

FIRE STATION # 121



**CITY OF EL MIRAGE, ARIZONA**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2013*

FOCUSING ON:  
“CREATING STABILITY AND  
MEETING EXPECTATIONS RESPONSIBLY”  
&

“INNOVATIONS AND EFFICIENCY IN SERVICE DELIVERY”

BRISAS WELL

GROUND  
BREAKING





**CITY OF EL MIRAGE, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Issued by:  
Department of Finance and Technology

# CITY OF EL MIRAGE, ARIZONA

## TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	i
Organizational Chart	viii
List of Elected City Officials	ix
GFOA Certificate of Achievement	xiv
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	31
Statement of Net Position – Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	34

**CITY OF EL MIRAGE, ARIZONA**

**TABLE OF CONTENTS (Cont'd)**

<b><u>FINANCIAL SECTION</u> (Cont'd)</b>	<b><u>Page</u></b>
BASIC FINANCIAL STATEMENTS (Concl'd)	
Statement of Cash Flows – Proprietary Funds	36
Notes to Financial Statements	38
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	60
Court Photo Enforcement Fund	61
Note to Required Supplementary Information	62
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	68
Special Revenue Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	74
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	76

# CITY OF EL MIRAGE, ARIZONA

## TABLE OF CONTENTS (Cont'd)

<b><u>FINANCIAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Concl'd)	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	84
Capital Projects Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	90
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	99
Governmental and Business-type Activities Expense	100
Program Revenues and Net (Expense)/Revenue	102
General Revenues, Transfers, and Total Changes in Net Position	104
Fund Balances – Governmental Funds	106
Governmental Funds Revenues	108
Governmental Funds Expenditures and Debt Service Ratio	110
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	112

**CITY OF EL MIRAGE, ARIZONA**

**TABLE OF CONTENTS (Concl'd)**

<b><u>STATISTICAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
Revenue Capacity:	
Taxable Sales by Category	113
Transaction Privilege (Sales) Tax Revenue Payers by Industry	114
Direct and Overlapping Property Tax Rates	115
Property Tax Levies and Collections	116
Assessed Value and Estimated Actual Value of Taxable Property	117
Principal Property Tax Payers	118
Debt Capacity:	
Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding	120
Direct and Overlapping Governmental Activities Debt	121
Legal Debt Margin Information Unrestricted and Restricted	122
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	123
Principal Employers	124
Operating Information:	
Full-Time Equivalent City Government Employees by Function	125
Capital Assets Information	126
Operating Indicators by Function	127

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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

November 12, 2013

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, 2013.

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, 2013, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated Single Audit required under 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 the fair presentation of the financial statements, but also 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.



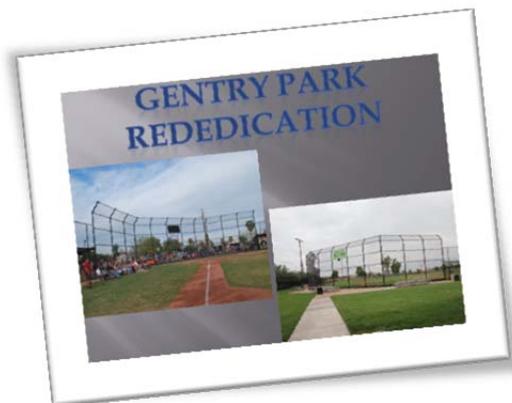
In recent years, El Mirage has adopted economic development initiatives to attract new commercial and industrial businesses to the city. Impact fees normally charged for

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 ramadas, 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 \$6.0 million for a new police facility. The police facility is slated for completion before the end of 2013, while the recreational facility will open for business by summer of 2014.

**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 \$112.8 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 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.

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## Factors Affecting Economic Conditions

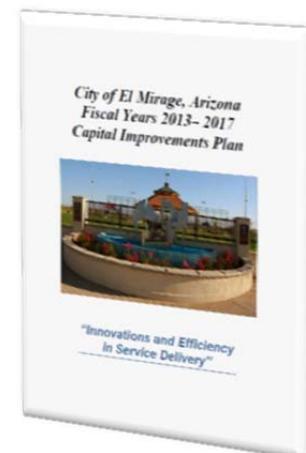
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the city operates.

**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 taxes 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 tracts 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 in 2010, 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 and again in 2013, 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 shown 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 \$6.0 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 26,500 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 technology 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, 2012. To be awarded this certificate, the city published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles in the United States and applicable legal requirements.

This certificate is valid for a period of one year only. City finance officers believe that the current comprehensive annual financial report meets the program's requirements and we will be submitting it to GFOA to determine its eligibility for the fiscal year 2012-13 certificate.

**Acknowledgments.** The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department and all departments who assisted are to be commended for their contributions to 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.

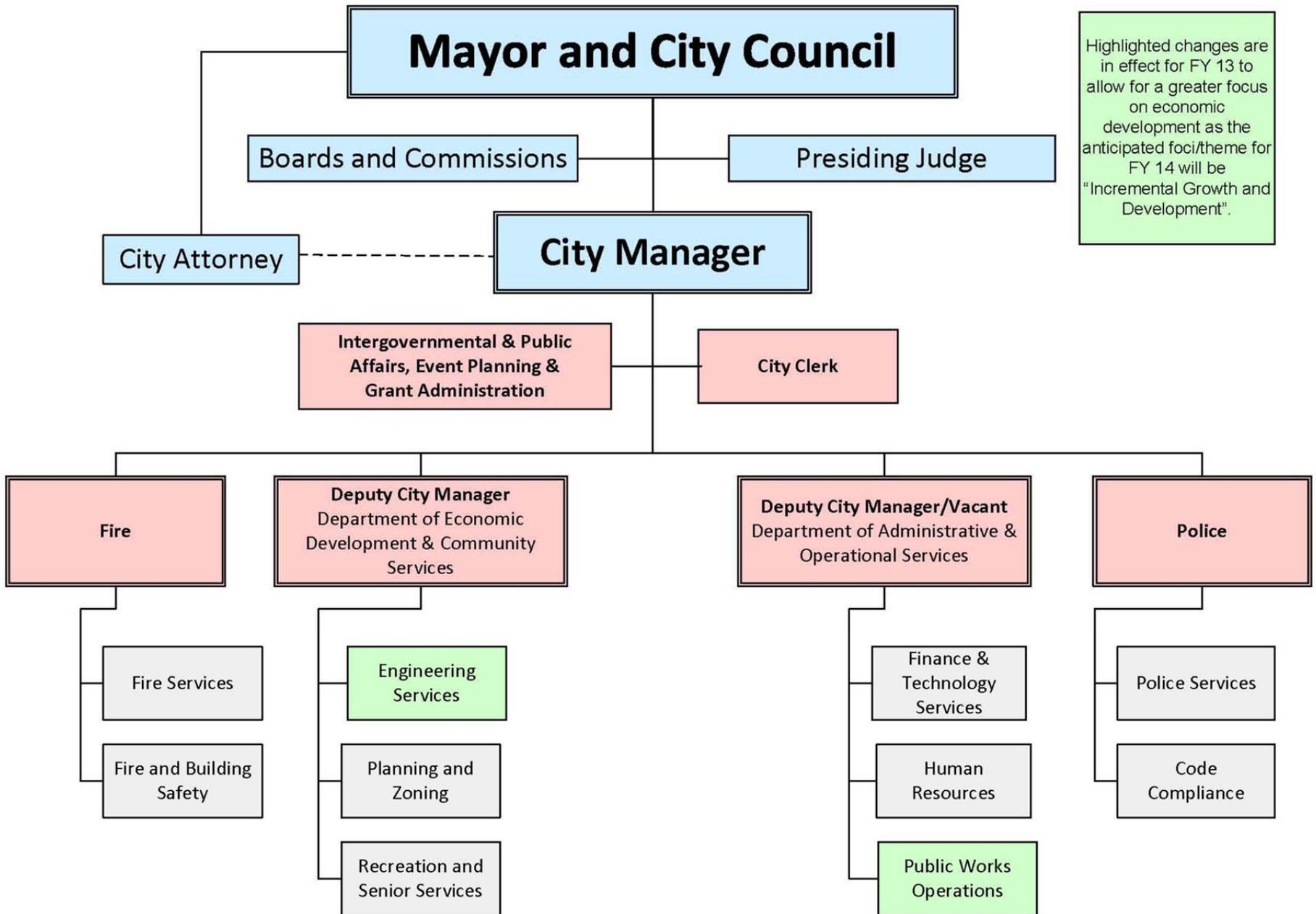
Respectfully submitted,

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.

Robert Nilles  
Finance Director\CFO



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



### **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 on the League of Arizona Cities and Towns' Executive Committee, the MAG Regional Council and Executive Committee, the WESTMARC Executive Committee, the Valley Metro RPTA Committee, the Luke West Valley Council, and is a member of the court, economic development, Gentry Park, and sewer Council subcommittees.

She spent many years of service with a number of organizations including the Phoenix Suns Charities, the Girl Scouts of America, the U.S. Forest Service (Smokey Bear and Woodsey Owl Fire Prevention programs), and is a past Vice-President of the Greater Phoenix American Bowling Association.



### **Vice-Mayor Joe Ramirez**

Vice Mayor Joe Ramirez has been 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, Vice Mayor Ramirez has always been a supporter of El Mirage and the West Valley. In addition to serving on the City Council, he is a member of subcommittees focused on economic development and Gentry Park improvements. Ramirez also 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. Most recently, he chaired the Relay for Life Logistics Committee in El Mirage, which raised thousands of dollars in the fight against cancer.

**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 over 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 former 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. He was honorably discharged in 1965 and went on to work for the U.S. Postal Service for 34 years, starting out as a letter carrier and retiring in a management position at the USPS Boston facility. During this time, he 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. Councilman Palladino serves on the Community Development Advisory Committee (CDAC) as an elected official representing smaller communities in Maricopa County seeking federal HUD funding assistance. He also serves on the El Mirage Garden Committee and is Chairman of the Selection Committee for the Planning and Zoning Commission. Palladino is also a member of the Friends of the Library. The Palladinos have one son, an eight year-old grandson, and a two year-old granddaughter who live in the West Valley. This year, the Palladinos celebrated their 43rd wedding anniversary. Palladino was elected to the City Council in 2010 and has enjoyed being a part of the growth and change that has come to El Mirage in the past three years. He believes that one person can make a difference.

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



**Councilman David Shapera**

Councilman David M. Shapera, recently re-elected to a second four-year term on the El Mirage City Council, was also a past member and Chairman of the El Mirage Planning and Zoning Commission. He has over 39 years in elected and appointed positions in government. He and his wife, Linda have been married for 36 years and moved to El Mirage in 2002.

Shapera is a retired police officer and worked for the Clark County Coroner Medical Examiner in Las Vegas, Nevada. He recently retired from the Dysart Unified School District. He continues to guest teach at El Mirage schools and is a member of the Thompson Ranch Elementary PTSA. Shapera has been a proud member of the Elks Lodge for 35 years.

As an advocate for the new police station and YMCA recreational facility, he continues to ensure both buildings will be used to proudly serve the El Mirage community. He strongly supports public safety, and continues working to upgrade City infrastructure within the parameters of affordability.

A vocal advocate for Luke Air Force Base, Shapera works with Luke's leadership toward common goals. Supporting economic development in El Mirage is a priority. Shapera has worked to streamline and assist businesses to open in the City. His new program was adopted by the City Council, which calls for directional signs to help businesses thrive.

Shapera is among Councilmembers who are strong advocates for the use of solar panels on City buildings, and he was at the forefront of bringing utility savings to City buildings.



### **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 in several areas: (1) Committee Chair for the Community Uplift Program. This program helps qualified homeowners with outside clean-up, painting, and beautifying the community. (2) Member of the Economic Development Committee, seeking to bring new businesses to the City. (3) Vice President of the Friends of the Library, in which he participates in all book sale events to raise money to support the library's Summer Student Reading Program. (4) Member of the Maricopa Association of Governments' Domestic Violence Program.

Selby 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 including school bus drivers, professional truck drivers, and first responders. The Selbys have been married for more than 51 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 – Monte Morgan**  
**City Clerk – Sharon Antes**



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of El Mirage, Arizona (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013, on our consideration of 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* in considering City of El Mirage, Arizona's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

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

November 12, 2013

**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, 2013**

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, 2013. 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 2012-13 as follows.

- The City's total net position of governmental activities increased \$5.2 million to \$52.5 million and business-type activities increased \$2.3 million to \$35.0 million representing an increase of 11 percent and 7 percent, respectively. The total net position is \$87.4 million.
- General revenues before transfers from governmental activities accounted for \$17.4 million in revenue, or 66 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7.4 million or 34 percent of total governmental activities revenues. The City had \$12.6 million of program revenues and \$6,397 in general revenues related to business-type activities.
- The City had \$21.4 million in expenses related to governmental activities, an increase of 6 percent from the prior fiscal year. The City had \$8.6 million in expenses related to business-type activities a decrease of 21 percent from the prior fiscal year.
- Among major funds, the General Fund had \$16.8 million in revenues, which primarily consisted of taxes and intergovernmental revenues. The total expenditures of the General Fund were \$15.4 million. The General Fund's fund balance increased from \$13.8 million to \$16.8 million, due primarily to increased sales taxes and state funding.
- The Court Photo Enforcement Fund had \$2.7 million revenues which consisted of photo enforcement fines. The total expenditures of the Court Photo Enforcement Fund were \$1.2 million. The Court Photo Enforcement Fund reported a fund balance increase of \$1.5 million due to increased fine collection after a full year in operation.
- The Streets Fund had \$53,587 in revenues. The total expenditures of the Streets Fund were \$618,834. The Streets Fund's fund balance increased from \$741,407 to \$6.7 million, at the end of the current fiscal year due to proceeds received from the issuance of general obligation bonds.
- The Police Impact Fees Fund had \$5,016 in revenues. The total expenditures of the Police Impact Fees Fund were \$2.2 million. The Police Impact Fees Fund reported a fund balance increase of \$4.0 million due to proceeds received from the issuance of bonds.
- The Water Fund net position increased \$2.0 million. Operating expenses of \$5.0 million were exceeded by operating revenues of \$8.0 million.
- The Sewer Fund net position increased \$185,240. Operating expenses of \$2.3 million were exceeded by operating revenues of \$3.2 million.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

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

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

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

- **Governmental activities** – Most of the City's basic services are included here, such as general government, public safety, highways and streets, culture and recreation, 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, 2013**

**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, Court Photo Enforcement, Streets, and Police 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, Sewer, and Non-Major Enterprise Funds.

**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 Funds as required supplementary information.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$87.4 million at the current fiscal year end.

