

Source: Arizona Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. Fiscal year 2012 is the most recent year for which data are available.

Fiscal year 2006 is the earliest data available.

Arizona Department of Revenue collections only, does not include local audits.

**CITY OF EL MIRAGE, ARIZONA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates				
	Basic Rate	General Obligation Debt Service	City of El Mirage	Peoria Unorganized	Dysart #89 Unified
2012	1.67	1.20	2.87	13.41	18.67
2011	1.35	0.94	2.29	11.00	15.94
2010	0.93	0.64	1.57	9.33	14.23
2009	0.98	0.22	1.20	8.70	14.78
2008	1.08	0.20	1.28	9.37	16.02
2007	1.17	0.30	1.47	10.30	18.18
2006	1.21	0.33	1.54	11.43	19.54
2005	1.32	0.30	1.62	11.74	18.59
2004	1.35	0.00	1.35	11.77	17.64
2003	0.00	0.00	0.00	9.30	0.00

Source: The source of this information is the Maricopa County Department of Finance Annual Tax Rate Report.
Note: The City rounds the rate to two digits from the four presented by the County.

**CITY OF EL MIRAGE, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years (2)	Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 1,784,422	\$ 1,674,373	93.83 %	\$	\$ 1,674,373	93.83 %
2011	1,756,305	1,671,291	95.16	62,637	1,733,928	98.73
2010	1,665,797	1,593,433	95.66	66,851	1,660,284	99.67
2009	1,583,021	1,580,724	99.85	1,177	1,581,901	99.93
2008	1,506,629	1,505,190	99.90	1,033	1,506,223	99.97
2007	1,408,982	1,408,436	99.96	281	1,408,717	99.98
2006	1,319,457	1,318,969	99.96	115	1,319,084	99.97
2005	1,234,602	1,234,178	99.97	52	1,234,230	99.97
2004	1,001,876	996,180	99.43		996,180	99.43

Source: The source of this information is the Maricopa County Treasurer- Secured Levy Report.

Notes: 1) Amounts collected are on a cash basis.

2) Includes collections and resolutions.

Information prior to fiscal year 2004 is not available.

CITY OF EL MIRAGE, ARIZONA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST EIGHT FISCAL YEARS

Fiscal Year Ended June 30	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Net Assessed to Estimated Actual Value
	Assessed Value Residential Property	Assesed Value Commercial Property					
2012	\$ 60,334,448	\$ 39,588,129	\$ 11,598,951	\$ 88,323,626	2.8740	\$ 814,853,756	10.84 %
2011	66,285,384	44,371,128	12,947,874	97,708,638	2.2939	912,660,076	10.71
2010	82,991,005	62,613,120	14,825,157	130,778,968	1.5713	1,151,047,161	11.36
2009	170,216,747	47,573,428	12,389,673	205,400,502	1.2028	1,953,011,602	10.52
2008	149,700,332	39,050,414	10,580,425	178,170,321	1.2787	1,700,811,041	10.48
2007	93,434,779	34,926,242	8,562,279	119,798,742	1.4701	1,114,835,777	10.75
2006	89,081,374	28,590,098	7,832,931	109,838,541	1.5346	1,041,782,657	10.54
2005	74,639,816	25,815,470	7,154,416	93,300,870	1.6159	883,610,575	10.56

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Information prior to fiscal year 2005 is not available.

**CITY OF EL MIRAGE, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2012**

Taxpayer	2012		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
ARIZONA PUBLIC SERVICE COMPANY	\$ 3,839,970	1	3.93%
ROBERTS PROPERTIES LTD	2,822,457	2	2.89%
WAL MART STORES INC	2,385,057	3	2.44%
HANSON PIPE & PRODUCTS INC	2,380,530	4	2.44%
CLAYTON HOMES INC	1,617,732	5	1.66%
QWEST CORPORATION	1,596,759	6	1.63%
BNSF RAILWAY COMPANY	1,588,920	7	1.63%
PREMIERE RV & MINI STORAGE LLC	993,040	8	1.02%
JIA CORP	784,716	9	0.80%
EL MIRAGE DYSART INVESTORS 1 LLC	768,058	10	0.79%
ARIZONA SAND & ROCK CO	740,027	11	0.76%
MCS ENTERPRISES LLC	635,800	12	0.65%
AAWC: SUN CITY WATER DIVISION	620,066	13	0.63%
SUMERLIN LLC	608,574	14	0.62%
UNION ROCK & MATERIAL CORP	599,338	15	0.61%
COYOTE PASS RV AND MINI STORAGE LLC	574,766	16	0.59%
T BAR C LAND AND CAMEL COMPANY LLC	535,475	17	0.55%
AAWC: SUN CITY SEWER DIVISION	533,987	18	0.55%
JDL & COMPANY L L C	513,080	19	0.53%
PARTNERSHIP FOR QUALITY AFFORD HOUS #1	500,000	20	0.51%
HANLEY PROPERTIES IV LLC	438,903	21	0.45%
MOYES CRAIG	437,940	22	0.45%
EL MIRAGE MARKET PLACE LLC	434,483	23	0.44%
SOUTHWEST GAS CORPORATION (T&D)	428,876	24	0.44%
LJ VESTED HOLDINGS LLC	425,841	25	0.44%

Source: The source of this information is the Maricopa County Assessor's Office- Data Request Report.

