

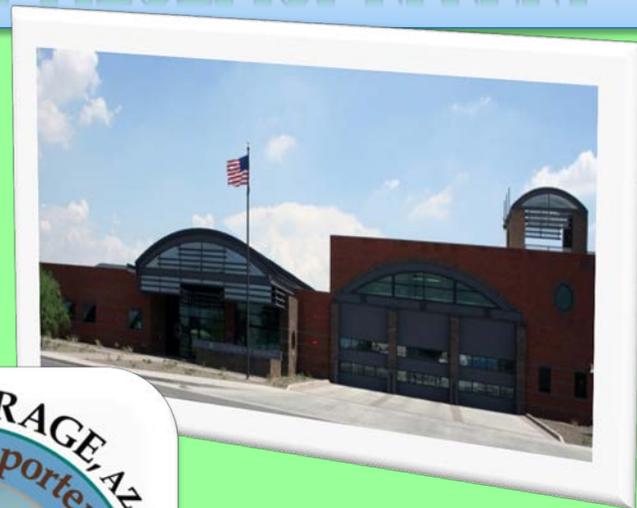


# City of EL MIRAGE

Arizona

*GRAND HERITAGE, BRIGHT FUTURE!*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**For the fiscal year ended June 30, 2014**



**CITY OF EL MIRAGE, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Issued by:  
Finance Department

# 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	xiii
 <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	62
Note to Required Supplementary Information	63
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	70
Special Revenue Funds:	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	76
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	78

**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	86
Capital Projects Funds:	
Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	92
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	101
Governmental and Business-type Activities Expense	102
Program Revenues and Net (Expense)/Revenue	104
General Revenues, Transfers, and Total Changes in Net Position	106
Fund Balances – Governmental Funds	108
Governmental Funds Revenues	110
Governmental Funds Expenditures and Debt Service Ratio	112
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	114

**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	115
Transaction Privilege (Sales) Tax Revenue Payers by Industry	116
Direct and Overlapping Property Tax Rates	117
Property Tax Levies and Collections	118
Assessed Value and Estimated Actual Value of Taxable Property	119
Principal Property Tax Payers	120
Debt Capacity:	
Ratios of Outstanding Debt by Type	121
Ratios of General Bonded Debt Outstanding	122
Direct and Overlapping Governmental Activities Debt	123
Legal Debt Margin Information Unrestricted and Restricted	124
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	125
Principal Employers	126
Operating Information:	
Full-Time Equivalent City Government Employees by Function	127
Capital Assets Information	128
Operating Indicators by Function	129

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## **INTRODUCTORY SECTION**

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December 1, 2014

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, 2014.

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, 2014, 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, 2014, 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 in excess of 32,000.

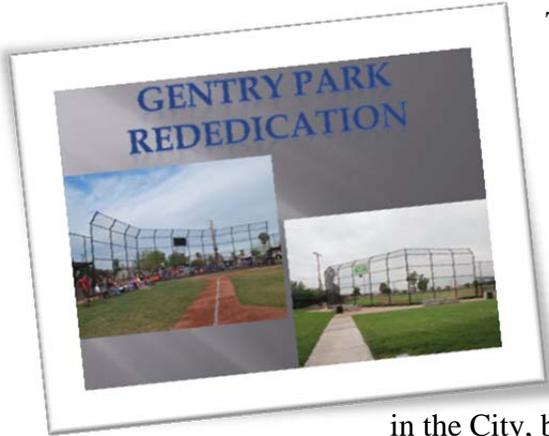


In recent years, El Mirage has adopted economic development initiatives to attract new commercial and industrial businesses to the City. Impact fees normally charged for infrastructure

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, Dakota Fabricating, 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 \$2.5 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 was completed in December 2013, while the recreational facility opened for business in July 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 \$91.1 million budget to provide services for the City’s 32,000 plus residents. This year’s budget utilizes the theme “*working together to promote a more successful El Mirage.*”



Policymaking and legislative authority are vested in a governing council consisting of the Mayor and six Councilors. One of whom 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. Enterprise funds were 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 workshop 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

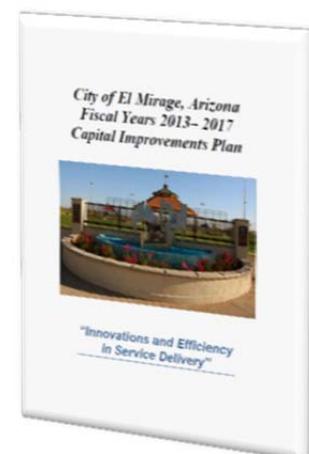
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.



**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, Aarons, Auto Zone, and Dakota Fabricating in recent years. In addition, the number of local businesses currently stands at 883. 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 healthy. 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 101 of this financial statement.

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



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

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

Given the continuing economic uncertainty at the local, state, and national levels, the City Council and administration recognize the need to assure reserves are available for future revenue shortfalls. Therefore, the budget reflects a General Fund reserve of \$6.0 million. When the Council approved a utility rate study 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 be restricted to uses in support of police and fire operations.

**Relevant Financial Policies.** Each year since June 2012, the City Council has adopted or reviewed 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.** For the fiscal year ended June 30, 2014, the City had three major capital initiatives under construction 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 issued \$6.0 million in bonds 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.

Recreation Facility with Pool - The City officially opened a new recreation facility with pool in July 2014. The facility is approximately 26,500 square feet and is located adjacent to Gateway Park on approximately 5 acres.





Police Facility -  
The City  
constructed a new  
police station on  
land designated for  
City use next to  
Gateway Park.  
Facility costs  
include design,  
construction, site  
improvements and  
furnishings. The  
energy efficient

facility houses 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, 2013. 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 ended June 30, 2014 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.