The largest portion of the City's net position 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 outstanding debt used to acquire those assets. 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 position for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-type	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
Current assets	\$ 38,206,080	\$ 20,754,693	\$ 7,917,872	\$ 3,060,460	\$ 46,123,952	\$ 23,815,153
Capital assets, net	44,235,716	41,473,651	46,190,721	45,867,104	90,426,437	87,340,755
Other non-current assets	702,960	225,298	140,643	158,223	843,603	383,521
<b>Total assets</b>	<u>83,144,756</u>	<u>62,453,642</u>	<u>54,249,236</u>	<u>49,085,787</u>	<u>137,393,992</u>	<u>111,539,429</u>
Current and other liabilities	2,108,254	1,478,129	2,516,376	2,156,426	4,624,630	3,634,555
Long-term liabilities	28,570,359	13,665,675	16,771,100	14,272,312	45,341,459	27,937,987
<b>Total liabilities</b>	<u>30,678,613</u>	<u>15,143,804</u>	<u>19,287,476</u>	<u>16,428,738</u>	<u>49,966,089</u>	<u>31,572,542</u>
Net investment in capital assets	28,939,841	30,394,556	29,473,825	31,646,838	58,413,666	62,041,394
Restricted	15,870,123	3,787,197			15,870,123	3,787,197
Unrestricted	7,656,179	13,128,085	5,487,935	1,010,211	13,144,114	14,138,296
<b>Total net position</b>	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>

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 Position.

- The addition of \$4.9 million in governmental activities capital assets.
- The addition of \$2.6 million in business-type activities capital assets.
- The payment and refunding of \$4.2 million in governmental long-term liabilities and \$1.0 million in business-type long-term liabilities.
- The issuance of \$18.2 million in governmental bonds.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net position.** The City's total revenues for the current fiscal year were \$37.5 million. The total cost of all programs and services was \$30.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities	2013 Total	2012 Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,390,419	\$ 3,323,592	\$ 12,616,662	\$ 11,036,335	\$ 17,007,081	\$ 14,359,927
Operating grants and contributions	1,722,354	1,757,715			1,722,354	1,757,715
Capital grants and contributions	1,328,998	642,943			1,328,998	642,943
General revenues:						
Property taxes	3,738,856	3,068,722			3,738,856	3,068,722
City sales taxes	6,051,967	5,534,445			6,051,967	5,534,445
Franchise taxes	687,341	667,559			687,341	667,559
Unrestricted state shared revenues	6,914,460	6,188,822			6,914,460	6,188,822
Investment income	41,983	23,535	6,397	5,546	48,380	29,081
<b>Total revenues</b>	<u>24,876,378</u>	<u>21,207,333</u>	<u>12,623,059</u>	<u>11,041,881</u>	<u>37,499,437</u>	<u>32,249,214</u>
<b>Expenses:</b>						
General government	5,740,420	5,217,013			5,740,420	5,217,013
Public safety	10,474,809	10,207,265			10,474,809	10,207,265
Highways and streets	2,224,551	2,386,465			2,224,551	2,386,465
Culture and recreation	1,463,716	1,243,125			1,463,716	1,243,125
Redevelopment and housing		105,336				105,336
Health and welfare	396,127	469,933			396,127	469,933
Interest on long-term debt	1,118,359	623,167			1,118,359	623,167
Water and sewer				9,370,528		9,370,528
Water			5,369,790		5,369,790	
Sewer			2,305,425		2,305,425	
Solid waste			945,224	1,482,640	945,224	1,482,640
<b>Total expenses</b>	<u>21,417,982</u>	<u>20,252,304</u>	<u>8,620,439</u>	<u>10,853,168</u>	<u>30,038,421</u>	<u>31,105,742</u>
<b>Transfers</b>	<u>1,697,909</u>	<u>1,648,418</u>	<u>(1,697,909)</u>	<u>(1,648,418)</u>		
<b>Changes in net position</b>	<u>5,156,305</u>	<u>2,603,447</u>	<u>2,304,711</u>	<u>(1,459,705)</u>	<u>7,461,016</u>	<u>1,143,742</u>
<b>Net position, beginning</b>	<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>
<b>Net position, ending</b>	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>

- Charges for services related to governmental activities increased \$1.1 million primarily due to increased photo enforcement activity.
- Capital grants and contributions increased by \$686,055 related to Community Development Block Grant projects.
- Charges for services related to business-type activities increased \$1.6 million primarily due to increased utility rates.
- Unrestricted state shared revenues increased \$725,638 due to the improved state economy.
- Water and Sewer expenses decreased \$1.7 million due to cost saving measures implemented during the year.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**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.

	2013		2012	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
General government	\$ 5,740,420	\$ (2,069,463)	\$ 5,217,013	\$ (2,540,155)
Public safety	10,474,809	(9,414,252)	10,207,265	(9,335,418)
Highways and streets	2,224,551	411,512	2,386,465	(633,901)
Culture and recreation	1,463,716	(1,389,522)	1,243,125	(1,097,447)
Redevelopment and housing			105,336	30,881
Health and welfare	396,127	(396,127)	469,933	(328,847)
Interest on long-term debt	1,118,359	(1,118,359)	623,167	(623,167)
<b>Total</b>	<u>\$ 21,417,982</u>	<u>\$ (13,976,211)</u>	<u>\$ 20,252,304</u>	<u>\$ (14,528,054)</u>
<b>Business-type Activities</b>				
Water and sewer	\$	\$	\$ 9,370,528	\$ 398,084
Water	5,369,790	2,633,762		
Sewer	2,305,425	898,537		
Solid waste	945,224	463,924	1,482,640	(214,917)
<b>Total</b>	<u>\$ 8,620,439</u>	<u>\$ 3,996,223</u>	<u>\$ 10,853,168</u>	<u>\$ 183,167</u>

- Federal and State grants and charges for services subsidized certain governmental programs with revenues of \$7.4 million.
- Net cost of governmental activities of \$14.0 million was financed by general revenues, which are primarily property tax, local sales taxes, and unrestricted state shared revenues totaling \$16.7 million.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**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 \$36.0 million, an increase of \$16.9 million, or 89 percent from the prior year.

The increase in the General Fund's fund balance of \$3.1 million was due primarily to an increase in sales tax and state funding.

The Court Photo Enforcement Fund's fund balance increased from \$989,644 to \$2.5 million due primarily to the City's collection of a full year's worth of fines.

The Streets Fund reported a fund balance increase of \$5.9 million due to proceeds received from the issuance of bonds.

The Police Impact Fees Fund reported a fund balance increase of \$4.0 million due to proceeds received from the issuance of bonds.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$35.0 million, an increase of \$2.3 million, or a 7 percent increase 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 \$571,967 in city sales taxes was a result of economic growth and residential rental sales tax collections.
- The favorable variance of \$219,465 in licenses and permits was a result of increased home building activity.
- The favorable variance of \$731,386 in general government expenditures was a result of reduced expenditures and vacancy savings.
- The favorable variance of \$576,640 in public safety expenditures was a result of department limits on expenditures.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the City had invested \$127.1 million in capital assets. This amount represents a net increase prior to depreciation of \$7.5 million from the prior fiscal year, primarily due to construction of a new fire station. Total depreciation expense for the year was \$4.5 million. Depreciable assets totaling \$365,591 were transferred from governmental activities to business-type activities.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-type Activities	2012 Business-type Activities
Non-depreciable assets	\$ 14,015,714	\$ 14,343,046	\$ 1,236,288	\$ 2,881,629
Depreciable assets	43,036,763	37,766,049	68,834,379	64,588,756
Less: Accumulated depreciation	(12,816,761)	(10,635,444)	(23,879,946)	(21,603,281)
Total capital assets, net	<u>\$ 44,235,716</u>	<u>\$ 41,473,651</u>	<u>\$ 46,190,721</u>	<u>\$ 45,867,104</u>

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

**Debt Administration.** At year end, the City had \$44.7 million in long-term debt outstanding, and \$2.0 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, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
General obligation and GADA bonds	\$ 27,999,013	\$ 13,121,296
Capital leases		7,252
WIFA loans	16,716,896	14,220,261
<b>Total</b>	<u>\$ 44,715,909</u>	<u>\$ 27,348,809</u>

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 \$5.8 million in the 6% capacity and \$19.2 million in the 20% capacity. The City has \$5.8 million of general obligation debt applicable to the 6% limit and \$22.2 million of debt applicable to the 20% limit.

Additional information on the City's long-term debt can be found in Notes 7 through 9.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2013**

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

The adopted combined operating and capital expenditure budget for fiscal year 2013-14 totals \$112.8 million, a decrease of \$1.6 million or 1% less than fiscal year 2012-13.

**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 POSITION**  
**JUNE 30, 2013**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 34,020,519	\$ 9,178,659	\$ 43,199,178
Accounts receivable	208,793	1,377,750	1,586,543
Property taxes receivable	189,213		189,213
Due from governmental entities	1,059,970	86,463	1,146,433
Internal balances	2,725,000	(2,725,000)	
Prepaid items	2,585		2,585
<b>Total current assets</b>	<b>38,206,080</b>	<b>7,917,872</b>	<b>46,123,952</b>
Noncurrent assets:			
Deferred charges	702,960	140,643	843,603
Capital assets, non-depreciable	14,015,714	1,236,288	15,252,002
Capital assets, depreciable (net)	30,220,002	44,954,433	75,174,435
<b>Total noncurrent assets</b>	<b>44,938,676</b>	<b>46,331,364</b>	<b>91,270,040</b>
<b>Total assets</b>	<b>83,144,756</b>	<b>54,249,236</b>	<b>137,393,992</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,590,331	720,652	2,310,983
Accrued payroll and employee benefits	203,896	36,212	240,108
Accrued interest		226,491	226,491
Due to governmental entities	278,639		278,639
Compensated absences payable	188,544	17,888	206,432
Customer deposits	35,388	1,533,021	1,568,409
Loans payable		1,054,640	1,054,640
General obligation bonds payable	970,000		970,000
<b>Total current liabilities</b>	<b>3,266,798</b>	<b>3,588,904</b>	<b>6,855,702</b>
Noncurrent liabilities:			
Compensated absences payable	382,802	36,316	419,118
Loans payable		15,662,256	15,662,256
General obligation bonds payable	27,029,013		27,029,013
<b>Total noncurrent liabilities</b>	<b>27,411,815</b>	<b>15,698,572</b>	<b>43,110,387</b>
<b>Total liabilities</b>	<b>30,678,613</b>	<b>19,287,476</b>	<b>49,966,089</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	28,939,841	29,473,825	58,413,666
Restricted for:			
Debt service	740,332		740,332
Capital projects	2,969,345		2,969,345
Streets projects	8,000,608		8,000,608
Court and police programs	4,159,838		4,159,838
Unrestricted	7,656,179	5,487,935	13,144,114
<b>Total net position</b>	<b>\$ 52,466,143</b>	<b>\$ 34,961,760</b>	<b>\$ 87,427,903</b>

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, 2013**

<b>Functions/Programs</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 5,740,420	\$ 3,670,957	\$	\$	\$ (2,069,463)
Public safety	10,474,809	634,969	425,588		(9,414,252)
Highways and streets	2,224,551	10,299	1,296,766	1,328,998	411,512
Culture and recreation	1,463,716	74,194			(1,389,522)
Health and welfare	396,127				(396,127)
Interest on long-term debt	1,118,359				(1,118,359)
Total governmental activities	<u>21,417,982</u>	<u>4,390,419</u>	<u>1,722,354</u>	<u>1,328,998</u>	<u>(13,976,211)</u>
Business-type activities:					
Water	5,369,790	8,003,552			
Sewer	2,305,425	3,203,962			
Solid waste	945,224	1,409,148			
Total business-type activities	<u>8,620,439</u>	<u>12,616,662</u>			
<b>Total primary government</b>	<u>\$ 30,038,421</u>	<u>\$ 17,007,081</u>	<u>\$ 1,722,354</u>	<u>\$ 1,328,998</u>	<u>(13,976,211)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	1,781,303
Property taxes, levied for debt purposes	1,957,553
City sales taxes	6,051,967
Franchise taxes	687,341
Unrestricted state shared revenues	6,914,460
Investment income	41,983

**Transfers**

<b>Total general revenues and transfers</b>	<u>19,132,516</u>
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**Changes in net position**

5,156,305

**Net position, beginning of year**

47,309,838

**Net position, end of year**

\$ 52,466,143

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

Net (Expense) Revenue and  
Changes in Net Position

Business-type Activities	Totals
\$	\$ (2,069,463) (9,414,252) 411,512 (1,389,522) (396,127) (1,118,359) <hr style="border: 0.5px solid black;"/> (13,976,211)
2,633,762	2,633,762
898,537	898,537
463,924	463,924
<u>3,996,223</u>	<u>3,996,223</u>
<u>3,996,223</u>	<u>(9,979,988)</u>
6,397	48,380
(1,697,909)	1,781,303
<u>(1,691,512)</u>	<u>1,957,553</u>
2,304,711	<u>6,051,967</u>
32,657,049	687,341
<u>\$ 34,961,760</u>	<u>6,914,460</u>
<u>\$ 34,961,760</u>	<u>48,380</u>
<u>\$ 34,961,760</u>	<u>17,441,004</u>
<u>\$ 34,961,760</u>	<u>2,304,711</u>
<u>\$ 34,961,760</u>	<u>7,461,016</u>
<u>\$ 34,961,760</u>	<u>32,657,049</u>
<u>\$ 34,961,760</u>	<u>79,966,887</u>
<u>\$ 34,961,760</u>	<u>\$ 87,427,903</u>

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**FUND FINANCIAL STATEMENTS**

**CITY OF EL MIRAGE, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<u>General</u>	<u>Court Photo Enforcement</u>	<u>Streets</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 13,975,478	\$ 2,553,014	\$ 6,699,392
Accounts receivable	208,793		
Property taxes receivable	92,552		
Due from governmental entities	756,330		
Due from other funds	2,725,000		
Prepaid items	2,585		
<b>Total assets</b>	<u><u>\$ 17,760,738</u></u>	<u><u>\$ 2,553,014</u></u>	<u><u>\$ 6,699,392</u></u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 411,940	\$ 87,982	\$ 47,232
Accrued payroll and employee benefits	188,623	3,314	
Due to governmental entities	278,639		
Deferred revenue	44,408		
Customer deposits			
<b>Total liabilities</b>	<u><u>923,610</u></u>	<u><u>91,296</u></u>	<u><u>47,232</u></u>
Fund balances:			
Nonspendable	2,585		
Restricted			6,652,160
Committed	80,500	2,461,718	
Unassigned	16,754,043		
<b>Total fund balances</b>	<u><u>16,837,128</u></u>	<u><u>2,461,718</u></u>	<u><u>6,652,160</u></u>
 <b>Total liabilities and fund balances</b>	 <u><u>\$ 17,760,738</u></u>	 <u><u>\$ 2,553,014</u></u>	 <u><u>\$ 6,699,392</u></u>