Note: Information prior to fiscal year 2012 is not available.

**CITY OF EL MIRAGE, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Debt Per Capita
	General Obligation Bonds (Greater Arizona Development Authority Loan)	Capital Leases	Certificates of Participation	Water and Sewer Revenue Bonds	Certificates of Participation	Water Infrastructure Financing Authority Loan		
2012	\$ 13,035,000	\$ 7,252	\$	\$	\$	\$ 14,220,261	\$ 27,262,513	\$ 856
2011	13,645,000	28,120				15,216,844	28,889,964	909
2010	14,235,000					16,335,810	30,570,810	953
2009	14,740,000					16,244,887	30,984,887	960
2008	5,370,000					15,636,439	21,006,439	648
2007	4,435,000					15,949,696	20,384,696	644
2006	4,610,000					3,483,567	8,093,567	260
2005	4,775,000	14,735	1,815,000	1,225,000	8,075,000		15,904,735	539
2004	4,855,000	163,718	1,925,000	1,405,000	9,200,000		17,548,718	667
2003		320,374	2,030,000	1,740,000	9,735,000		13,825,374	656

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

Note: Details of the outstanding debt can be found in the notes to the financial statements.

**CITY OF EL MIRAGE, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	\$ 13,035,000	\$ 152,811	\$ 12,882,189	1.581%	\$ 404
2011	13,645,000	67,028	13,577,972	1.488%	427
2010	14,235,000	(30,029)	14,265,029	1.239%	445
2009	14,740,000	(36,138)	14,776,138	0.757%	458
2008	5,370,000	(22,871)	5,392,871	0.317%	166
2007	4,435,000	1,701	4,433,299	0.398%	140
2006	4,610,000	905	4,609,095	0.442%	148
2005	4,775,000	336,013	4,438,987	0.502%	150
2004	4,855,000	375,804	4,479,196	N/A	170
2003				N/A	N/A

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

Note: N/A indicates that the information is not available.

**CITY OF EL MIRAGE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Debt repaid with property taxes:			
Dysart Unified School District No. 89	\$ 167,140,000	9.0841 %	<u>\$ 15,183,148</u>
Subtotal, Overlapping Debt			<u>15,183,148</u>
Direct:			
City of El Mirage			<u>13,035,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 28,218,148</u></u>

Source: The source of this information is the City's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the City is calculated based on the City's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2011 is presented for the overlapping governments as this is the most recent available information.

**CITY OF EL MIRAGE, ARIZONA
LEGAL DEBT MARGIN INFORMATION UNRESTRICTED AND RESTRICTED
LAST NINE FISCAL YEARS**

	Unrestricted								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit 6%	6,483,550	8,261,491	11,757,479	12,754,025	11,102,578	7,618,653	6,939,290	5,931,987	4,855,249
Total net debt applicable to limit									
Unrestricted legal debt margin	6,483,550	8,261,491	11,757,479	12,754,025	11,102,578	7,618,653	6,939,290	5,931,987	4,855,249
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%
	Restricted								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit 20%	21,611,833	27,538,305	39,191,596	42,513,415	37,008,592	25,395,509	23,130,966	19,773,289	16,184,162
Total net debt applicable to limit	13,035,000	13,645,000	14,740,000	5,370,000	5,370,000	4,435,000	4,775,000	4,855,000	4,855,000
Unrestricted legal debt margin	8,576,833	13,893,305	24,451,596	37,143,415	31,638,592	20,960,509	18,355,966	14,918,289	11,329,162
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	60.31%	49.55%	37.61%	12.63%	14.51%	17.46%	20.64%	24.55%	30.00%

Source: Arizona Department of Revenue - Bonded Indebtedness and Debt Limitations

Note: Information prior to fiscal year 2004 is not available.

N/A indicates that the information is not available.

**CITY OF EL MIRAGE, ARIZONA
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>City of El Mirage Population</u>	<u>Maricopa County Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2012	31,862	3,843,370	\$ N/A	\$ N/A	8.7 %
2011	31,797	3,817,117	N/A	N/A	9.1
2010	32,076	3,821,136	142,091,618	35,319	8.9
2009	32,280	3,808,829	146,898,132	37,112	5.1
2008	32,396	3,753,413	145,880,680	37,666	3.2
2007	31,629	3,663,915	139,069,591	35,046	3.5
2006	31,154	3,577,074	126,010,741	34,551	4.0
2005	29,498	3,466,592	114,049,001	32,561	4.4
2004	26,303	3,353,875	104,665,923	30,862	5.2
2003	21,070	3,261,203	99,836,197	30,261	5.6

Source: The source of this information is the Arizona Department of Administration

Note: Personal and per capita income figures are for Maricopa County

N/A indicates that the information is not available.