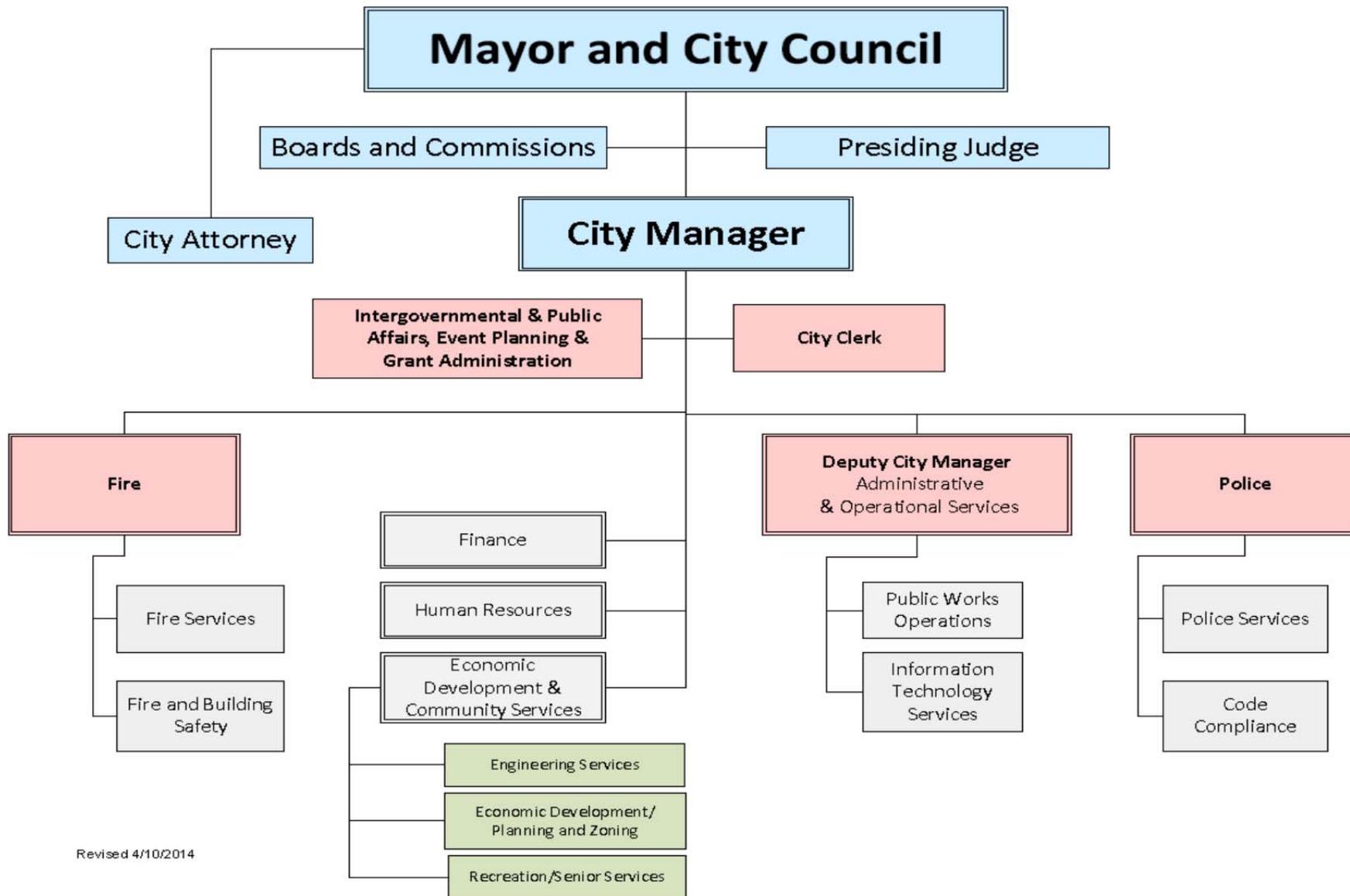
Respectfully submitted,



Dr. Spencer A. Isom  
City Manager



Robert Nilles  
Finance Director\CFO



Revised 4/10/2014

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

### Mayor Lana Mook



Mayor Lana Mook has called Arizona home for more than 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 Executive Committee of the Arizona League of Cities and Towns, the Executive Committee of the Maricopa Association of Governments (MAG), the Executive Committee of the Western Maricopa Coalition (Westmarc), and the Transportation Committee of the National League of Cities.

Mayor Mook has provided many years of service to a number of organizations including the Phoenix Suns Charities, the Girl Scouts of America, the U.S. Forest Service (Smokey Bear and Woodsy Owl Fire Prevention Programs), and is a past Vice-President of the Greater Phoenix American Bowling Association.

#### **Accomplishments**

- Played a significant role in improving the City's image throughout the West Valley and the entire Phoenix metropolitan area. This included developing a partnership with Luke Air Force Base and supporting the F-35A mission.
- Successfully advocated for passage of an \$8 million bond measure to provide El Mirage residents with a community recreational facility with swimming pool and a new police facility.
- Appointed to the League of Arizona Cities and Towns Executive Committee consisting of 25 mayors and councilmembers from across the State. The League provides an important link among the 91 incorporated cities and towns in Arizona representing collective interests at the State Legislature, and providing timely information on important municipal issues.
- Protected basic services such as public safety by successfully advocating for the rehire of four first responders for the Fire Department after they were laid off in 2010. In addition, she encouraged the Police Department to address speeding throughout the community with the assistance of RedFlex photo radar.
- Worked to develop El Mirage's future economic base by approving projects to design quality transportation corridors throughout the City. The design of El Mirage's portion of the Northern Parkway project is ongoing and construction is expected to begin in 2016. Reconfiguration of the Thompson Ranch/Grand Avenue/Thunderbird Road intersection is expected to commence in 2016, and major improvements to Thunderbird Road from 127<sup>th</sup> Avenue to El Frio Street are scheduled to be completed by mid-2016.
- Improved the appearance and quality of life of El Mirage through enhancements to Gentry Park and Grand Avenue.

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

### 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.

### 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

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

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.