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

<u>Police Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,825,099	\$ 5,967,536	\$ 34,020,519
		208,793
	96,661	189,213
	303,640	1,059,970
		2,725,000
		2,585
<u>\$ 4,825,099</u>	<u>\$ 6,367,837</u>	<u>\$ 38,206,080</u>
\$ 874,244	\$ 168,933	\$ 1,590,331
	11,959	203,896
		278,639
	45,328	89,736
	35,388	35,388
<u>874,244</u>	<u>261,608</u>	<u>2,197,990</u>
3,950,855	5,221,780	2,585
	884,449	15,824,795
		3,426,667
		16,754,043
<u>3,950,855</u>	<u>6,106,229</u>	<u>36,008,090</u>
<u>\$ 4,825,099</u>	<u>\$ 6,367,837</u>	<u>\$ 38,206,080</u>

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

<b>Total governmental fund balances</b>		<b>\$ 36,008,090</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Governmental capital assets	\$ 57,052,477	
Less accumulated depreciation	12,816,761	44,235,716
Some property tax revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.		89,736
Deferred items related to the issuance of debt are amortized over the life of the associated debt in the government-wide statements.		702,960
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated absences	(571,346)	
Bonds payable	(27,999,013)	(28,570,359)
<b>Net position of governmental activities</b>		<b><u><u>\$ 52,466,143</u></u></b>

**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, 2013**

	<u>General</u>	<u>Court Photo Enforcement</u>	<u>Streets</u>
<b>Revenues:</b>			
Property taxes	\$ 1,800,323	\$	\$
City sales taxes	6,051,967		
Franchise taxes	687,341		
Licenses and permits	369,465		
Intergovernmental	7,093,143		
Charges for services	224,086		
Fines and forfeits	375,659	2,693,819	
Investment income	26,780		5,419
Rents	49,029		
Contributions and donations	3,300		
Miscellaneous	83,141		48,168
<b>Total revenues</b>	<u>16,764,234</u>	<u>2,693,819</u>	<u>53,587</u>
<b>Expenditures:</b>			
Current -			
General government	4,010,471	1,221,745	
Public safety	9,710,613		
Highways and streets			
Culture and recreation	1,158,665		
Capital outlay	483,643		482,014
Debt service -			
Principal retirement	7,252		
Interest and fiscal charges	95		
Bond issuance costs			136,820
<b>Total expenditures</b>	<u>15,370,739</u>	<u>1,221,745</u>	<u>618,834</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,393,495</u>	<u>1,472,074</u>	<u>(565,247)</u>
<b>Other financing sources (uses):</b>			
Transfers in	2,275,000		76,000
Transfers out	(583,000)		
Issuance of bonds			6,400,000
Premium on sale of bonds			
Payment to refunded bond escrow agent			
<b>Total other financing sources (uses):</b>	<u>1,692,000</u>	<u></u>	<u>6,476,000</u>
<b>Changes in fund balances</b>	<u>3,085,495</u>	<u>1,472,074</u>	<u>5,910,753</u>
<b>Fund balances (deficits), beginning of year</b>	13,751,633	989,644	741,407
<b>Fund balances (deficits), end of year</b>	<u>\$ 16,837,128</u>	<u>\$ 2,461,718</u>	<u>\$ 6,652,160</u>

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

<u>Police Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 1,956,557	\$ 3,756,880
		6,051,967
		687,341
		369,465
	2,919,198	10,012,341
		224,086
	571,848	3,641,326
5,016	4,768	41,983
		49,029
	1,500	4,800
	10,495	141,804
<u>5,016</u>	<u>5,464,366</u>	<u>24,981,022</u>
	229,715	5,461,931
	339,979	10,050,592
	1,121,260	1,121,260
		1,158,665
2,109,214	2,525,741	5,600,612
	925,000	932,252
	1,117,844	1,117,939
127,275	116,610	380,705
<u>2,236,489</u>	<u>6,376,149</u>	<u>25,823,956</u>
<u>(2,231,473)</u>	<u>(911,783)</u>	<u>(842,934)</u>
184,000	401,500	2,936,500
	(290,000)	(873,000)
6,000,000	5,805,000	18,205,000
	864,326	864,326
	(3,363,986)	(3,363,986)
<u>6,184,000</u>	<u>3,416,840</u>	<u>17,768,840</u>
<u>3,952,527</u>	<u>2,505,057</u>	<u>16,925,906</u>
(1,672)	3,601,172	19,082,184
<u>\$ 3,950,855</u>	<u>\$ 6,106,229</u>	<u>\$ 36,008,090</u>

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**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, 2013**

**Net changes in fund balances - total governmental funds** **\$ 16,925,906**

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	\$ 4,943,382	
Less current year depreciation	<u>(2,181,317)</u>	2,762,065

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

Property taxes	(18,024)	
Intergovernmental	<u>(86,620)</u>	(104,644)

Issuance of long-term debt and applicable premium, discount and bond issuance costs provide or use current financial resources in governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position. Bond premium, bond discount and bond issuance costs are deferred and amortized in the Statement of Activities.

Issuance of bonds	(18,205,000)	
Premium on sale of bonds	(864,326)	
Payment to refunded bond escrow agent	3,363,986	
Bond issuance costs	<u>380,705</u>	(15,324,635)

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 Position.

Capital lease principal	7,252	
Bond principal	<u>925,000</u>	932,252

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.

Amortization of bond items	(420)	
Compensated absences	<u>(34,219)</u>	<u>(34,639)</u>

**Change in net position in governmental activities** **\$ 5,156,305**

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

**CITY OF EL MIRAGE, ARIZONA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013**

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 6,122,983	\$ 2,633,779	\$ 421,897
Accounts receivable	924,427	317,177	136,146
Due from governmental entities	86,463		
Total current assets	<u>7,133,873</u>	<u>2,950,956</u>	<u>558,043</u>
Noncurrent assets:			
Deferred charges	140,643		
Capital assets, non-depreciable	287,140	949,148	
Capital assets, depreciable (net)	23,932,082	21,022,351	
Total noncurrent assets	<u>24,359,865</u>	<u>21,971,499</u>	
<b>Total assets</b>	<u>31,493,738</u>	<u>24,922,455</u>	<u>558,043</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	343,398	257,337	119,917
Accrued payroll and employee benefits	25,836	10,376	
Accrued interest	199,579	26,912	
Due to other funds	2,125,000		600,000
Compensated absences payable	12,805	5,083	
Customer deposits	1,533,021		
Loans payable	903,312	151,328	
Total current liabilities	<u>5,142,951</u>	<u>451,036</u>	<u>719,917</u>
Noncurrent liabilities:			
Compensated absences payable	25,997	10,319	
Loans payable	13,703,396	1,958,860	
Total noncurrent liabilities	<u>13,729,393</u>	<u>1,969,179</u>	
<b>Total liabilities</b>	<u>18,872,344</u>	<u>2,420,215</u>	<u>719,917</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	9,612,514	19,861,311	
Unrestricted	3,008,880	2,640,929	(161,874)
<b>Total net position</b>	<u>\$ 12,621,394</u>	<u>\$ 22,502,240</u>	<u>\$ (161,874)</u>

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

Enterprise Funds

Totals

\$ 9,178,659  
1,377,750  
86,463  
10,642,872

140,643  
1,236,288  
44,954,433  
46,331,364  
56,974,236

720,652  
36,212  
226,491  
2,725,000  
17,888  
1,533,021  
1,054,640  
6,313,904

36,316  
15,662,256  
15,698,572  
22,012,476

29,473,825  
5,487,935  
\$ 34,961,760

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

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
<b>Operating revenues:</b>			
Charges for services	\$ 7,981,483	\$ 3,203,962	\$ 1,409,148
<b>Total operating revenues</b>	<u>7,981,483</u>	<u>3,203,962</u>	<u>1,409,148</u>
<b>Operating expenses:</b>			
Cost of sales and services	3,540,133	1,407,834	945,224
Depreciation	1,433,428	843,237	
<b>Total operating expenses</b>	<u>4,973,561</u>	<u>2,251,071</u>	<u>945,224</u>
<b>Operating income (loss)</b>	<u>3,007,922</u>	<u>952,891</u>	<u>463,924</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	6,194	203	
Miscellaneous	22,069		
Interest expense	(396,229)	(54,354)	
<b>Total nonoperating revenues (expenses)</b>	<u>(367,966)</u>	<u>(54,151)</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>2,639,956</u>	<u>898,740</u>	<u>463,924</u>
<b>Transfers in</b>	211,500		
<b>Transfers out</b>	(1,236,500)	(713,500)	(325,000)
<b>Capital contributions</b>	<u>365,591</u>		
<b>Changes in net position</b>	<u>1,980,547</u>	<u>185,240</u>	<u>138,924</u>
<b>Total net position, beginning of year</b>	10,640,847	22,317,000	(300,798)
<b>Total net position, end of year</b>	<u>\$ 12,621,394</u>	<u>\$ 22,502,240</u>	<u>\$ (161,874)</u>

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

Enterprise Funds

Totals

\$ 12,594,593  
12,594,593

5,893,191  
2,276,665  
8,169,856

4,424,737

6,397  
22,069  
(450,583)  
(422,117)

4,002,620

211,500  
(2,275,000)  
365,591

2,304,711

32,657,049

\$ 34,961,760

**CITY OF EL MIRAGE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Non-Major Enterprise</b>
<b><u>Increase (Decrease) In Cash and Cash Equivalents</u></b>			
Cash flows from operating activities:			
Cash received from customers	\$ 8,071,063	\$ 3,176,003	\$ 1,397,672
Cash payments to suppliers for goods and services	(1,905,781)	(704,591)	(896,160)
Cash payments to employees for services	(1,588,920)	(674,604)	
<b>Net cash provided by (used for) operating activities</b>	<b>4,576,362</b>	<b>1,796,808</b>	<b>501,512</b>
Cash flows from noncapital and related financing activities:			
Interfund borrowing	(32,000)		
Interfund transfers	(1,025,000)	(713,500)	(325,000)
<b>Net cash used for noncapital financing activities</b>	<b>(1,057,000)</b>	<b>(713,500)</b>	<b>(325,000)</b>
Cash flows from capital and related financing activities:			
Proceeds from loans	3,211,651	310,183	
Miscellaneous	22,069		
Principal paid on loans	(878,039)	(147,160)	
Interest paid on loans	(357,210)	(55,300)	
Acquisition and construction of capital assets	(1,635,834)	(598,857)	
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>362,637</b>	<b>(491,134)</b>	
Cash flows from investing activities:			
Interest on investments	6,194	203	
<b>Net cash provided by investing activities</b>	<b>6,194</b>	<b>203</b>	
<b>Net increase in cash and cash equivalents</b>	<b>3,888,193</b>	<b>592,377</b>	<b>176,512</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,234,790</b>	<b>2,041,402</b>	<b>245,385</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,122,983</b>	<b>\$ 2,633,779</b>	<b>\$ 421,897</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</u></b>			
<b>Operating income (loss)</b>	<b>\$ 3,007,922</b>	<b>\$ 952,891</b>	<b>\$ 463,924</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,433,428	843,237	
Changes in assets and liabilities:			
(Increase) in accounts receivable	(128,895)	(27,959)	(11,476)
Increase (decrease) in accounts payable	42,279	32,394	49,064
(Decrease) in accrued payroll and employee benefits	(1,966)	(789)	
Increase (decrease) in compensated absences payable	5,119	(2,966)	
Increase in deposits held for others	218,475		
<b>Total adjustments</b>	<b>1,568,440</b>	<b>843,917</b>	<b>37,588</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 4,576,362</b>	<b>\$ 1,796,808</b>	<b>\$ 501,512</b>
<b><u>Non-cash capital and financing activities</u></b>			
Contribution of assets from governmental funds	\$ 365,591	\$	\$

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

**Enterprise Funds**

**Totals**

\$ 12,644,738  
(3,506,532)  
(2,263,524)  
6,874,682

(32,000)  
(2,063,500)

(2,095,500)

3,521,834  
22,069  
(1,025,199)  
(412,510)  
(2,234,691)

(128,497)

6,397  
6,397

4,657,082

4,521,577

\$ 9,178,659

\$ 4,424,737

2,276,665

(168,330)  
123,737  
(2,755)

2,153

218,475

2,449,945

\$ 6,874,682

\$ 365,591

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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.

During the year ended June 30, 2013, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

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

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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, 2013**

**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.

Court Photo Enforcement Fund – This fund accounts for the operations of the City's photo enforcement.

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

Police Impact Fees Fund – This fund accounts for police impact fees and construction projects.

The City reports the following major proprietary funds.

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

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

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**F. Receivables and Payables**

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

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

**G. Property Tax Calendar**

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

Property taxes are levied by the City and collected by the County Treasurer. Real property taxes are levied on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The billings are considered past due after these dates, at which time the applicable property is subject to penalties and interest.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

**H. 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 as expenditures when purchased in the fund financial statements and are offset by a reserve of fund balance.

**CITY OF EL MIRAGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**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.

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.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**K. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Debt premiums and discounts, as well as 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.

**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. Net Position Flow Assumption**

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

**N. Estimates**

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

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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).

***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. The City Manager is delegated authority to establish intended uses by Council action under City ordinance, Chapter 31.

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

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

**CITY OF EL MIRAGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)**

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

	General Fund	Court Photo Enforcement Fund	Streets Fund	Police Impact Fees Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 2,585	\$	\$	\$	\$
Restricted:					
Debt service					695,004
Streets projects			6,652,160		1,348,448
Capital projects					2,969,345
Court and police programs				3,950,855	208,983
Committed					
Court and police programs		2,461,718			884,449
Other purposes	80,500				
Unassigned	16,754,043				
Total fund balances	<u>\$ 16,837,128</u>	<u>\$ 2,461,718</u>	<u>\$ 6,652,160</u>	<u>\$ 3,950,855</u>	<u>\$ 6,106,229</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balances** – At year end, the Solid Waste Fund, a non-major proprietary fund, reported a deficit in fund balance of \$161,874.

The deficit arose because of operations during the year and prior years. Additional revenues received in fiscal year 2013-14 are expected to eliminate the deficit.

**NOTE 4 – CASH AND INVESTMENTS**

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

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 4 – CASH AND INVESTMENTS (Concl'd)**

*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 \$5,870,260 and the bank balance was \$5,856,626. The bank balance was covered entirely by FDIC coverage and collateral held by the pledging financial institution in the City's name.

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	25 days	\$ 23,027,156
State Treasurer's investment pool 7	15 days	14,301,762
Total		\$ 37,328,918

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

*Credit Risk.* The City has no investment policy that would further limit its investment choices. As of year end, the City's investment in the State's investment pool 5 received a credit quality rating of AAAF/S1+ from Standard & Poor's and the State's investment pool 7 had a weighted average rating of AA+ at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

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

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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.

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Water</u>
Due from other governmental entities:			
Due from Federal government	\$	\$ 45,495	\$
Due from State government	734,059	258,145	86,463
Due from County government	4,000		
Due from other governments	18,271		
Net due from governmental entities	<u>\$ 756,330</u>	<u>\$ 303,640</u>	<u>\$ 86,463</u>

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.