**CITY OF EL MIRAGE, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR**

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Dysart School District (El Mirage Schools)	456	14.88 %		%
Walmart	324	10.57		
City of El Mirage	153	4.99	176	5.73
Parks and Sons	134	4.37	115	3.74
Bashas - (Food City)	41	1.34	34	1.11
Walgreens - Dysart and Greenway	22	0.72	25	0.81
Walgreens - El Mirage Rd and Cactus	26	0.85		
Total	<u>1,156</u>	<u>37.72 %</u>	<u>350</u>	<u>11.39 %</u>
Total employment	<u>3,065</u>		<u>3,072</u>	

Source: The source of this information is the City of El Mirage and Maricopa Association of Governments

Note: Amounts presented are as of December 31

CITY OF EL MIRAGE, ARIZONA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government	24.50	26.00	26.00	26.00	24.00	24.00	11.00	12.00	14.00	16.00
Public Safety										
Police	48.50	53.50	59.00	53.00	54.00	49.00	55.00	55.00	55.00	55.00
Fire	25.00	27.00	21.00	21.00	22.00	18.00	18.00	18.00	19.00	21.00
Court	10.10	9.10	9.00	6.50	6.50	6.50	6.50	6.50	7.00	6.00
Public Works (1)	3.00	10.00	10.00	10.00	13.00	10.00	8.00	5.00	14.00	10.00
Streets	6.00	7.00	8.00	8.00	9.00	12.00	7.00	5.00	7.00	11.50
Development Services	10.25	12.75	13.50	13.50	13.00	10.00	7.00	6.50	10.00	11.00
Parks and Recreation	6.00	5.50	9.50	10.00	10.50	8.50	8.50	10.50	10.00	12.00
Health and Welfare			1.50	2.00	4.00	3.00	3.00	4.00	6.00	6.00
Water (2)	18.00	11.00	11.00	11.00	13.00	14.00	9.00	10.00	24.00	26.00
Sewer (2)	10.00	10.00	11.00	11.00	10.00	9.00	7.00	8.00		
Sanitation (3)								2.00		1.00
Customer Service (2)	4.00	5.00	4.00	4.00	3.00	4.00	4.00	4.00		
	<u>165.35</u>	<u>176.85</u>	<u>183.50</u>	<u>176.00</u>	<u>182.00</u>	<u>168.00</u>	<u>144.00</u>	<u>146.50</u>	<u>166.00</u>	<u>175.50</u>

Source: The source of this information is the City of El Mirage Annual Budget

- Notes:**
- (1) Prior to FY 05 Parks and Facilities Management were combined
 - (2) Prior to FY 05 Water and Sewer and Customer Service FTEs were combined
 - (3) Subsequent to FY 05 Sanitation services were outsourced

**CITY OF EL MIRAGE, ARIZONA
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	41	41	41	38	36	28	34	29	26	25
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines and ladder trucks	3	3	3	3	3	3	2	3	3	3
Other Public Works										
Street miles	240	240	240	240	240	240				
Traffic signals	10	10	10	10	9	6				
Community Development										
Inspection vehicles	8	8	8	8	6	8	9	9	9	10
Culture and recreation										
Parks acreage	44.8	9.5	9.5	9.5	9.5	1.5				
Parks	12	2	2	2	2	1				
Softball fields	2	3	3	3	3	1				
Baseball fields	3	3	3	3	3	1				
Libraries	1	1	1	1	1	1				
Water										
Maximum pump capacity (MGD)(1)	25.07	25.07	25.07	25.07	25.07	25.07				
Sewer										
Sewer treatment plants	1	1	1	1	1	1	1	2/1	2	2
Maximum daily treatment capacity	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.3

Source: The source of this information is the various government departments.

Note: (1) MGD= million gallons per day

**CITY OF EL MIRAGE, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS**

<u>Function/Program</u>	<u>Calendar Year</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Public Safety										
Police										
Calls/incidents responded to	32,412	37,347	38,121	30,141						
Citations issued	1,785	2,549	3,050	2,994						
Fire										
Number of responses	3,372	2,997	3,312	2,989	3,089	2,254	3,071			
Inspections	298	244	429	30	14	4	31			
Public Works and Streets										
Square feet of buildings to maintain	63,425	63,425	63,425	63,425	63,425	60,737	60,737	51,372	51,372	51,372
Vehicles/equipment maintained per month	108	108	108	108	108	91	91	91	91	91
Street miles maintained	240	240	240	240	240	240	240	240	240	240
Community Development										
Building safety inspections performed	1,989	2,533	2,447							
Annual new residential starts	18		1	15	21	261	320	415	718	2,020
Water										
Water accounts billed										
Residential	12,787	12,029	12,498							
Commercial	652	573	579							
Acre feet of water delivered	4,460	4,246	4,777							
Sewer										
Sewage treated (million gallons per day)	1.87	1.77	1.79	1.77	1.69	1.60	1.55	1.51	1.57	1.07
Sewer service connections	11,754	11,284	11,963							

Source: The source of this information is the various government departments.

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