### **Councilman David Shapera**



Councilman David M. Shapera was re-elected to a second four-year term on the El Mirage City Council in 2012. Shapera is also a past member and Chairman of the El Mirage Planning and Zoning Commission. He has over 40 years in elected and appointed positions in government. He and his wife, Linda, have been married for 39 years and have four adult children and nine grandchildren. The Shaperas 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 Dysart Elementary PTO. Shapera has also been a proud member of the Elks Lodge for 35 years.

As an advocate for the new police station and YMCA recreational facility, Councilman Shapera 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 the City. His new program was adopted by the City Council, which calls for directional signs to help businesses thrive.

Shapera is among council members 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, 2013**

Executive Director/CEO

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## **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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 62 and 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 December 1, 2014, 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

December 1, 2014

**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, 2014**

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, 2014. 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 2013-14 as follows.

- The City's total net position of governmental activities increased \$1.4 million to \$53.9 million and business-type activities increased \$2.6 million to \$37.6 million representing an increase of 3 percent and 8 percent, respectively. The total net position is \$91.5 million.
- General revenues before transfers from governmental activities accounted for \$18.2 million in revenue, or 69 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8.0 million or 31 percent of total governmental activities revenues. The City had \$14.0 million of program revenues and \$6,922 in general revenues related to business-type activities.
- The City had \$23.6 million in expenses related to governmental activities, an increase of 10 percent from the prior fiscal year. The City had \$12.5 million in expenses related to business-type activities an increase of 45 percent from the prior fiscal year, primarily due to the water meter replacement project which did not meet the City's capitalization threshold.
- Among major funds, the General Fund had \$18.0 million in revenues, which primarily consisted of taxes and intergovernmental revenues. The total expenditures of the General Fund were \$15.9 million. The General Fund's fund balance decreased from \$16.8 million to \$14.6 million, due primarily to transfers to other funds for capital and major projects.
- The Streets Fund had \$1.1 million in revenues. The total expenditures of the Streets Fund were \$1.5 million. The Streets Fund's fund balance increased from \$6.7 million to \$8.0 million, at the end of the current fiscal year due to transfers from other funds for project.
- The total expenditures of the Park Improvements Fund were \$5.2 million. The Park Improvements Fund reported a fund balance decrease of \$2.1 million due to completion of the recreational facilities project.
- The total expenditures of the Police Impact Fees Fund were \$3.9 million. The Police Impact Fees Fund reported a fund balance decrease of \$4.0 million due to completion of the police facility project.
- The Water Fund net position increased \$1.9 million. The Water Fund had operating revenues and operating expenses of \$8.8 million.
- The Sewer Fund net position increased \$567,008. Operating expenses of \$2.2 million were exceeded by operating revenues of \$3.1 million.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Streets, Park Improvements, 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 as required supplementary information.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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 and deferred outflows exceeded liabilities by \$91.5 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 outstanding 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, 2014 and June 30, 2013.

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities	2014 Total	2013 Total
Current assets	\$ 30,361,615	\$ 38,206,080	\$ 14,001,446	\$ 7,917,872	\$ 44,363,061	\$ 46,123,952
Capital assets, net	53,340,640	44,235,716	44,590,081	46,190,721	97,930,721	90,426,437
Other non-current assets		702,690		140,643		843,333
Total assets	<u>83,702,255</u>	<u>83,144,486</u>	<u>58,591,527</u>	<u>54,249,236</u>	<u>142,293,782</u>	<u>137,393,722</u>
Deferred outflows	115,822		123,063		238,885	
Current and other liabilities	2,381,718	2,108,254	2,432,893	2,516,376	4,814,611	4,624,630
Long-term liabilities	27,521,290	28,570,359	18,671,181	16,771,100	46,192,471	45,341,459
Total liabilities	<u>29,903,008</u>	<u>30,678,613</u>	<u>21,104,074</u>	<u>19,287,476</u>	<u>51,007,082</u>	<u>49,966,089</u>
Net investment in capital assets	31,357,672	28,939,841	25,975,719	29,473,825	57,333,391	58,413,666
Restricted	9,768,498	15,870,123			9,768,498	15,870,123
Unrestricted	12,788,899	7,656,179	11,634,797	5,487,935	24,423,696	13,144,114
Total net position	<u>\$ 53,915,069</u>	<u>\$ 52,466,143</u>	<u>\$ 37,610,516</u>	<u>\$ 34,961,760</u>	<u>\$ 91,525,585</u>	<u>\$ 87,427,903</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 \$11.7 million in governmental activities capital assets.
- The addition of \$821,665 in business-type activities capital assets.
- The payment of \$970,000 in governmental long-term liabilities and \$1.2 million in business-type long-term liabilities.
- The addition of \$3.1 million of business-type long-term liability water infrastructure loans.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

**Changes in net position.** The City's total revenues for the current fiscal year were \$40.3 million. The total cost of all programs and services was \$36.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities	2014 Total	2013 Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,885,413	\$ 4,390,419	\$ 13,463,395	\$ 12,616,662	\$ 17,348,808	\$ 17,007,081
Operating grants and contributions	2,355,917	1,722,354			2,355,917	1,722,354
Capital grants and contributions	1,787,244	1,328,998	521,870		2,309,114	1,328,998
General revenues:						
Property taxes	3,587,541	3,738,856			3,587,541	3,738,856
City sales taxes	6,480,147	6,051,967			6,480,147	6,051,967
Franchise taxes	688,216	687,341			688,216	687,341
Unrestricted state shared revenues	7,447,112	6,914,460			7,447,112	6,914,460
Investment income	30,894	41,983	6,922	6,397	37,816	48,380
<b>Total revenues</b>	<u>26,262,484</u>	<u>24,876,378</u>	<u>13,992,187</u>	<u>12,623,059</u>	<u>40,254,671</u>	<u>37,499,437</u>
<b>Expenses:</b>						
General government	6,066,519	5,740,420			6,066,519	5,740,420
Public safety	11,083,112	10,474,809			11,083,112	10,474,809
Highways and streets	3,391,878	2,224,551			3,391,878	2,224,551
Culture and recreation	1,594,482	1,463,716			1,594,482	1,463,716
Health and welfare	395,851	396,127			395,851	396,127
Interest on long-term debt	1,111,716	1,118,359			1,111,716	1,118,359
Water			9,234,221	5,369,790	9,234,221	5,369,790
Sewer			2,242,448	2,305,425	2,242,448	2,305,425
Solid waste			1,036,762	945,224	1,036,762	945,224
<b>Total expenses</b>	<u>23,643,558</u>	<u>21,417,982</u>	<u>12,513,431</u>	<u>8,620,439</u>	<u>36,156,989</u>	<u>30,038,421</u>
<b>Transfers</b>	<u>(1,170,000)</u>	<u>1,697,909</u>	<u>1,170,000</u>	<u>(1,697,909)</u>	<u>4,097,682</u>	<u>7,461,016</u>
<b>Changes in net position</b>	<u>1,448,926</u>	<u>5,156,305</u>	<u>2,648,756</u>	<u>2,304,711</u>	<u>87,427,903</u>	<u>79,966,887</u>
<b>Net position, beginning</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>
<b>Net position, ending</b>	<u>\$ 53,915,069</u>	<u>\$ 52,466,143</u>	<u>\$ 37,610,516</u>	<u>\$ 34,961,760</u>	<u>\$ 91,525,585</u>	<u>\$ 87,427,903</u>