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 44,408
Delinquent property taxes receivable (Non-Major Governmental Funds)	<u>45,328</u>
Total deferred revenue for governmental funds	<u>\$ 89,736</u>

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS**

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

<b>Governmental Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,691,931	\$	\$	\$ 8,691,931
Construction in progress	5,651,115	4,673,955	5,001,287	5,323,783
Total capital assets, not being depreciated	<u>14,343,046</u>	<u>4,673,955</u>	<u>5,001,287</u>	<u>14,015,714</u>
Capital assets, being depreciated:				
Land improvements	857,189	36,374		893,563
Buildings and improvements	3,670,458	4,149,940		7,820,398
Infrastructure	26,215,459	436,164		26,651,623
Machinery, equipment and vehicles	7,022,943	648,236		7,671,179
Total capital assets being depreciated	<u>37,766,049</u>	<u>5,270,714</u>		<u>43,036,763</u>
Less accumulated depreciation for:				
Land improvements	(337,211)	(50,558)		(387,769)
Buildings and improvements	(1,398,342)	(173,462)		(1,571,804)
Infrastructure	(5,037,367)	(1,437,218)		(6,474,585)
Machinery, equipment and vehicles	(3,862,524)	(520,079)		(4,382,603)
Total accumulated depreciation	<u>(10,635,444)</u>	<u>(2,181,317)</u>		<u>(12,816,761)</u>
Total capital assets, being depreciated, net	<u>27,130,605</u>	<u>3,089,397</u>		<u>30,220,002</u>
Governmental activities capital assets, net	<u>\$ 41,473,651</u>	<u>\$ 7,763,352</u>	<u>\$ 5,001,287</u>	<u>\$ 44,235,716</u>

Governmental activities:

General government	\$ 252,908
Public safety	370,992
Highways and streets	859,096
Culture and recreation	302,194
Health and welfare	396,127
Total depreciation expense	<u>\$ 2,181,317</u>

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 6 – CAPITAL ASSETS (Concl'd)**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 921,620	\$	\$	\$ 921,620
Construction in progress	1,960,009	1,946,877	3,592,218	314,668
Total	<u>2,881,629</u>	<u>1,946,877</u>	<u>3,592,218</u>	<u>1,236,288</u>
Capital assets, being depreciated:				
Sewer plant	20,455,101			20,455,101
Water mains and lines	28,390,211	3,691,228		32,081,439
Sewer collection system	8,431,443	109,566		8,541,009
Land improvements	4,927,899	320,882		5,248,781
Buildings and improvements	581,097			581,097
Machinery, equipment and vehicles	1,791,249	123,947		1,915,196
Infrastructure	11,756			11,756
Total capital assets being depreciated	<u>64,588,756</u>	<u>4,245,623</u>		<u>68,834,379</u>
Less accumulated depreciation for:				
Sewer plant	(3,716,767)	(465,302)		(4,182,069)
Water mains and lines	(9,083,952)	(1,216,866)		(10,300,818)
Sewer collection system	(4,147,927)	(336,538)		(4,484,465)
Land improvements	(3,755,046)	(63,294)		(3,818,340)
Buildings and improvements	(135,071)	(42,147)		(177,218)
Machinery, equipment and vehicles	(758,360)	(151,342)		(909,702)
Infrastructure	(6,158)	(1,176)		(7,334)
Total accumulated depreciation	<u>(21,603,281)</u>	<u>(2,276,665)</u>		<u>(23,879,946)</u>
Total capital assets, being depreciated, net	<u>42,985,475</u>	<u>1,968,958</u>		<u>44,954,433</u>
Business-type activities capital assets, net	<u>\$ 45,867,104</u>	<u>\$ 3,915,835</u>	<u>\$ 3,592,218</u>	<u>\$46,190,721</u>

Business-type activities:

Water	\$ 1,433,428
Sewer	843,237
Total depreciation expense – business-type activities	<u>\$ 2,276,665</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, a recreation facility with pool, and a police station. At year end, the City had spent \$5.6 million on the projects and had estimated remaining contractual commitments of \$39.5 million. The water, wastewater, and fire station projects are being funded with bond proceeds.

**Asset Transfers** – Improvements totaling \$365,591 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, 2013**

**NOTE 7 – GENERAL OBLIGATION BONDS PAYABLE**

The City has entered into Greater Arizona Development Authority (GADA) bond agreements and issued other general obligation and refunding bonds to refund prior year issuances and to finance various public safety, streets, and park projects. The total outstanding principal does not include deferred bond premiums totaling \$909,013.

	Original Amount Issued	Interest Rate	Remaining Maturities	Outstanding Principal June 30, 2013
<u>Governmental activities:</u>				
GADA Bond, Series 2007 B	\$ 1,145,000	4.00-5.00%	7/1/13-27	\$ 900,000
GADA Bond, Series 2009 B	9,600,000	3.25-5.00%	7/1/13-29	8,280,000
G.O. Bonds 2012A	14,900,000	2.00-5.00%	7/1/13-42	14,630,000
Refunding Bonds 2012B	3,305,000	2.00-4.00%	7/1/13-24	3,280,000
Total				<u>\$ 27,090,000</u>

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

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 970,000	\$ 1,136,383
2015	1,005,000	1,104,932
2016	1,035,000	1,070,433
2017	1,075,000	1,034,883
2018	1,110,000	996,895
2019-23	6,200,000	4,326,315
2024-28	5,930,000	3,080,267
2029-33	3,315,000	1,968,250
2034-38	3,230,000	1,305,000
2039-43	3,220,000	412,500
Total	<u>\$ 27,090,000</u>	<u>\$ 16,435,858</u>

During the year ended June 30, 2013, the City issued \$3,305,000 in refunding bonds, with an effective interest rate of 2.73 percent, to advance refund \$3,225,000 of outstanding Greater Arizona Development Authority (GADA) bonds, with an average interest rate of 3.19 percent. The net proceeds of \$3,427,693, which includes \$122,693 of bond premium, (after payment of \$62,519 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded GADA bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$138,986. This amount is reported as deferred charges and amortized over the new debt's life. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$264,598 and resulted in an economic gain of \$217,776.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 8 – 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 and sewer 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, 2013
<u>Business-type activities:</u>				
WIFA Loan, DW 050-2005	\$ 16,550,000	2.93%	7/1/13-25	\$ 10,882,636
WIFA Loan, CW 030-2005	1,108,911	2.96%	7/1/13-25	791,802
WIFA Loan, CW 2008	1,900,000	2.75%	7/1/13-27	1,013,712
WIFA Loan, DW 2008	4,040,000	2.75%	7/1/13-27	3,495,942
WIFA Loan, ARRA 91A121-10	648,000	2.87%	7/1/13-29	304,670
WIFA Loan, ARRA 91A152-10	140,000	2.68%	7/1/13-29	75,352
WIFA Loan, ARRA 91A153-10	498,000	1.50%	7/1/13-29	152,782
Total				<u>\$ 16,716,896</u>

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
2014	\$ 1,054,640	\$ 451,271
2015	1,084,928	429,516
2016	1,116,088	382,558
2017	1,148,146	369,665
2018	1,181,125	336,217
2019-23	6,324,306	1,142,178
2024-28	4,742,607	254,767
2029-30	65,056	2,215
Total	<u>\$ 16,716,896</u>	<u>\$ 3,368,387</u>

**Pledged revenues – business-type activities.** The City has pledged future water and sewer revenues to repay the outstanding WIFA loans of \$16.7 million as of year end. Proceeds from the original loan issuances provided financing for improvements to the City’s water and sewer 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 \$20.1 million. The current total customer gross revenues were \$11.2 million and the total principal and interest paid on the loans was \$1.4 million, or 13% of gross revenues.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 9 – CHANGES IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 13,035,000	\$ 18,205,000	\$ 4,150,000	\$ 27,090,000	\$ 970,000
Deferred bond premium	86,296	864,326	41,609	909,013	
Net bonds payable	<u>13,121,296</u>	<u>19,069,326</u>	<u>4,191,609</u>	<u>27,999,013</u>	<u>970,000</u>
Compensated absences	537,127	744,344	710,125	571,346	188,544
Obligations under capital leases	7,252		7,252		
Governmental activity long-term liabilities	<u>\$ 13,665,675</u>	<u>\$ 19,813,670</u>	<u>\$ 4,908,986</u>	<u>\$ 28,570,359</u>	<u>\$ 1,158,544</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 52,051	\$ 65,709	\$ 63,556	\$ 54,204	\$ 17,888
Loans payable	<u>14,220,261</u>	<u>3,521,834</u>	<u>1,025,199</u>	<u>16,716,896</u>	<u>1,054,640</u>
Business-type activities long-term liabilities	<u>\$ 14,272,312</u>	<u>\$ 3,587,543</u>	<u>\$ 1,088,755</u>	<u>\$ 16,771,100</u>	<u>\$ 1,072,528</u>

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end, interfund balances were as follows.

**Due to/from other funds:**

<u>Due from</u>	<u>Due to General Fund</u>
Water Fund	\$ 2,125,000
Non-Major Enterprise Funds	600,000
Total	<u>\$ 2,725,000</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 for the Solid Waste Fund and by 2015 for the Water Fund.

**CITY OF EL MIRAGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)**

**Interfund transfers:**

	Transfers in					Total
	General Fund	Streets Fund	Police Impact Fees Fund	Non-Major Governmental Funds	Water Fund	
Transfers out						
General Fund	\$	\$	\$	\$ 371,500	\$ 211,500	\$ 583,000
Non-Major Governmental Funds		76,000	184,000	30,000		290,000
Water Fund	1,236,500					1,236,500
Sewer Fund	713,500					713,500
Non-Major Enterprise Funds	325,000					325,000
Total	<u>\$ 2,275,000</u>	<u>\$ 76,000</u>	<u>\$ 184,000</u>	<u>\$ 401,500</u>	<u>\$ 211,500</u>	<u>\$ 3,148,000</u>

Transfers between funds were primarily used (1) to move funds to the General Fund to support operations, and (2) to move \$371,500 from the General Fund to match grants and for capital projects.

**NOTE 11 – CONTINGENT LIABILITIES**

**Lawsuits** – The City is a defendant in a number of lawsuits as of June 30, 2013. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2013, would not be material to the financial position of the City.

**NOTE 12 – 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.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13 – 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 seven-member Board of Trustees and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

**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 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement and 0.65 percent for health insurance premiums, and 0.24 percent for long-term disability) of the members' annual covered payroll.

**CITY OF EL MIRAGE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)**

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

Years ended June 30,	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2013	\$ 575,244	\$ 36,479	\$ 13,469
2012	507,038	32,364	12,329
2011	541,444	35,427	13,580

*Agent plan* – For the current fiscal year, active PSPRS members were required by statute to contribute 9.55 percent of the members’ annual covered payroll, and the City was required to contribute at the actuarially determined rates of 19.32 percent and 12.51 percent for police and fire, respectively. Additional information related to both the police and fire PSPRS agent plans follows.

**Actuarial methods and assumptions** – The contribution requirements for the current fiscal year were established by the June 30, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.00% - 8.00%
Includes inflation at	5.00%
Amortization method	Level percent-of-pay closed
Remaining amortization	25 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market 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.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)**

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

	<b>Police</b>		<b>Fire</b>	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$ 538,786	\$ 25,101	\$ 213,904	\$ 10,399
Contributions made	538,786	25,101	213,904	10,399

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

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

**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><b>Pension</b></i>			
2013	\$538,786	100%	-0-
2012	482,597	100%	-0-
2011	415,225	100%	-0-
<i><b>Health Insurance</b></i>			
2013	\$ 25,101	100%	-0-
2012	25,208	100%	-0-
2011	21,574	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><b>Pension</b></i>			
2013	\$213,904	100%	-0-
2012	179,661	100%	-0-
2011	169,735	100%	-0-
<i><b>Health Insurance</b></i>			
2013	\$ 10,399	100%	-0-
2012	9,504	100%	-0-
2011	7,636	100%	-0-

**CITY OF EL MIRAGE, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 13 – 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]
<b>Police:</b>						
<b>Pension</b>						
2013	\$6,969,107	\$10,769,681	\$3,800,574	64.7%	\$2,726,506	139.4%
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%
<b>Health Insurance</b>						
2013	-0-	\$ 256,469	\$ 256,469	0.0%	\$2,726,506	9.4%
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%
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]
<b>Fire:</b>						
<b>Pension</b>						
2013	\$3,805,486	\$3,977,921	\$172,435	95.7%	\$1,622,055	10.6%
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%
<b>Health Insurance</b>						
2013	-0-	\$ 80,685	\$ 80,685	0.0%	\$1,622,055	5.0%
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%

**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, 2013**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 1,755,500	\$ 1,755,500	\$ 1,800,323	\$ 44,823
City sales taxes	5,480,000	5,480,000	6,051,967	571,967
Franchise taxes	690,000	690,000	687,341	(2,659)
Licenses and permits	150,000	150,000	369,465	219,465
Intergovernmental	7,070,000	7,070,000	7,093,143	23,143
Charges for services	130,000	130,000	224,086	94,086
Fines and forfeits	30,000	30,000	19,174	(10,826)
Investment income	20,000	20,000	26,780	6,780
Rents	40,000	40,000	49,029	9,029
Contributions and donations			1,500	1,500
Miscellaneous	60,000	60,000	83,141	23,141
<b>Total revenues</b>	<u>15,425,500</u>	<u>15,425,500</u>	<u>16,405,949</u>	<u>980,449</u>
<b>Expenditures:</b>				
Current -				
General government	4,166,300	4,166,300	3,434,914	731,386
Public safety	10,286,525	10,286,525	9,709,885	576,640
Culture and recreation	1,310,000	1,322,000	1,158,665	163,335
Capital outlay	375,475	375,475	483,643	(108,168)
Contingency	751,350	701,850		701,850
Debt service -				
Principal retirement			7,252	(7,252)
Interest and fiscal charges			95	(95)
<b>Total expenditures</b>	<u>16,889,650</u>	<u>16,852,150</u>	<u>14,794,454</u>	<u>2,057,696</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,464,150)</u>	<u>(1,426,650)</u>	<u>1,611,495</u>	<u>3,038,145</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,275,000	2,275,000	2,275,000	
Transfers out	(810,850)	(810,850)	(810,850)	
<b>Total other financing sources (uses):</b>	<u>1,464,150</u>	<u>1,464,150</u>	<u>1,464,150</u>	
<b>Changes in fund balances</b>		<u>37,500</u>	<u>3,075,645</u>	<u>3,038,145</u>
<b>Fund balances, beginning of year</b>	8,068,500	8,069,000	13,742,634	5,673,634
<b>Fund balances, end of year</b>	<u>\$ 8,068,500</u>	<u>\$ 8,106,500</u>	<u>\$ 16,818,279</u>	<u>\$ 8,711,779</u>

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
COURT PHOTO ENFORCEMENT  
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>			
Fines and forfeits	\$ 2,000,000	\$ 2,693,819	\$ 693,819
<b>Total revenues</b>	<u>2,000,000</u>	<u>2,693,819</u>	<u>693,819</u>
<b>Expenditures:</b>			
Current -			
General government	2,100,000	1,221,745	878,255
<b>Total expenditures</b>	<u>2,100,000</u>	<u>1,221,745</u>	<u>878,255</u>
<b>Changes in fund balances</b>	<u>(100,000)</u>	<u>1,472,074</u>	<u>1,572,074</u>
<b>Fund balances, beginning of year</b>	100,000	989,644	889,644
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 2,461,718</u>	<u>\$ 2,461,718</u>

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The adopted budget of the City is prepared on a basis 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, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Fund Balance, June 30, 2013</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 15,370,739	\$ 16,837,128
Fiscal year 2012-13 activity budgeted as special revenue funds	<u>(576,285)</u>	<u>(18,849)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 14,794,454</u>	<u>\$ 16,818,279</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, 2013**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,285,460	\$ 643,671	\$ 3,038,405
Property taxes receivable		96,661	
Due from governmental entities	<u>303,640</u>		
<b>Total assets</b>	<u><u>\$ 2,589,100</u></u>	<u><u>\$ 740,332</u></u>	<u><u>\$ 3,038,405</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 99,873	\$	\$ 69,060
Accrued payroll and employee benefits	11,959		
Deferred revenue		45,328	
Customer deposits	<u>35,388</u>		
<b>Total liabilities</b>	<u><u>147,220</u></u>	<u><u>45,328</u></u>	<u><u>69,060</u></u>
Fund balances:			
Restricted	1,557,431	695,004	2,969,345
Committed	<u>884,449</u>		
<b>Total fund balances</b>	<u><u>2,441,880</u></u>	<u><u>695,004</u></u>	<u><u>2,969,345</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,589,100</u></u>	<u><u>\$ 740,332</u></u>	<u><u>\$ 3,038,405</u></u>

Total Non-  
Major  
Governmental  
Fund

---

\$ 5,967,536  
96,661  
303,640  

---

\$ 6,367,837

\$ 168,933  
11,959  
45,328  

---

35,388  

---

261,608

5,221,780  

---

884,449  

---

6,106,229  
  
\$ 6,367,837

**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, 2013**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Property taxes	\$	\$ 1,956,557	\$
Intergovernmental	2,658,768		260,430
Fines and forfeits	571,848		
Investment income	717	659	3,392
Contributions and donations			1,500
Miscellaneous	9,799		696
<b>Total revenues</b>	<u>3,241,132</u>	<u>1,957,216</u>	<u>266,018</u>
<b>Expenditures:</b>			
Current -			
General government	229,715		
Public safety	339,979		
Highways and streets	1,121,260		
Capital outlay	1,160,346		1,365,395
Debt service -			
Principal retirement		925,000	
Interest and fiscal charges		1,117,844	
Bond issuance costs		62,519	54,091
<b>Total expenditures</b>	<u>2,851,300</u>	<u>2,105,363</u>	<u>1,419,486</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>389,832</u>	<u>(148,147)</u>	<u>(1,153,468)</u>
<b>Other financing sources (uses):</b>			
Transfers in	196,500	175,000	30,000
Transfers out		(290,000)	
Issuance of bonds		3,305,000	2,500,000
Premium on sale of bonds		864,326	
Payment to refunded bond escrow agent		(3,363,986)	
<b>Total other financing sources (uses):</b>	<u>196,500</u>	<u>690,340</u>	<u>2,530,000</u>
<b>Changes in fund balances</b>	<u>586,332</u>	<u>542,193</u>	<u>1,376,532</u>
<b>Fund balances, beginning of year</b>	1,855,548	152,811	1,592,813
<b>Fund balances, end of year</b>	<u>\$ 2,441,880</u>	<u>\$ 695,004</u>	<u>\$ 2,969,345</u>

Total Non-  
Major  
Governmental  
Funds

\$ 1,956,557  
2,919,198  
571,848  
4,768  
1,500  
10,495  
5,464,366

229,715  
339,979  
1,121,260  
2,525,741

925,000  
1,117,844  
116,610  
6,376,149

(911,783)

401,500  
(290,000)  
5,805,000  
864,326  
(3,363,986)  
3,416,840

2,505,057

3,601,172  
\$ 6,106,229

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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** – accounts for the technology and functional improvements of court operations.

**Streets (HURF)** – accounts for state shared highway use tax revenues for street improvements, maintenance, and capital additions.

**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.

**Police Towing** – accounts for charges for services to be used to enhance police department operations.

**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, 2013**

	<u>Municipal Court Enhance Fund</u>	<u>Streets (HURF)</u>	<u>Dial-A-Ride (LTAF)</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 928,982	\$ 818,128	\$ 243,665
Due from governmental entities		164,641	93,504
<b>Total assets</b>	<u>\$ 928,982</u>	<u>\$ 982,769</u>	<u>\$ 337,169</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 7,372	\$ 49,888	\$
Accrued payroll and employee benefits	1,773	6,009	
Customer deposits	35,388		
<b>Total liabilities</b>	<u>44,533</u>	<u>55,897</u>	
Fund balances:			
Restricted		926,872	337,169
Committed	884,449		
<b>Total fund balances</b>	<u>884,449</u>	<u>926,872</u>	<u>337,169</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 928,982</u>	 <u>\$ 982,769</u>	 <u>\$ 337,169</u>

<u>Police Grants</u>	<u>Police Towing</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 148,607	\$ 31,056	\$ 115,022	\$ 2,285,460
45,495			303,640
<u>\$ 194,102</u>	<u>\$ 31,056</u>	<u>\$ 115,022</u>	<u>\$ 2,589,100</u>
\$ 11,998	\$	\$ 30,615	\$ 99,873
4,177			11,959
			35,388
<u>16,175</u>	<u></u>	<u>30,615</u>	<u>147,220</u>
177,927	31,056	84,407	1,557,431
			884,449
<u>177,927</u>	<u>31,056</u>	<u>84,407</u>	<u>2,441,880</u>
<u>\$ 194,102</u>	<u>\$ 31,056</u>	<u>\$ 115,022</u>	<u>\$ 2,589,100</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, 2013**

	<u>Municipal Court Enhance Fund</u>	<u>Streets (HURF)</u>	<u>Dial-A-Ride (LTAF)</u>
<b>Revenues:</b>			
Intergovernmental	\$	\$ 1,740,973	\$ 93,504
Fines and forfeits	516,048		
Investment income	717		
Miscellaneous		9,799	
<b>Total revenues</b>	<u>516,765</u>	<u>1,750,772</u>	<u>93,504</u>
<b>Expenditures:</b>			
Current -			
General government	229,715		
Public safety			
Highways and streets		1,079,282	41,978
Capital outlay		605,506	
<b>Total expenditures</b>	<u>229,715</u>	<u>1,684,788</u>	<u>41,978</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>287,050</u>	<u>65,984</u>	<u>51,526</u>
<b>Other financing sources (uses):</b>			
Transfers in		41,000	
<b>Total other financing sources (uses):</b>		<u>41,000</u>	
<b>Changes in fund balances</b>	<u>287,050</u>	<u>106,984</u>	<u>51,526</u>
<b>Fund balances, beginning of year</b>	597,399	819,888	285,643
<b>Fund balances, end of year</b>	<u>\$ 884,449</u>	<u>\$ 926,872</u>	<u>\$ 337,169</u>

<u>Police Grants</u>	<u>Police Towing</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 322,777	\$ 55,800	\$ 501,514	\$ 2,658,768
			571,848
			717
			9,799
<u>322,777</u>	<u>55,800</u>	<u>501,514</u>	<u>3,241,132</u>
315,235	24,744		229,715
			339,979
			1,121,260
4,970		549,870	1,160,346
<u>320,205</u>	<u>24,744</u>	<u>549,870</u>	<u>2,851,300</u>
2,572	31,056	(48,356)	389,832
137,000		18,500	196,500
<u>137,000</u>		<u>18,500</u>	<u>196,500</u>
139,572	31,056	(29,856)	586,332
38,355		114,263	1,855,548
<u>\$ 177,927</u>	<u>\$ 31,056</u>	<u>\$ 84,407</u>	<u>\$ 2,441,880</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, 2013**

	Municipal Court		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Fines and forfeits	433,500	356,485	(77,015)
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>	<u>433,500</u>	<u>356,485</u>	<u>(77,015)</u>
<b>Expenditures:</b>			
Current -			
General government	661,350	575,557	85,793
Public safety			
Highways and streets			
Capital outlay			
<b>Total expenditures</b>	<u>661,350</u>	<u>575,557</u>	<u>85,793</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(227,850)</u>	<u>(219,072)</u>	<u>8,778</u>
<b>Other financing sources (uses):</b>			
Transfers in	227,850	227,850	
<b>Total other financing sources (uses):</b>	<u>227,850</u>	<u>227,850</u>	
<b>Changes in fund balances</b>		<u>8,778</u>	<u>8,778</u>
<b>Fund balances, beginning of year</b>		16	16
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 8,794</u>	<u>\$ 8,794</u>

Municipal Court Enhance Fund			Streets (HURF)		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 170,000	\$ 516,048	\$ 346,048	\$ 1,790,000	\$ 1,740,973	\$ (49,027)
1,500	717	(783)			
<u>171,500</u>	<u>516,765</u>	<u>345,265</u>	<u>1,790,000</u>	<u>1,750,772</u>	<u>(39,228)</u>
				9,799	9,799
581,500	229,715	351,785			
			1,005,000	1,079,282	(74,282)
			1,176,000	605,506	570,494
<u>581,500</u>	<u>229,715</u>	<u>351,785</u>	<u>2,181,000</u>	<u>1,684,788</u>	<u>496,212</u>
<u>(410,000)</u>	<u>287,050</u>	<u>697,050</u>	<u>(391,000)</u>	<u>65,984</u>	<u>456,984</u>
			41,000	41,000	
			41,000	41,000	
<u>(410,000)</u>	<u>287,050</u>	<u>697,050</u>	<u>(350,000)</u>	<u>106,984</u>	<u>456,984</u>
410,000	597,399	187,399	350,000	819,888	469,888
<u>\$ 884,449</u>	<u>\$ 884,449</u>	<u>\$ 884,449</u>	<u>\$ 926,872</u>	<u>\$ 926,872</u>	<u>\$ 926,872</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, 2013**

	Dial-A-Ride (LTAF)		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$	\$ 93,504	\$ 93,504
Fines and forfeits			
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>		<u>93,504</u>	<u>93,504</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Highways and streets	52,500	41,978	10,522
Capital outlay			
<b>Total expenditures</b>	<u>52,500</u>	<u>41,978</u>	<u>10,522</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(52,500)</u>	<u>51,526</u>	<u>104,026</u>
<b>Other financing sources (uses):</b>			
Transfers in			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(52,500)</u>	<u>51,526</u>	<u>104,026</u>
<b>Fund balances, beginning of year</b>	220,000	285,643	65,643
<b>Fund balances, end of year</b>	<u>\$ 167,500</u>	<u>\$ 337,169</u>	<u>\$ 169,669</u>

Police Grants			Police Towing		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 500,000	\$ 322,777	\$ (177,223)	\$ 100,000	\$ 55,800	\$ (44,200)
<u>500,000</u>	<u>322,777</u>	<u>(177,223)</u>	<u>100,000</u>	<u>55,800</u>	<u>(44,200)</u>
604,500	315,235	289,265	100,000	24,744	75,256
	4,970	(4,970)			
<u>604,500</u>	<u>320,205</u>	<u>284,295</u>	<u>100,000</u>	<u>24,744</u>	<u>75,256</u>
<u>(104,500)</u>	<u>2,572</u>	<u>107,072</u>		<u>31,056</u>	<u>31,056</u>
<u>137,000</u>	<u>137,000</u>				
<u>137,000</u>	<u>137,000</u>				
<u>32,500</u>	<u>139,572</u>	<u>107,072</u>		<u>31,056</u>	<u>31,056</u>
	38,355	38,355			
<u>\$ 32,500</u>	<u>\$ 177,927</u>	<u>\$ 145,427</u>	<u>\$</u>	<u>\$ 31,056</u>	<u>\$ 31,056</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, 2013**

	Community Development Block Grant		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 531,500	\$ 501,514	\$ (29,986)
Fines and forfeits			
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>	531,500	501,514	(29,986)
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Highways and streets			
Capital outlay	550,000	549,870	130
<b>Total expenditures</b>	550,000	549,870	130
<b>Excess (deficiency) of revenues over expenditures</b>	(18,500)	(48,356)	(29,856)
<b>Other financing sources (uses):</b>			
Transfers in	18,500	18,500	
<b>Total other financing sources (uses):</b>	18,500	18,500	
<b>Changes in fund balances</b>		(29,856)	(29,856)
<b>Fund balances, beginning of year</b>		114,263	114,263
<b>Fund balances, end of year</b>	\$	\$ 84,407	\$ 84,407

Special Projects			Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 2,821,500	\$ 2,658,768	\$ (162,732)
			703,500	928,333	224,833
			1,500	717	(783)
61,000	1,800	(59,200)	61,000	1,800	(59,200)
<u>61,000</u>	<u>1,800</u>	<u>(59,200)</u>	<u>3,587,500</u>	<u>3,599,417</u>	<u>11,917</u>
			1,242,850	805,272	437,578
69,500	728	68,772	774,000	340,707	433,293
			1,057,500	1,121,260	(63,760)
<u>69,500</u>	<u>728</u>	<u>68,772</u>	<u>1,726,000</u>	<u>1,160,346</u>	<u>565,654</u>
<u>(8,500)</u>	<u>1,072</u>	<u>9,572</u>	<u>(1,212,850)</u>	<u>171,832</u>	<u>1,384,682</u>
			424,350	424,350	
			<u>424,350</u>	<u>424,350</u>	
<u>(8,500)</u>	<u>1,072</u>	<u>9,572</u>	<u>(788,500)</u>	<u>596,182</u>	<u>1,384,682</u>
8,500	8,983	483	988,500	1,864,547	876,047
<u>\$</u>	<u>\$ 10,055</u>	<u>\$ 10,055</u>	<u>\$ 200,000</u>	<u>\$ 2,460,729</u>	<u>\$ 2,260,729</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, 2013**

	Debt Service - GADA		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Property taxes	\$ 1,960,000	\$ 1,956,557	\$ (3,443)
Investment income		659	659
<b>Total revenues</b>	<u>1,960,000</u>	<u>1,957,216</u>	<u>(2,784)</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	1,030,000	925,000	105,000
Interest and fiscal charges	1,191,000	1,117,844	73,156
Bond issuance costs	48,000	62,519	(14,519)
<b>Total expenditures</b>	<u>2,269,000</u>	<u>2,105,363</u>	<u>163,637</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(309,000)</u>	<u>(148,147)</u>	<u>160,853</u>
<b>Other financing sources (uses):</b>			
Transfers in	175,000	175,000	
Transfers out	(776,000)	(290,000)	486,000
Issuance of bonds	4,169,000	3,305,000	(864,000)
Premium on sale of bonds		864,326	864,326
Payment to refunded bond escrow agent	(3,364,000)	(3,363,986)	14
<b>Total other financing sources (uses):</b>	<u>204,000</u>	<u>690,340</u>	<u>486,340</u>
<b>Changes in fund balances</b>	<u>(105,000)</u>	<u>542,193</u>	<u>647,193</u>
<b>Fund balances, beginning of year</b>	122,000	152,811	30,811
<b>Fund balances, end of year</b>	<u>\$ 17,000</u>	<u>\$ 695,004</u>	<u>\$ 678,004</u>