- Charges for services related to governmental activities decreased \$505,006 primarily due to a reduction of photo enforcement revenues due to increased public awareness.
- Operating grants and contributions related to governmental activities increased \$633,563 due to increased highway and streets revenues.
- Capital grants and contributions related to governmental activities decreased by \$458,246 related to funding for street projects.
- Charges for services related to business-type activities increased \$846,733 primarily due to a City water rate increase of 10%.
- Unrestricted state shared revenues increased \$532,652 due to the improved state economy.
- Governmental activities expense increased \$1.2 million primarily due to increased non-capital street improvements.
- Water and Sewer expenses increased \$3.8 million due to the replacement of water meters city-wide.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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.

	Year ended June 30, 2014		Year Ended June 30, 2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
General government	\$ 6,066,519	\$ (3,016,032)	\$ 5,740,420	\$ (2,069,463)
Public safety	11,083,112	(9,841,512)	10,474,809	(9,414,252)
Highways and streets	3,391,878	(462,644)	2,224,551	411,512
Culture and recreation	1,594,482	(787,229)	1,463,716	(1,389,522)
Health and welfare	395,851	(395,851)	396,127	(396,127)
Interest on long-term debt	1,111,716	(1,111,716)	1,118,359	(1,118,359)
<b>Total</b>	<u>\$ 23,643,558</u>	<u>\$ (15,614,984)</u>	<u>\$ 21,417,982</u>	<u>\$ (13,976,211)</u>
<b>Business-type Activities</b>				
Water	\$ 9,234,221	\$ 43,613	\$ 5,369,790	\$ 2,633,762
Sewer	2,242,448	906,720	2,305,425	898,537
Solid waste	1,036,762	521,501	945,224	463,924
<b>Total</b>	<u>\$ 12,513,431</u>	<u>\$ 1,471,834</u>	<u>\$ 8,620,439</u>	<u>\$ 3,996,223</u>

- Federal and State grants and charges for services subsidized certain governmental programs with revenues of \$8.0 million.
- Net cost of governmental activities of \$15.6 million was financed by general revenues, which are primarily property tax, local sales taxes, and unrestricted state shared revenues totaling \$17.5 million.

**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 \$27.9 million, a decrease of \$8.1 million, or 23 percent from the prior year, primarily due to increased capital expenditures related to several projects.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

The decrease in the General Fund's fund balance of \$2.2 million was due primarily to transfers out to other funds to complete major purchases and capital projects.

The Streets Fund reported a fund balance increase of \$1.4 million due to transfers in from other funds to assist financially in the reconstruction of major road projects.

The Park Improvements Fund's fund balance decreased from \$2.1 million to \$26,868 was due primarily to completion of the recreational facility project.

The Police Impact Fees Fund reported a fund balance decrease of \$4.0 million due to the completion of the police station project.

**Proprietary funds.** Net position of the Enterprise Funds at the end of the year amounted to \$37.6 million, an increase of \$2.6 million, or an 8 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 \$900,147 in City sales tax was a result of conservative budgeting and an improving local economy.
- The favorable variance of \$170,296 in charges for services was a result of continued demand for new housing within the City.
- The favorable variance of \$705,088 in general governmental expenditures was a result of reductions in legal services including county jail housing charges.
- The favorable variance of \$747,516 in public safety expenditures was a result of vacancy savings in Police and Fire.
- The favorable variance of \$280,528 in capital outlay expenditures was a result of capital expenditures being budgeted for park improvements not undertaken during the year.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At year end, the City had invested \$139.0 million in capital assets. This amount represents a net increase prior to depreciation of \$11.9 million from the prior fiscal year, primarily due to completion of the police station and recreational facility. Total depreciation expense for the year was \$4.8 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2014 and June 30, 2013.

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities
Non-depreciable assets	\$ 13,025,174	\$ 14,015,714	\$ 921,620	\$ 1,236,288
Depreciable assets	55,130,775	43,036,763	69,945,831	68,834,379
Less: Accumulated depreciation	<u>(14,815,309)</u>	<u>(12,816,761)</u>	<u>(26,277,370)</u>	<u>(23,879,946)</u>
Total capital assets, net	<u>\$ 53,340,640</u>	<u>\$ 44,235,716</u>	<u>\$ 44,590,081</u>	<u>\$ 46,190,721</u>

Additional information on the City's capital assets can be found in Note 5.

**Debt Administration.** At year end, the City had \$45.6 million in long-term debt outstanding, including \$2.3 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, 2014 and June 30, 2013.