## **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.

**Fire Impact Fees** – accounts for the construction and acquisition of capital facilities, infrastructure, and equipment for fire department 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, 2013**

	<u>Other Capital Projects</u>	<u>Park Improvements</u>	<u>Parks and Recreation Impact Fees</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,895	\$ 2,168,332	\$ 13,435
<b>Total assets</b>	<u>\$ 4,895</u>	<u>\$ 2,168,332</u>	<u>\$ 13,435</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 851	\$ 68,209	\$
<b>Total liabilities</b>	<u>851</u>	<u>68,209</u>	<u></u>
Fund balances:			
Restricted	<u>4,044</u>	<u>2,100,123</u>	<u>13,435</u>
<b>Total fund balances</b>	<u>4,044</u>	<u>2,100,123</u>	<u>13,435</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,895</u>	<u>\$ 2,168,332</u>	<u>\$ 13,435</u>

<u>Municipal Facilities and Equipment Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Totals</u>
\$ 65,014	\$ 786,729	\$ 3,038,405
<u>\$ 65,014</u>	<u>\$ 786,729</u>	<u>\$ 3,038,405</u>
\$	\$	\$ 69,060
<u>                    </u>	<u>                    </u>	<u>69,060</u>
65,014	786,729	2,969,345
<u>65,014</u>	<u>786,729</u>	<u>2,969,345</u>
<u>\$ 65,014</u>	<u>\$ 786,729</u>	<u>\$ 3,038,405</u>

**CITY OF EL MIRAGE, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Other Capital Projects	Park Improvements	Parks and Recreation Impact Fees
<b>Revenues:</b>			
Intergovernmental	\$ 260,430	\$	\$
Investment income		2,109	
Contributions and donations		1,500	
Miscellaneous		696	
<b>Total revenues</b>	260,430	4,305	
<b>Expenditures:</b>			
Capital outlay	203,890	380,091	
Debt service -			
Bond issuance costs		54,091	
<b>Total expenditures</b>	203,890	434,182	
<b>Excess (deficiency) of revenues over expenditures</b>	56,540	(429,877)	
<b>Other financing sources (uses):</b>			
Transfers in		30,000	
Issuance of bonds		2,500,000	
<b>Total other financing sources (uses):</b>		2,530,000	
<b>Changes in fund balances</b>	56,540	2,100,123	
<b>Fund balances (deficits), beginning of year</b>	(52,496)		13,435
<b>Fund balances, end of year</b>	\$ 4,044	\$ 2,100,123	\$ 13,435

<u>Municipal Facilities and Equipment Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Totals</u>
\$	\$	\$
	1,283	260,430
		3,392
		1,500
		696
	<u>1,283</u>	<u>266,018</u>
	781,414	1,365,395
		54,091
	<u>781,414</u>	<u>1,419,486</u>
	<u>(780,131)</u>	<u>(1,153,468)</u>
		30,000
		<u>2,500,000</u>
		<u>2,530,000</u>
	<u>(780,131)</u>	<u>1,376,532</u>
65,014	1,566,860	1,592,813
<u>\$ 65,014</u>	<u>\$ 786,729</u>	<u>\$ 2,969,345</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, 2013**

	Streets		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ 25,818,000	\$	\$ (25,818,000)
Investment income		5,419	5,419
Contributions and donations			
Miscellaneous		48,168	48,168
<b>Total revenues</b>	<u>25,818,000</u>	<u>53,587</u>	<u>(25,764,413)</u>
<b>Expenditures:</b>			
Capital outlay	32,294,000	482,014	31,811,986
Debt service -			
Bond issuance costs		136,820	(136,820)
<b>Total expenditures</b>	<u>32,294,000</u>	<u>618,834</u>	<u>31,675,166</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,476,000)</u>	<u>(565,247)</u>	<u>5,910,753</u>
<b>Other financing sources (uses):</b>			
Transfers in	76,000	76,000	
Issuance of bonds	6,400,000	6,400,000	
<b>Total other financing sources (uses):</b>	<u>6,476,000</u>	<u>6,476,000</u>	
<b>Changes in fund balances</b>		<u>5,910,753</u>	<u>5,910,753</u>
<b>Fund balances (deficits), beginning of year</b>		741,407	741,407
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 6,652,160</u>	<u>\$ 6,652,160</u>

Other Capital Projects			Park Improvements		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 15,764,000	\$ 260,430	\$ (15,503,570)	\$	\$	\$
				2,109	2,109
				1,500	1,500
				696	696
<u>15,764,000</u>	<u>260,430</u>	<u>(15,503,570)</u>		<u>4,305</u>	<u>4,305</u>
15,616,000	203,890	15,412,110	5,530,000	380,091	5,149,909
				54,091	(54,091)
<u>15,616,000</u>	<u>203,890</u>	<u>15,412,110</u>	<u>5,530,000</u>	<u>434,182</u>	<u>5,095,818</u>
<u>148,000</u>	<u>56,540</u>	<u>(91,460)</u>	<u>(5,530,000)</u>	<u>(429,877)</u>	<u>5,100,123</u>
			30,000	30,000	
			<u>5,500,000</u>	<u>2,500,000</u>	<u>(3,000,000)</u>
			<u>5,530,000</u>	<u>2,530,000</u>	<u>(3,000,000)</u>
<u>148,000</u>	<u>56,540</u>	<u>(91,460)</u>		<u>2,100,123</u>	<u>2,100,123</u>
	(52,496)	(52,496)			
<u>\$ 148,000</u>	<u>\$ 4,044</u>	<u>\$ (143,956)</u>	<u>\$</u>	<u>\$ 2,100,123</u>	<u>\$ 2,100,123</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, 2013**

	Parks and Recreation Impact Fees		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Capital outlay	13,500		13,500
Debt service -			
Bond issuance costs			
<b>Total expenditures</b>	13,500		13,500
<b>Excess (deficiency) of revenues over expenditures</b>	(13,500)		13,500
<b>Other financing sources (uses):</b>			
Transfers in			
Issuance of bonds			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(13,500)		13,500
<b>Fund balances (deficits), beginning of year</b>	13,500	13,435	(65)
<b>Fund balances, end of year</b>	\$	\$ 13,435	\$ 13,435

Municipal Facilities and Equipment Impact Fees			Fire Impact Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				1,283	1,283
				1,283	1,283
65,000		65,000	1,000,000	781,414	218,586
65,000		65,000	1,000,000	781,414	218,586
(65,000)		65,000	(1,000,000)	(780,131)	219,869
(65,000)		65,000	(1,000,000)	(780,131)	219,869
65,000	65,014	14	1,000,000	1,566,860	566,860
\$	\$ 65,014	\$ 65,014	\$	\$ 786,729	\$ 786,729

(Continued)

**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, 2013**

	Police Impact Fees		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Investment income		5,016	5,016
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>		<u>5,016</u>	<u>5,016</u>
<b>Expenditures:</b>			
Capital outlay	6,215,000	2,109,214	4,105,786
Debt service -			
Bond issuance costs		127,275	(127,275)
<b>Total expenditures</b>	<u>6,215,000</u>	<u>2,236,489</u>	<u>3,978,511</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,215,000)</u>	<u>(2,231,473)</u>	<u>3,983,527</u>
<b>Other financing sources (uses):</b>			
Transfers in		184,000	184,000
Issuance of bonds	6,000,000	6,000,000	
<b>Total other financing sources (uses):</b>	<u>6,000,000</u>	<u>6,184,000</u>	<u>184,000</u>
<b>Changes in fund balances</b>	<u>(215,000)</u>	<u>3,952,527</u>	<u>4,167,527</u>
<b>Fund balances (deficits), beginning of year</b>	215,000	(1,672)	(216,672)
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 3,950,855</u>	<u>\$ 3,950,855</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 41,582,000	\$ 260,430	\$ (41,321,570)
	13,827	13,827
	1,500	1,500
	48,864	48,864
<u>41,582,000</u>	<u>324,621</u>	<u>(41,257,379)</u>
60,733,500	3,956,623	56,776,877
	318,186	(318,186)
<u>60,733,500</u>	<u>4,274,809</u>	<u>56,458,691</u>
<u>(19,151,500)</u>	<u>(3,950,188)</u>	<u>15,201,312</u>
106,000	290,000	184,000
<u>17,900,000</u>	<u>14,900,000</u>	<u>(3,000,000)</u>
<u>18,006,000</u>	<u>15,190,000</u>	<u>(2,816,000)</u>
<u>(1,145,500)</u>	<u>11,239,812</u>	<u>12,385,312</u>
1,293,500	2,332,548	1,039,048
<u>\$ 148,000</u>	<u>\$ 13,572,360</u>	<u>\$ 13,424,360</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 was the first year a comprehensive annual financial report was prepared by the City. Due to cost considerations for the accumulation of data, the City has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules or schedule elements. This information will be accumulated and reported each year until the complete ten years of data is presented.

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**CITY OF EL MIRAGE, ARIZONA**  
**NET POSITION BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Net Position:</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 28,939,841	\$ 30,394,556	\$ 31,113,879	\$ 32,963,664	\$ 30,325,304
Restricted	15,870,123	3,787,197	1,640,241		
Unrestricted	7,656,179	13,128,085	11,952,271	9,846,990	11,269,370
Total governmental activities net position	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>	<u>\$ 44,706,391</u>	<u>\$ 42,810,654</u>	<u>\$ 41,594,674</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 29,473,825	\$ 31,646,838	\$ 29,826,764	\$ 27,967,960	\$ 28,096,706
Restricted				1,372,070	1,372,070
Unrestricted	5,487,935	1,010,211	2,808,527	3,613,194	3,745,828
Total business-type activities net position	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>	<u>\$ 32,635,291</u>	<u>\$ 32,953,224</u>	<u>\$ 33,214,604</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 58,413,666	\$ 62,041,394	\$ 60,940,643	\$ 60,931,624	\$ 58,422,010
Restricted	15,870,123	3,787,197	1,640,241	1,372,070	1,372,070
Unrestricted	13,144,114	14,138,296	14,760,798	13,460,184	15,015,198
Total primary government net position	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>	<u>\$ 77,341,682</u>	<u>\$ 75,763,878</u>	<u>\$ 74,809,278</u>
<b>Net Position:</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 16,414,625	\$ 11,712,399	\$ 4,317,496	\$ 2,756,165	
Restricted			4,229,819	4,547,649	
Unrestricted	18,202,006	15,001,274	8,430,525	7,499,919	
Total governmental activities net position	<u>\$ 34,616,631</u>	<u>\$ 26,713,673</u>	<u>\$ 16,977,840</u>	<u>\$ 14,803,733</u>	
<b>Business-type activities</b>					
Net investment in capital assets	\$ 27,467,007	\$ 24,736,784	\$ 27,322,369	\$ 18,559,061	
Restricted					
Unrestricted	5,679,870	7,317,330	1,481,640	8,386,369	
Total business-type activities net position	<u>\$ 33,146,877</u>	<u>\$ 32,054,114</u>	<u>\$ 28,804,009</u>	<u>\$ 26,945,430</u>	
<b>Primary government</b>					
Net investment in capital assets	\$ 43,881,632	\$ 36,449,183	\$ 31,639,865	\$ 21,315,226	
Restricted			4,229,819	4,547,649	
Unrestricted	23,881,876	22,318,604	9,912,165	15,886,288	
Total primary government net position	<u>\$ 67,763,508</u>	<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 nine years are shown.

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

	Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,740,420	\$ 5,217,013	\$ 5,559,107	\$ 6,505,436	\$ 5,699,131
Public safety	10,474,809	10,207,265	9,899,205	10,748,374	11,167,552
Highways and streets	2,224,551	2,386,465	3,692,419	2,035,720	2,205,517
Culture and recreation	1,463,716	1,243,125	1,563,881	1,645,357	1,479,963
Redevelopment and housing		105,336	557,830	487,603	171,758
Health and welfare	396,127	469,933	497,956	587,306	471,004
Interest on long-term debt	1,118,359	623,167	646,132	722,153	237,188
Total governmental activities expenses	21,417,982	20,252,304	22,416,530	22,731,949	21,432,113
Business-type activities:					
Water and sewer	\$	\$ 9,370,528	\$ 8,132,429	\$ 7,754,833	\$ 7,688,567
Water	5,369,790				
Sewer	2,305,425				
Solid waste	945,224	1,482,640	865,111	926,067	858,629
Total business-type activities expenses	8,620,439	10,853,168	8,997,540	8,680,900	8,547,196
<b>Total primary government expenses</b>	<b>\$ 30,038,421</b>	<b>\$ 31,105,472</b>	<b>\$ 31,414,070</b>	<b>\$ 31,412,849</b>	<b>\$ 29,979,309</b>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,054,911	\$ 5,031,078	\$ 2,740,575	\$ 2,377,274
Public safety	9,355,876	6,360,485	6,015,430	5,593,205
Highways and streets	1,804,617	1,436,644	1,097,115	593,309
Culture and recreation	1,232,624	880,332	489,768	613,944
Redevelopment and housing	621,504	292,338	319,126	245,938
Health and welfare	498,598	402,143	417,346	432,157
Interest on long-term debt	262,285	205,057	251,268	346,535
Total governmental activities expenses	<u>18,830,415</u>	<u>14,608,077</u>	<u>11,330,628</u>	<u>10,202,362</u>
Business-type activities:				
Water and sewer	\$ 7,293,423	\$ 6,731,838	\$ 7,622,235	\$ 6,599,002
Water				
Sewer				
Solid waste	896,410	899,035	839,409	948,732
Total business-type activities expenses	<u>8,189,833</u>	<u>7,630,873</u>	<u>8,461,644</u>	<u>7,547,734</u>
<b>Total primary government expenses</b>	<u>\$ 27,020,248</u>	<u>\$ 22,238,950</u>	<u>\$ 19,792,272</u>	<u>\$ 17,750,096</u>

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

**Notes:** (1) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2005 therefore only nine years are shown.

(2) In fiscal year 2013 the City separated the Water and Sewer funds from a combined reporting fund into individual reporting funds.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,670,957	\$ 2,661,625	\$ 395,327	\$ 476,296	\$ 415,062
Public safety	634,969	435,437	1,005,833	955,739	531,233
Highways and streets	10,299	46,409	36,145	4,666	2,127
Culture and recreation	74,194	52,055	32,456	21,620	9,493
Revelopment and housing		96,066	128,438	58,322	124,647
Health and welfare		32,000		1,599	2,885
Interest on long-term debt					
Operating grants and contributions	1,722,354	1,757,715	3,753,356	2,407,165	1,827,229
Capital grants and contributions	1,328,998	642,943	2,031,513	1,285,278	7,118,339
<b>Total governmental activities program revenues</b>	<u>7,441,771</u>	<u>5,724,250</u>	<u>7,383,068</u>	<u>5,210,685</u>	<u>10,031,015</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 8,003,552	\$ 9,768,612	\$ 8,707,594	\$ 9,075,408	\$ 8,828,737
Water	3,203,962				
Sewer	1,409,148	1,267,723	1,122,709	908,033	911,504
Solid Waste				642,039	
Capital grants and contributions					
<b>Total business-type activities program revenues</b>	<u>12,616,662</u>	<u>11,036,335</u>	<u>9,830,303</u>	<u>10,625,480</u>	<u>9,740,241</u>
<b>Total primary government revenues</b>	<u>\$ 20,058,433</u>	<u>\$ 16,760,585</u>	<u>\$ 17,213,371</u>	<u>\$ 15,836,165</u>	<u>\$ 19,771,256</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (13,976,211)	\$ (14,528,054)	\$ (15,033,462)	\$ (17,521,264)	\$ (11,401,098)
Business-type activities	3,996,223	183,167	832,763	1,944,580	1,193,045
<b>Total primary government net (expense)/revenues</b>	<u>\$ (9,979,988)</u>	<u>\$ (14,344,887)</u>	<u>\$ (14,200,699)</u>	<u>\$ (15,576,684)</u>	<u>\$ (10,208,053)</u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 886,555	\$ 940,728	\$ 1,551,904	\$ 1,467,522
Public safety	98,318	106,417	95,209	133,143
Highways and streets	2,263	3,704		
Culture and recreation	9,400	51,623	72,240	74,653
Revelopment and housing	312,340	294,766		
Health and welfare		350		
Interest on long-term debt				
Operating grants and contributions	2,097,098	2,298,062	1,502,690	1,848,069
Capital grants and contributions	3,790,817	3,403,725	247,210	558,990
Total governmental activities program revenues	<u>7,196,791</u>	<u>7,099,375</u>	<u>3,469,253</u>	<u>4,082,377</u>
Business-type activities:				
Charges for services:				
Water and sewer	\$ 8,502,311	\$ 8,828,318	\$ 7,447,621	\$ 5,993,878
Solid Waste	935,224	961,324	980,264	928,007
Capital grants and contributions	417,795	1,237,978		
Total business-type activities program revenues	<u>9,855,330</u>	<u>11,027,620</u>	<u>8,427,885</u>	<u>6,921,885</u>
<b>Total primary government revenues</b>	<u>\$ 17,052,121</u>	<u>\$ 18,126,995</u>	<u>\$ 11,897,138</u>	<u>\$ 11,004,262</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (11,633,624)	\$ (7,508,702)	\$ (7,861,375)	\$ (6,119,985)
Business-type activities	1,665,497	3,396,747	(33,759)	(625,849)
<b>Total primary government net (expense)/revenues</b>	<u>\$ (9,968,127)</u>	<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 nine years are shown.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,738,856	\$ 3,068,722	\$ 2,998,935	\$ 2,914,705	\$ 2,045,848
City sales taxes	6,051,967	5,534,445	5,368,649	5,366,105	5,908,742
Franchise taxes	687,341	667,559	654,999	622,259	636,826
Unrestricted state shared revenues	6,914,460	6,188,822	6,620,951	7,567,145	8,450,717
Investment income	41,983	23,535	23,200	54,459	14,750
Development impact fees			49,677	24,494	114,829
Miscellaneous					
Transfers	1,697,909	1,648,418	1,212,788	2,254,544	1,207,429
<b>Total governmental activities</b>	<b>\$ 19,132,516</b>	<b>\$ 17,131,501</b>	<b>\$ 16,929,199</b>	<b>\$ 18,803,711</b>	<b>\$ 18,379,141</b>
Business-type activities:					
Investment income	\$ 6,397	\$ 5,546	\$ 5,116	\$ 11,052	\$ 22,859
Development impact fees			56,976	37,532	59,252
Miscellaneous					
Transfers	(1,697,909)	(1,648,418)	(1,212,788)	(2,254,544)	(1,207,429)
<b>Total business-type activities</b>	<b>\$ (1,691,512)</b>	<b>\$ (1,642,872)</b>	<b>\$ (1,150,696)</b>	<b>\$ (2,205,960)</b>	<b>\$ (1,125,318)</b>
<b>Changes in Net Position</b>					
Governmental activities	\$ 5,156,305	\$ 2,603,447	\$ 1,895,737	\$ 1,282,447	\$ 6,978,043
Business-type activities	2,304,711	(1,459,705)	(317,933)	(261,380)	67,727
<b>Total primary government</b>	<b>\$ 7,461,016</b>	<b>\$ 1,143,742</b>	<b>\$ 1,577,804</b>	<b>\$ 1,021,067</b>	<b>\$ 7,045,770</b>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Revenues:</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 1,879,993	\$ 1,812,217	\$ 1,684,032	\$ 1,531,342
City sales taxes	5,931,713	5,819,145	4,945,375	4,312,639
Franchise taxes	643,844	617,759	561,454	422,298
Unrestricted state shared revenues	8,744,518	8,016,571	2,260,241	1,730,594
Investment income	839,564	534,942	399,638	190,831
Development impact fees	428,434	66,257	47,995	
Miscellaneous			65,580	70,401
Transfers	1,068,516	377,644	71,164	
<b>Total governmental activities</b>	<u>\$ 19,536,582</u>	<u>\$ 17,244,535</u>	<u>\$ 10,035,479</u>	<u>\$ 8,258,105</u>
Business-type activities:				
Investment income	\$ 331,023	\$ 215,125	\$ 228,702	\$ 153,724
Development impact fees	155,212	331,939	1,734,800	1,842,788
Miscellaneous	9,547	14,663		
Transfers	(1,068,516)	(377,644)	(71,164)	
<b>Total business-type activities</b>	<u>\$ (572,734)</u>	<u>\$ 184,083</u>	<u>\$ 1,892,338</u>	<u>\$ 1,996,512</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ 7,902,958	\$ 9,735,833	\$ 2,174,104	\$ 2,138,120
Business-type activities	1,092,763	3,580,830	1,858,579	1,370,663
<b>Total primary government</b>	<u>\$ 8,995,721</u>	<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 nine years are shown.

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
General Fund:					
Nonspendable	\$ 2,585	\$ 130,827	\$ 12,688		
Restricted					
Committed	80,500	59,267	170,634		
Assigned		163,436	148,381		
Unassigned	16,754,043	13,398,103	10,875,367		
Reserved					
Unreserved				\$ 8,368,983	\$ 11,804,555
Total General Fund	<u>\$ 16,837,128</u>	<u>\$ 13,751,633</u>	<u>\$ 11,207,070</u>	<u>\$ 8,368,983</u>	<u>\$ 11,804,555</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 15,824,795	\$ 4,395,075	\$ 5,907,367		
Committed	3,346,167	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
Capital projects funds				(30,029)	52,420
Debt service fund				(189,503)	(36,138)
Total all other governmental funds	<u>\$ 19,170,962</u>	<u>\$ 5,330,551</u>	<u>\$ 6,824,437</u>	<u>\$ 7,169,025</u>	<u>\$ 5,573,225</u>

**(Continued)**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:				
Reserved			\$ 3,619	
Unreserved	\$ 16,180,323	\$ 13,980,358	8,670,805	\$ 7,996,071
Total General Fund	<u>\$ 16,180,323</u>	<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	\$ 589,948	\$ 770,996	\$ 262,812	\$ 334,672
Capital projects funds	1,373,303	2,285,035	1,380,687	2,849,049
Debt service fund	(22,871)	1,701	2,586,320	1,363,931
Total all other governmental funds	<u>\$ 1,940,380</u>	<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 NINE FISCAL YEARS  
(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Revenues:</b>					
Property taxes	\$ 3,756,880	\$ 3,104,974	\$ 3,028,998	\$ 2,917,548	\$ 1,993,173
City sales taxes	6,051,967	5,534,445	5,368,649	5,366,105	5,908,742
Franchise taxes	687,341	667,559	654,999	622,259	636,826
Licenses and permits	369,465	193,211	190,237	167,934	138,369
Intergovernmental	10,012,341	8,503,662	12,323,411	11,927,801	12,271,224
Charges for services	224,086	208,970	190,847	150,519	185,355
Fines and forfeits	3,641,326	2,695,603	1,092,123	976,780	485,999
Investment income (loss)	41,983	23,535	23,199	54,459	14,750
Rents	49,029	34,952	29,486	28,064	26,552
Development impact fees		38,094	49,677	24,494	114,829
Contributions and donations	4,800	2,100	2,500	7,010	6,901
Miscellaneous	141,804	181,597	143,678	195,045	251,646
<b>Total revenues</b>	<u><u>\$ 24,981,022</u></u>	<u><u>\$ 21,188,702</u></u>	<u><u>\$ 23,097,804</u></u>	<u><u>\$ 22,438,018</u></u>	<u><u>\$ 22,034,366</u></u>

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>				
Property taxes	\$ 1,755,750	\$ 1,812,217	\$ 1,684,032	\$ 1,531,342
City sales taxes	5,931,713	5,819,145	4,945,375	4,312,639
Franchise taxes	643,844	617,759	561,454	422,298
Licenses and permits	205,823	439,521	1,162,150	972,455
Intergovernmental	13,666,097	12,234,579	4,000,616	4,102,866
Charges for services	350,475	453,168	295,658	371,446
Fines and forfeits	470,211	286,698	215,058	272,883
Investment income (loss)	839,564	534,942	399,638	190,831
Rents	25,105	24,542	46,487	58,534
Development impact fees	428,434	66,257	47,995	
Contributions and donations	809,351		9,525	34,787
Miscellaneous	782,757	200,888	65,580	70,401
<b>Total revenues</b>	<u>\$ 25,909,124</u>	<u>\$ 22,489,716</u>	<u>\$ 13,433,568</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.

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

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 5,461,931	\$ 4,876,034	\$ 5,407,094	\$ 6,226,614	\$ 5,614,024
Public safety	10,050,592	9,469,637	9,366,020	10,498,529	11,284,832
Highways and streets	1,121,260	1,308,612	1,084,093	1,315,079	9,409,296
Culture and recreation	1,158,665	954,131	1,292,708	1,568,919	5,567,939
Redevelopment and housing		53,003	535,952	485,052	607,800
Health and welfare		5,370	101,698	189,644	431,889
Capital outlay	5,600,612	4,201,944	3,363,750	5,010,337	
Debt service -					
Principal retirement	932,252	630,868	609,599	517,714	230,000
Interest and fiscal charges	1,117,939	615,426	638,391	714,412	239,423
Bond issuance costs	380,705				140,473
<b>Total expenditures</b>	<b>\$ 25,823,956</b>	<b>\$ 22,115,025</b>	<b>\$ 22,399,305</b>	<b>\$ 26,526,300</b>	<b>\$ 33,525,676</b>
Expenditures for capitalized assets	\$ 4,943,382	\$ 3,470,798	\$ 818,462	\$ 4,926,075	\$ 13,269,637
Debt service as a percentage of noncapital expenditures	12%	7%	6%	6%	3%

(Continued)

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>				
Current -				
General government	\$ 5,736,434	\$ 6,130,812	\$ 2,685,698	\$ 2,713,700
Public safety	10,827,987	7,353,015	5,994,913	5,960,023
Highways and streets	6,455,341	3,349,117	1,056,373	2,921,771
Culture and recreation	1,389,734	835,658	443,443	885,103
Redevelopment and housing	1,745,732	1,242,338	319,126	245,938
Health and welfare	480,694	391,781	412,656	427,467
Capital outlay				
Debt service -				
Principal retirement	210,000	175,000	1,980,000	190,000
Interest and fiscal charges	234,520	205,792	252,003	347,270
Bond issuance costs				
<b>Total expenditures</b>	<u>\$ 27,080,442</u>	<u>\$ 19,683,513</u>	<u>\$ 13,144,212</u>	<u>\$ 13,691,272</u>
Expenditures for capitalized assets	\$ 8,777,111		\$ 385,926	\$ 3,522,044
Debt service as a percentage of noncapital expenditures	2%	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 NINE FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (842,934)	\$ (926,323)	\$ 698,499	\$ (4,088,282)	\$ (11,491,310)
<b>Other financing sources (uses):</b>					
Issuance of bonds	18,205,000				9,600,000
Premium on sale of bonds	864,326				
Discount on sale of bonds					(59,042)
Payment to refunded bond escrow agent	(3,363,986)				
Loan proceeds					
Capital lease agreements				60,433	
Transfers in	2,936,500	2,764,716	2,726,317	5,990,234	6,843,403
Transfers out	(873,000)	(787,716)	(931,317)	(3,735,690)	(5,635,974)
Total other financing sources (uses)	<u>17,768,840</u>	<u>1,977,000</u>	<u>1,795,000</u>	<u>2,314,977</u>	<u>10,748,387</u>
<b>Changes in fund balances</b>	<u>\$ 16,925,906</u>	<u>\$ 1,050,677</u>	<u>\$ 2,493,499</u>	<u>\$ (1,773,305)</u>	<u>\$ (742,923)</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,171,318)	\$ 2,806,203	\$ 289,356	\$ (1,350,790)	
<b>Other financing sources (uses):</b>					
Issuance of bonds					
Discount on sale of bonds					
Loan proceeds	1,145,000				
Capital lease agreements					
Transfers in	3,669,608	1,878,684	1,798,982	567,237	
Transfers out	(2,084,677)	(551,040)	(1,727,818)	(567,237)	
Total other financing sources (uses)	<u>2,729,931</u>	<u>1,327,644</u>	<u>71,164</u>	<u></u>	
<b>Changes in fund balances</b>	<u>\$ 1,558,613</u>	<u>\$ 4,133,847</u>	<u>\$ 360,520</u>	<u>\$ (1,350,790)</u>	