	As of June 30, 2014	As of June 30, 2013
General obligation bonds	\$ 26,943,122	\$ 27,951,779
Capital leases	14,803	
WIFA loans	18,614,362	16,716,896
<b>Total</b>	<u>\$ 45,572,287</u>	<u>\$ 44,668,675</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 \$6.5 million in the 6% capacity and \$21.8 million in the 20% capacity. The City has \$5.8 million of general obligation debt applicable to the 6% limit and \$21.2 million of debt applicable to the 20% limit. Additional information on the City's long-term debt can be found in Notes 6 through 9.

**CITY OF EL MIRAGE, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

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

The adopted combined operating and capital expenditure budget for fiscal year 2014-15 totals \$84.6 million, a decrease of \$15.7 million or 16% less than fiscal year 2013-14 as a result of reduced transfers and the completion of the police and recreation facilities.

**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 Finance Department, 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, 2014**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 26,247,181	\$ 13,846,352	\$ 40,093,533
Accounts receivable	183,019	1,560,706	1,743,725
Property taxes receivable	148,979		148,979
Due from governmental entities	1,054,771		1,054,771
Loans receivable		1,319,388	1,319,388
Internal balances	2,725,000	(2,725,000)	
Prepaid items	2,665		2,665
<b>Total current assets</b>	<b>30,361,615</b>	<b>14,001,446</b>	<b>44,363,061</b>
Noncurrent assets:			
Capital assets, non-depreciable	13,025,174	921,620	13,946,794
Capital assets, depreciable (net)	40,315,466	43,668,461	83,983,927
<b>Total noncurrent assets</b>	<b>53,340,640</b>	<b>44,590,081</b>	<b>97,930,721</b>
<b>Total assets</b>	<b>83,702,255</b>	<b>58,591,527</b>	<b>142,293,782</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charge on refunding	115,822	123,063	238,885
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,956,825	568,685	2,525,510
Accrued payroll and employee benefits	229,801	32,960	262,761
Accrued interest		239,775	239,775
Due to governmental entities	182,879		182,879
Compensated absences payable	185,910	18,750	204,660
Customer deposits	12,213	1,591,473	1,603,686
Capital leases payable	2,829		2,829
Loans payable		1,243,050	1,243,050
General obligation bonds payable	1,005,000		1,005,000
<b>Total current liabilities</b>	<b>3,575,457</b>	<b>3,694,693</b>	<b>7,270,150</b>
Noncurrent liabilities:			
Compensated absences payable	377,455	38,069	415,524
Capital leases payable	11,974		11,974
Loans payable		17,371,312	17,371,312
General obligation bonds payable	25,938,122		25,938,122
<b>Total noncurrent liabilities</b>	<b>26,327,551</b>	<b>17,409,381</b>	<b>43,736,932</b>
<b>Total liabilities</b>	<b>29,903,008</b>	<b>21,104,074</b>	<b>51,007,082</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	31,357,672	25,975,719	57,333,391
Restricted for:			
Debt service	686,148		686,148
Capital projects	149,421		149,421
Streets projects	8,701,223		8,701,223
Court and police programs	73,198		73,198
Other purposes	158,508		158,508
Unrestricted	12,788,899	11,634,797	24,423,696
<b>Total net position</b>	<b>\$ 53,915,069</b>	<b>\$ 37,610,516</b>	<b>\$ 91,525,585</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, 2014**

<b>Functions/Programs</b>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 6,066,519	\$ 3,050,487	\$	\$ (3,016,032)
Public safety	11,083,112	759,473	482,127	(9,841,512)
Highways and streets	3,391,878	2,500	1,873,790	(462,644)
Culture and recreation	1,594,482	72,953		(787,229)
Health and welfare	395,851			(395,851)
Interest on long-term debt	1,111,716			(1,111,716)
Total governmental activities	<u>23,643,558</u>	<u>3,885,413</u>	<u>2,355,917</u>	<u>(15,614,984)</u>
Business-type activities:				
Water	9,234,221	8,777,834		500,000
Sewer	2,242,448	3,127,298		21,870
Solid waste	1,036,762	1,558,263		
Total business-type activities	<u>12,513,431</u>	<u>13,463,395</u>		<u>521,870</u>
<b>Total primary government</b>	<u>\$ 36,156,989</u>	<u>\$ 17,348,808</u>	<u>\$ 2,355,917</u>	<u>\$ 2,309,114</u> <u>(15,614,984)</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes	1,639,622
Property taxes, levied for debt purposes	1,947,919
City sales taxes	6,480,147
Franchise taxes	688,216
Unrestricted state shared revenues	7,447,112
Investment income	30,894

**Transfers**

<b>Total general revenues and transfers</b>	<u>17,063,910</u>
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**Changes in net position**

1,448,926

**Net position, beginning of year**

52,466,143

**Net position, end of year**

\$ 53,915,069

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
\$	\$ (3,016,032)
	(9,841,512)
	(462,644)
	(787,229)
	(395,851)
	<u>(1,111,716)</u>
	<u>(15,614,984)</u>
43,613	43,613
906,720	906,720
<u>521,501</u>	<u>521,501</u>
1,471,834	1,471,834
<u>1,471,834</u>	<u>(14,143,150)</u>
	1,639,622
	1,947,919
	6,480,147
	688,216
	7,447,112
6,922	37,816
<u>1,170,000</u>	
<u>1,176,922</u>	<u>18,240,832</u>
2,648,756	4,097,682
<u>34,961,760</u>	<u>87,427,903</u>
<u>\$ 37,610,516</u>	<u>\$ 91,525,585</u>

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**FUND FINANCIAL STATEMENTS**