**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**

	<b>Fiscal Year</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction	\$ 210,964	\$ 238,256	\$ 220,055	\$ 326,776	\$ 577,636
Retail trade	2,765,499	2,517,612	2,518,800	2,529,084	2,847,174
Communications and utilities	1,305,915	1,234,096	1,214,447	1,218,109	1,187,770
Restaurant and bar	248,927	250,297	229,159	207,132	207,181
Real estate, rental and leasing	942,324	673,735	585,101	521,487	587,217
Accommodation	160,274	175,383	161,364	167,379	114,177
Services	142,586	117,129	99,732	128,749	131,616
Other	277,488	256,347	225,765	260,092	232,112
Total	<u>\$ 6,053,977</u>	<u>\$ 5,462,855</u>	<u>\$ 5,254,423</u>	<u>\$ 5,358,808</u>	<u>\$ 5,884,883</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Construction	\$ 611,544	\$ 1,631,054	\$ 1,777,262	\$ 1,649,943	\$ 2,268,879
Retail trade	2,794,950	1,428,371	1,282,568	921,797	797,211
Communications and utilities	1,262,128	1,201,177	1,030,071	633,166	401,956
Restaurant and bar	165,313	128,344	115,593	99,387	51,504
Real estate, rental and leasing	527,449	773,134	342,199	263,697	169,009
Accommodation	146,253	126,976	93,069	166,073	102,251
Services	130,634	126,095	128,075	99,965	187,041
Other	291,297	213,133	150,773	192,927	156,676
Total	<u>\$ 5,929,568</u>	<u>\$ 5,628,284</u>	<u>\$ 4,919,610</u>	<u>\$ 4,026,955</u>	<u>\$ 4,134,527</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 2013 AND 2006**

<u>Description of Payers Business</u>	<u>Fiscal Year 2013</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	821	24%	210,964	3%	531	27%	1,777,262	36%
Retail trade	691	21%	2,765,499	45%	514	26%	1,282,568	26%
Communications and utilities	99	3%	1,305,915	22%	87	4%	1,030,071	21%
Restaurant and bar	28	1%	248,927	4%	15	1%	115,593	2%
Real estate, rental and leasing	732	22%	942,324	16%	248	13%	342,199	7%
Accommodation	3	0%	160,274	3%	2	0%	93,069	2%
Services	303	9%	142,586	2%	163	8%	128,075	3%
Other	678	20%	277,488	5%	380	20%	150,773	3%
<b>Total</b>	<b>3,355</b>	<b>100%</b>	<b>6,053,977</b>	<b>100%</b>	<b>1,940</b>	<b>100%</b>	<b>4,919,610</b>	<b>100%</b>
Tax Collections from top ten taxpayers	10	<1%	3,758,885	62%	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 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**

<b>Fiscal Year Ended June 30</b>	<b>Direct Rates</b>			<b>Overlapping Rates</b>	
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>City of El Mirage</b>	<b>Peoria Unorganized</b>	<b>Dysart #89 Unified</b>
2013	1.86	2.03	3.89	15.35	22.44
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

**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 TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Primary Taxes Levied for the Fiscal Year</b>	<b>Primary Taxes Collected within the Fiscal Year of the Levy</b>		<b>Primary Taxes Collected in Subsequent Fiscal Years (2)</b>	<b>Primary Taxes Collected to the End of the Current Fiscal Year</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2013	\$ 1,784,458	\$ 1,717,299	96.24 %	\$	\$ 1,717,299	96.24 %
2012	1,784,422	1,719,599	96.37	61,245	1,780,845	99.80
2011	1,756,305	1,666,807	94.90	78,773	1,745,579	99.39
2010	1,665,797	1,590,138	95.46	65,117	1,655,255	99.37
2009	1,583,021	1,506,643	95.18	69,319	1,575,962	99.55
2008	1,506,629	1,428,276	94.80	72,344	1,500,620	99.60
2007	1,408,982	1,339,278	95.05	58,655	1,397,932	99.22
2006	1,319,457	1,248,808	94.65	59,027	1,307,834	99.12
2005	1,234,602	1,191,682	96.52	37,085	1,228,767	99.53
2004	1,001,876	969,607	96.78	26,573	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.

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

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>		<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Valuation</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Ratio of Net Assessed to Estimated Actual Value</b>
	<b>Assessed Value Residential Property</b>	<b>Assessed Value Commercial Property</b>					
2013	\$ 57,040,759	\$ 41,454,636	\$ 17,329,628	\$ 81,165,767	3.8900	\$ 810,973,826	10.01 %
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  
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Taxpayer	2013			Taxpayer	2004		
	Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation		Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation
ARIZONA PUBLIC SERVICE COMPANY	\$ 3,826,733	1	4.71%	ARIZONA PUBLIC SERVICE COMPANY	\$ 2,436,813	1	2.61%
ROBERTS PROPERTIES LTD	2,797,409	2	3.45%	BURLINGTON NORTHERN/SANTA FE RAILWAY CO	2,304,180	2	2.47%
WAL MART STORES INC	2,456,630	3	3.03%	CLAYTON HOMES INC	1,286,521	3	1.38%
HANSON PIPE & PRODUCTS INC	1,962,570	4	2.42%	ROBERTS PROPERTIES LTD	1,192,582	4	1.28%
QWEST CORPORATION	1,753,160	5	2.16%	JDL & COMPANY L L C	841,963	5	0.90%
BNSF RAILWAY COMPANY	1,604,503	6	1.98%	D R HORTON INC-DIETZ CRANE	798,960	6	0.86%
CLAYTON HOMES INC	1,044,557	7	1.29%	UNION ROCK & MATERIAL CORP	774,773	7	0.83%
ARIZONA SAND & ROCK CO	740,027	8	0.91%	IFC INC	695,390	8	0.75%
SW EL MIRAGE LP	717,988	9	0.88%	T BAR C LAND AND CAMEL COMPANY LLC	591,047	9	0.63%
PREMIERE RV & MINI STORAGE LLC	647,910	10	0.80%	DREISESZUN HERBERT E/PATRICIA A/JEROME V	582,294	10	0.62%
AAW: SUN CITY WATER DIVISION	590,030	11	0.73%	SOUTHWEST GAS CORPORATION (T&D)	509,629	11	0.55%
SUMERLIN LLC	562,663	12	0.69%	QWEST CORPORATION	440,634	12	0.47%
JIA CORP	509,783	13	0.63%	PARTNERSHIP FOR QUALITY AFFORD HOUS #1	400,666	13	0.43%
T BAR C LAND AND CAMEL COMPANY LLC	506,729	14	0.62%	KETCHUM STUART M JR TR/CAROL E TR	383,008	14	0.41%
JDL & COMPANY L L C	480,265	15	0.59%	ME INVESTMENTS	321,971	15	0.35%
AAW: SUN CITY SEWER DIVISION	454,413	16	0.56%	ASI EL MIRAGE LLC	313,880	16	0.34%
COYOTE PASS RV AND MINI STORAGE LLC	421,555	17	0.52%	HABITAT FOR HUMANITY OF THE WEST VALLEY	309,470	17	0.33%
UNION ROCK & MATERIAL CORP	417,132	18	0.51%	RELIANCE WEST LAND CO	287,717	18	0.31%
EL MIRAGE PARTNERS LLC	409,748	19	0.50%	ARIZONA SAND & ROCK CO	271,689	19	0.29%
EL MIRAGE MARKET PLACE LLC	406,377	20	0.50%	CMH PARKS INC	259,465	20	0.28%
MCS ENTERPRISES LLC	400,700	21	0.49%	PALMS OF EL MIRAGE LLC	249,828	21	0.27%
MAX TAYLOR AND COMPANY LLC	393,786	22	0.49%	120 EL MIRAGE PARTNERS	244,720	22	0.26%
SOUTHWEST GAS CORPORATION (T&D)	386,245	23	0.48%	MOYES CRAIG	241,587	23	0.26%
KETCHUM REAL ESTATE INVESTMENTS EL 1	385,135	24	0.47%	QUESNELL PROPERTY MANAGEMENT LLC	233,681	24	0.25%
YES COMPANIES LLC	370,099	25	0.46%	PARKS AND SONS OF SUN CITY INC	219,604	25	0.24%

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

**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	Percentage of Personal Income	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			
2013	\$ 27,999,013	\$	\$	\$	\$	\$ 16,716,896	\$ 44,715,909	N/A	\$ 1,373
2012	13,121,296	7,252				14,220,261	27,348,809	N/A	858
2011	13,738,373	28,120				15,216,844	28,983,337	1.96 %	912
2010	14,235,000					16,335,810	30,570,810	2.15	953
2009	14,740,000					16,244,887	30,984,887	2.11	960
2008	5,370,000					15,636,439	21,006,439	1.44	648
2007	4,435,000					15,949,696	20,384,696	1.47	644
2006	4,610,000					3,483,567	8,093,567	0.64	260
2005	4,775,000	14,735	1,815,000	1,225,000	8,075,000		15,904,735	1.39	539
2004	4,855,000	163,718	1,925,000	1,405,000	9,200,000		17,548,718	1.68	667

**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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2013	\$ 27,999,013	\$ 695,004	\$ 27,304,009	3.367 %	\$ 838
2012	13,121,296	152,811	12,968,485	1.592	407
2011	13,738,373	67,028	13,671,345	1.498	430
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

**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, 2013**

<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	\$ 158,830,000	8.8251 %	<u>\$ 14,016,841</u>
Subtotal, Overlapping Debt			<u>14,016,841</u>
Direct:			
City of El Mirage			<u>27,999,013</u>
Total Direct and Overlapping Debt			<u><u>\$ 42,015,854</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.

**Note:** 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.

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

	<b>Unrestricted</b>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit 6%	5,762,741	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	5,762,741									
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%	0.00%
	<b>Restricted</b>									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit 20%	19,209,136	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	22,236,272	13,121,296	13,738,373	14,740,000	5,370,000	5,370,000	4,435,000	4,775,000	4,855,000	4,855,000
Restricted legal debt margin	(3,027,136)	8,490,537	13,799,932	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	115.76%	60.71%	49.89%	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:** A decrease in the 2013 assessed valuation resulted in the debt margin exceeding the restricted debt limit. The City is prohibited from issuing new debt until there is a positive debt margin.

**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>	
2013	32,574	3,942,200	\$ N/A	\$ N/A	8.3	%
2012	31,862	3,843,370	N/A	N/A	8.7	
2011	31,797	3,817,117	147,724,392	38,071	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	

**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>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Dysart Unified School District 89	575	21.28 %	458	30.55 %
Walmart	308	11.40		
City Of El Mirage	170	6.29	166	11.07
Parks & Sons Sanitation Service	125	4.63		
Bnsf Railway Co	100	3.70		
Top Line Construction Inc	90	3.33		
Sutter Masonry Inc	80	2.96	90	6.00
Look Trailers	70	2.59		
Southwest Steel Inc	67	2.48		
Bashas	65	2.41		
Haulmark Industries of Arizona			70	4.67
Southwest Stair Inc			65	4.34
Bunneys Inc			50	3.34
County of Maricopa			50	3.34
Kevens Landscaping Co			50	3.34
Westside Social Services Inc			45	3.00
Neils Storage Cabinets Inc			35	2.33
Total	<u>1,650</u>	<u>61.07 %</u>	<u>1,079</u>	<u>71.98 %</u>
Total employment	<u>2,702</u>		<u>1,499</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**

	<b>Full-time Equivalent Employees as of June 30</b>									
	<u>2013</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>
<b>General Government</b>	23.50	24.50	26.00	26.00	26.00	24.00	24.00	11.00	12.00	14.00
<b>Public Safety</b>										
Police	56.00	48.50	53.50	59.00	53.00	54.00	49.00	55.00	55.00	55.00
Fire	28.00	25.00	27.00	21.00	21.00	22.00	18.00	18.00	18.00	19.00
Court	13.10	10.10	9.10	9.00	6.50	6.50	6.50	6.50	6.50	7.00
<b>Public Works (1)</b>	4.00	3.00	10.00	10.00	10.00	13.00	10.00	8.00	5.00	14.00
<b>Streets</b>	6.00	6.00	7.00	8.00	8.00	9.00	12.00	7.00	5.00	7.00
<b>Development Services</b>	3.00	10.25	12.75	13.50	13.50	13.00	10.00	7.00	6.50	10.00
<b>Parks and Recreation</b>	4.80	6.00	5.50	9.50	10.00	10.50	8.50	8.50	10.50	10.00
<b>Health and Welfare</b>				1.50	2.00	4.00	3.00	3.00	4.00	6.00
<b>Water (2)</b>	18.00	18.00	11.00	11.00	11.00	13.00	14.00	9.00	10.00	24.00
<b>Sewer (2)</b>	10.00	10.00	10.00	11.00	11.00	10.00	9.00	7.00	8.00	
<b>Solid Waste (3)</b>									2.00	
<b>Customer Service (2)</b>	4.50	4.00	5.00	4.00	4.00	3.00	4.00	4.00	4.00	
	170.90	165.35	176.85	183.50	176.00	182.00	168.00	144.00	146.50	166.00

**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 Solid Waste services were outsourced

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

**Fiscal Year Ended June 30**

<b><u>Function/Program</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	41	41	41	38	36	28	34	29	26
<b>Fire</b>										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines and ladder trucks	3	3	3	3	3	3	3	2	3	3
<b>Other Public Works</b>										
Street miles	240	240	240	240	240	240	240			
Traffic signals	10	10	10	10	10	9	6			
<b>Community Development</b>										
Inspection vehicles	8	8	8	8	8	6	8	9	9	9
<b>Culture and recreation</b>										
Parks acreage	44.8	44.8	9.5	9.5	9.5	9.5	1.5			
Parks	12	12	2	2	2	2	1			
Softball fields	2	2	3	3	3	3	1			
Baseball fields	3	3	3	3	3	3	1			
Libraries	1	1	1	1	1	1	1			
<b>Water</b>										
Maximum pump capacity (MGD)(1)	11.58	25.07	25.07	25.07	25.07	25.07	25.07			
Total Storage (MGD)	7.36									
Wells	10									
Miles of water lines	120									
Valves	2,501									
Hydrants	1,160									
<b>Sewer</b>										
Sewer treatment plants	1	1	1	1	1	1	1	1	2/1	2
Maximum daily treatment capacity	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Miles of sewer lines	63									

**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>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>
<b>Public Safety</b>										
<b>Police</b>										
Calls/incidents responded to	29,884	32,412	37,347	38,121	30,141					
Citations issued	1,825	1,785	2,549	3,050	2,994					
<b>Fire</b>										
Number of responses	3,685	3,372	2,997	3,312	2,989	3,089	2,254	3,071		
Inspections	295	298	244	429	30	14	4	31		
<b>Public Works and Streets</b>										
Square feet of buildings to maintain	76,425	63,425	63,425	63,425	63,425	63,425	60,737	60,737	51,372	51,372
Vehicles/equipment maintained per month	113	108	108	108	108	108	91	91	91	91
Street miles maintained	240	240	240	240	240	240	240	240	240	240
<b>Community Development</b>										
Building safety inspections performed	2,681	1,989	2,533	2447						
Annual new residential starts	47	18		1	15	21	261	320	415	718
<b>Water</b>										
Water accounts billed										
Residential	10,015	12,787	12,029	12,498						
Commercial	584	652	573	579						
Acre feet of water delivered	4,426	4,460	4,246	4,777						
<b>Sewer</b>										
Sewage treated (million gallons per day)	1.87	1.87	1.77	1.79	1.77	1.69	1.60	1.55	1.51	1.57
Sewer service connections	9,077	11,754	11,284	11,963						

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

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