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

	<u>General</u>	<u>Streets</u>	<u>Park Improvements</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 11,747,018	\$ 8,155,340	\$ 1,067,328
Accounts receivable	183,019		
Property taxes receivable	69,776		
Due from governmental entities	759,576		
Due from other funds	2,725,000		
Prepaid items	2,665		
<b>Total assets</b>	<u><u>\$ 15,487,054</u></u>	<u><u>\$ 8,155,340</u></u>	<u><u>\$ 1,067,328</u></u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 426,094	\$ 135,247	\$ 1,040,460
Accrued payroll and employee benefits	224,000		
Due to governmental entities	182,879		
Customer deposits			
<b>Total liabilities</b>	<u>832,973</u>	<u>135,247</u>	<u>1,040,460</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	<u>38,282</u>		
Fund balances:			
Nonspendable	2,665		
Restricted	158,508	8,020,093	
Committed	151,041		
Assigned	270,978		26,868
Unassigned	14,032,607		
<b>Total fund balances</b>	<u>14,615,799</u>	<u>8,020,093</u>	<u>26,868</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 15,487,054</u></u>	<u><u>\$ 8,155,340</u></u>	<u><u>\$ 1,067,328</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 5,277,495	\$ 26,247,181
	183,019
79,203	148,979
295,195	1,054,771
	2,725,000
	2,665
<u>\$ 5,651,893</u>	<u>\$ 30,361,615</u>

\$ 355,024	\$ 1,956,825
5,801	229,801
	182,879
12,213	12,213
<u>373,038</u>	<u>2,381,718</u>

<u>42,288</u>	<u>80,570</u>
---------------	---------------

	2,665
1,547,609	9,726,210
3,688,958	3,839,999
	297,846
	14,032,607
<u>5,236,567</u>	<u>27,899,327</u>

<u>\$ 5,651,893</u>	<u>\$ 30,361,615</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, 2014**

<b>Total governmental fund balances</b>		<b>\$ 27,899,327</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	\$ 68,155,949	
Less accumulated depreciation	14,815,309	53,340,640
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		80,570
<p>Deferred items related to the issuance of debt are amortized over the life of the associated debt in the government-wide statements.</p>		
		115,822
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated absences	(563,365)	
Capital leases payable	(14,803)	
Bonds payable	(26,943,122)	(27,521,290)
<b>Net position of governmental activities</b>		<b><u><u>\$ 53,915,069</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, 2014**

	<u>General</u>	<u>Streets</u>	<u>Park Improvements</u>
<b>Revenues:</b>			
Property taxes	\$ 1,645,748	\$	\$
City sales taxes	6,480,147		
Franchise taxes	688,216		
Licenses and permits	333,821		
Intergovernmental	7,981,722	1,052,944	
Charges for services	300,296		
Fines and forfeits	407,875		
Investment income	25,041	2,837	543
Rents	61,854		
Contributions and donations	6,524		
Miscellaneous	89,838		
<b>Total revenues</b>	<u>18,021,082</u>	<u>1,055,781</u>	<u>543</u>
<b>Expenditures:</b>			
Current -			
General government	3,983,382		
Public safety	10,342,229		
Highways and streets			
Culture and recreation	1,283,670		
Capital outlay	327,254	1,454,649	5,169,733
Debt service -			
Principal retirement	1,329		
Interest and fiscal charges	650		
<b>Total expenditures</b>	<u>15,938,514</u>	<u>1,454,649</u>	<u>5,169,733</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,082,568</u>	<u>(398,868)</u>	<u>(5,169,190)</u>
<b>Other financing sources (uses):</b>			
Transfers in	2,896,971	1,766,801	3,095,935
Transfers out	(7,217,000)		
Capital lease agreements	16,132		
<b>Total other financing sources (uses):</b>	<u>(4,303,897)</u>	<u>1,766,801</u>	<u>3,095,935</u>
<b>Changes in fund balances</b>	<u>(2,221,329)</u>	<u>1,367,933</u>	<u>(2,073,255)</u>
<b>Fund balances, beginning of year</b>	16,837,128	6,652,160	2,100,123
<b>Fund balances, end of year</b>	<u>\$ 14,615,799</u>	<u>\$ 8,020,093</u>	<u>\$ 26,868</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>
\$	\$ 1,950,959	\$ 3,596,707
		6,480,147
		688,216
		333,821
	1,828,275	10,862,941
		300,296
	2,670,451	3,078,326
908	1,565	30,894
		61,854
		6,524
	7,786	97,624
<u>908</u>	<u>6,459,036</u>	<u>25,537,350</u>
	1,260,567	5,243,949
	21,878	10,364,107
	2,510,736	2,510,736
		1,283,670
3,941,594	86,433	10,979,663
	970,000	971,329
	1,138,141	1,138,791
<u>3,941,594</u>	<u>5,987,755</u>	<u>32,492,245</u>
<u>(3,940,686)</u>	<u>471,281</u>	<u>(6,954,895)</u>
	465,000	8,224,707
(10,169)	(2,167,538)	(9,394,707)
<u>(10,169)</u>	<u>(1,702,538)</u>	<u>16,132</u>
<u>(3,950,855)</u>	<u>(1,231,257)</u>	<u>(8,108,763)</u>
3,950,855	6,467,824	36,008,090
<u>\$</u>	<u>\$ 5,236,567</u>	<u>\$ 27,899,327</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, 2014**

<b>Net changes in fund balances - total governmental funds</b>		<b>\$ (8,108,763)</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p>		
<p>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.</p>		
Expenditures for capitalized assets	\$ 10,969,912	
Less current year depreciation	<u>(2,408,860)</u>	8,561,052
<p>Capital assets contributed by developers to the City are not recorded in the governmental funds as they do not provide current financial resources, but are recognized in the Statement of Activities as program revenues.</p>		
		734,300
<p>Issuance of capital leases provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.</p>		
		(16,132)
<p>Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(9,166)
<p>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.</p>		
Capital lease principal	1,329	
Bond principal	<u>970,000</u>	971,329
<p>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.</p>		
Loss on disposal of assets	(190,428)	
Amortization of bond items	(501,247)	
Compensated absences	<u>7,981</u>	<u>(683,694)</u>
<b>Change in net position in governmental activities</b>		<b><u><u>\$ 1,448,926</u></u></b>

**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, 2014**

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 10,218,753	\$ 3,032,401	\$ 595,198
Accounts receivable	1,061,441	347,969	151,296
Loans receivable	751,275	568,113	
Total current assets	<u>12,031,469</u>	<u>3,948,483</u>	<u>746,494</u>
Noncurrent assets:			
Capital assets, non-depreciable	129,768	791,852	
Capital assets, depreciable (net)	22,694,537	20,973,924	
Total noncurrent assets	<u>22,824,305</u>	<u>21,765,776</u>	
<b>Total assets</b>	<u>34,855,774</u>	<u>25,714,259</u>	<u>746,494</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred charge on refunding	<u>123,063</u>		
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	399,111	62,707	106,867
Accrued payroll and employee benefits	24,575	8,385	
Accrued interest	211,876	27,899	
Due to other funds	2,125,000		600,000
Compensated absences payable	12,464	6,286	
Customer deposits	1,591,473		
Loans payable	1,087,435	155,615	
Total current liabilities	<u>5,451,934</u>	<u>260,892</u>	<u>706,867</u>
Noncurrent liabilities:			
Compensated absences payable	25,307	12,762	
Loans payable	14,999,955	2,371,357	
Total noncurrent liabilities	<u>15,025,262</u>	<u>2,384,119</u>	
<b>Total liabilities</b>	<u>20,477,196</u>	<u>2,645,011</u>	<u>706,867</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	6,736,915	19,238,804	
Unrestricted	7,764,726	3,830,444	39,627
<b>Total net position</b>	<u>\$ 14,501,641</u>	<u>\$ 23,069,248</u>	<u>\$ 39,627</u>

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

Enterprise Funds

Totals

\$ 13,846,352  
1,560,706  
1,319,388  
16,726,446

921,620  
43,668,461  
44,590,081  
61,316,527

123,063

568,685  
32,960  
239,775  
2,725,000  
18,750  
1,591,473  
1,243,050  
6,419,693

38,069  
17,371,312  
17,409,381  
23,829,074

25,975,719  
11,634,797  
\$ 37,610,516

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

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
<b>Operating revenues:</b>			
Charges for services	\$ 8,770,964	\$ 3,127,298	\$ 1,558,263
<b>Total operating revenues</b>	<u>8,770,964</u>	<u>3,127,298</u>	<u>1,558,263</u>
<b>Operating expenses:</b>			
Cost of sales and services	7,284,760	1,301,826	1,036,762
Depreciation	1,523,327	884,825	
<b>Total operating expenses</b>	<u>8,808,087</u>	<u>2,186,651</u>	<u>1,036,762</u>
<b>Operating income (loss)</b>	<u>(37,123)</u>	<u>940,647</u>	<u>521,501</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	6,634	288	
Development impact fees	6,870		
Interest expense	(426,134)	(55,797)	
<b>Total nonoperating revenues (expenses)</b>	<u>(412,630)</u>	<u>(55,509)</u>	
<b>Income (loss) before capital contributions and transfers</b>	<u>(449,753)</u>	<u>885,138</u>	<u>521,501</u>
<b>Transfers in</b>	3,390,000	465,000	
<b>Transfers out</b>	(1,560,000)	(805,000)	(320,000)
<b>Capital contributions</b>	<u>500,000</u>	<u>21,870</u>	
<b>Changes in net position</b>	<u>1,880,247</u>	<u>567,008</u>	<u>201,501</u>
<b>Total net position, beginning of year</b>	12,621,394	22,502,240	(161,874)
<b>Total net position, end of year</b>	<u>\$ 14,501,641</u>	<u>\$ 23,069,248</u>	<u>\$ 39,627</u>

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

Enterprise Funds

Totals

\$ 13,456,525  
13,456,525

9,623,348  
2,408,152  
12,031,500

1,425,025

6,922  
6,870  
(481,931)  
(468,139)

956,886

3,855,000  
(2,685,000)  
521,870

2,648,756

34,961,760

\$ 37,610,516

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

	<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	\$ 8,692,402	\$ 3,096,506	\$ 1,543,113
Cash payments to suppliers for goods and services	(5,698,305)	(948,396)	(1,049,812)
Cash payments to employees for services	(1,533,034)	(546,405)	
<b>Net cash provided by (used for) operating activities</b>	<b>1,461,063</b>	<b>1,601,705</b>	<b>493,301</b>
Cash flows from noncapital and related financing activities:			
Intergovernmental revenue	86,463		
Interfund transfers	1,830,000	(340,000)	(320,000)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>1,916,463</b>	<b>(340,000)</b>	<b>(320,000)</b>
Cash flows from capital and related financing activities:			
Proceeds from loans	1,786,534		
Miscellaneous	6,870		
Capital grants received	500,000		
Principal paid on loans	(1,057,127)	(151,329)	
Interest paid on loans	(396,257)	(54,810)	
Acquisition and construction of capital assets	(128,410)	(657,232)	
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>711,610</b>	<b>(863,371)</b>	
Cash flows from investing activities:			
Interest on investments	6,634	288	
<b>Net cash provided by investing activities</b>	<b>6,634</b>	<b>288</b>	
<b>Net increase in cash and cash equivalents</b>	<b>4,095,770</b>	<b>398,622</b>	<b>173,301</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,122,983</b>	<b>2,633,779</b>	<b>421,897</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 10,218,753</b>	<b>\$ 3,032,401</b>	<b>\$ 595,198</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>\$ (37,123)</b>	<b>\$ 940,647</b>	<b>\$ 521,501</b>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,523,327	884,825	
Changes in assets and liabilities:			
Increase in accounts receivable	(137,014)	(30,792)	(15,150)
Increase (decrease) in accounts payable	55,713	(194,630)	(13,050)
Decrease in accrued payroll and employee benefits	(1,261)	(1,991)	
Increase (decrease) in compensated absences payable	(1,031)	3,646	
Increase in deposits held for others	58,452		
<b>Total adjustments</b>	<b>1,498,186</b>	<b>661,058</b>	<b>(28,200)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 1,461,063</b>	<b>\$ 1,601,705</b>	<b>\$ 493,301</b>

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

**Enterprise Funds**

**Totals**

\$ 13,332,021  
(7,696,513)  
(2,079,439)  
3,556,069

86,463  
1,170,000

1,256,463

1,786,534  
6,870  
500,000  
(1,208,456)  
(451,067)  
(785,642)

(151,761)

6,922

6,922

4,667,693

9,178,659

\$ 13,846,352

1,425,025

2,408,152

(182,956)

(151,967)

(3,252)

2,615

58,452

2,131,044

\$ 3,556,069

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

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

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, 2014**

**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, 2014**

**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. Unearned revenue arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

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

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

The City reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the City, except those required to be accounted for in other funds. The General Fund includes the Municipal Court Fund and the Special Projects Fund. These funds are maintained as separate funds for accounting and budgeting purposes but do not meet the criteria for separate reporting in the financial statements.

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

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

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, 2014**

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

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.

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.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

**E. Investment Income**

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

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Interfund balances between governmental funds are eliminated on the Statement of Net Position. All trade and property tax receivables, are shown net of an allowance for uncollectibles.

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

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

**G. Property Tax Calendar**

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

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

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

**H. Prepaid Items**

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

**I. Capital Assets**

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**K. 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, 2014**

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

**L. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities on the statement of net position. Debt premiums and discounts, 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.

**M. 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.

**N. 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.

**O. 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, 2014**

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

**P. New Accounting Pronouncement**

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

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

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

***Restricted.*** 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.

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

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

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

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

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

	General Fund	Streets Fund	Park Improvements Fund	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 2,665	\$	\$	\$
Restricted:				
Debt service				643,860
Streets projects		8,020,093		681,130
Capital projects				149,421
Court and police programs				73,198
Other purposes	158,508			
Committed				
Court and police programs				3,688,958
Other purposes	151,041			
Assigned				
Capital projects			26,868	
Court and police programs	270,978			
Unassigned	14,032,607			
Total fund balances	\$ 14,615,799	\$ 8,020,093	\$ 26,868	\$ 5,236,567

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

**NOTE 3 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the City’s deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City’s deposits was \$4,249,723 and the bank balance was \$4,153,837. 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	59 days	\$ 29,428,881
State Treasurer’s investment pool 7	19 days	6,414,929
Total		\$ 35,843,810

*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.

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

**NOTE 3 – CASH AND INVESTMENTS (Concl'd)**

*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 AAA at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

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

**NOTE 4 – RECEIVABLES**

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

	General Fund	Non-Major Governmental Funds
Due from other governmental entities:		
Due from Federal government	\$ 8,946	\$
Due from State government	750,630	295,195
Net due from governmental entities	\$ 759,576	\$ 295,195

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

**NOTE 5 – 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	\$ 734,300	\$	\$ 9,426,231
Construction in progress	5,323,783	10,599,244	12,324,084	3,598,943
Total capital assets, not being depreciated	<u>14,015,714</u>	<u>11,333,544</u>	<u>12,324,084</u>	<u>13,025,174</u>
Capital assets, being depreciated:				
Land improvements	893,563			893,563
Buildings and improvements	7,820,398	11,842,803	455,022	19,208,179
Infrastructure	26,651,623	481,281		27,132,904
Machinery, equipment and vehicles	7,671,179	370,668	145,718	7,896,129
Total capital assets being depreciated	<u>43,036,763</u>	<u>12,694,752</u>	<u>600,740</u>	<u>55,130,775</u>
Less accumulated depreciation for:				
Land improvements	(387,769)	(52,147)		(439,916)
Buildings and improvements	(1,571,804)	(316,733)	(297,106)	(1,591,431)
Infrastructure	(6,474,585)	(1,457,538)		(7,932,123)
Machinery, equipment and vehicles	(4,382,603)	(582,442)	(113,206)	(4,851,839)
Total accumulated depreciation	<u>(12,816,761)</u>	<u>(2,408,860)</u>	<u>(410,312)</u>	<u>(14,815,309)</u>
Total capital assets, being depreciated, net	<u>30,220,002</u>	<u>10,285,892</u>	<u>190,428</u>	<u>40,315,466</u>
Governmental activities capital assets, net	<u>\$ 44,235,716</u>	<u>\$21,619,436</u>	<u>\$12,514,512</u>	<u>\$ 53,340,640</u>

Governmental activities:

General government	\$ 274,383
Public safety	548,181
Highways and streets	878,869
Culture and recreation	311,576
Health and welfare	395,851
Total depreciation expense	<u>\$ 2,408,860</u>

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

**NOTE 5 – 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	314,668	699,223	1,013,891	
Total	<u>1,236,288</u>	<u>699,223</u>	<u>1,013,891</u>	<u>921,620</u>
Capital assets, being depreciated:				
Sewer plant	20,455,101			20,455,101
Water mains and lines	32,081,439	114,881		32,196,320
Sewer collection system	8,541,009			8,541,009
Land improvements	5,248,781	301,525	19,116	5,531,190
Buildings and improvements	581,097			581,097
Machinery, equipment and vehicles	1,915,196	719,927	5,765	2,629,358
Infrastructure	11,756			11,756
Total capital assets being depreciated	<u>68,834,379</u>	<u>1,136,333</u>	<u>24,881</u>	<u>69,945,831</u>
Less accumulated depreciation for:				
Sewer plant	(4,182,069)	(465,302)		(4,647,371)
Water mains and lines	(10,300,818)	(1,301,564)		(11,602,382)
Sewer collection system	(4,484,465)	(338,723)		(4,823,188)
Land improvements	(3,818,340)	(90,846)	(9,559)	(3,899,627)
Buildings and improvements	(177,218)	(42,146)		(219,364)
Machinery, equipment and vehicles	(909,702)	(168,395)	(1,169)	(1,076,928)
Infrastructure	(7,334)	(1,176)		(8,510)
Total accumulated depreciation	<u>(23,879,946)</u>	<u>(2,408,152)</u>	<u>(10,728)</u>	<u>(26,277,370)</u>
Total capital assets, being depreciated, net	<u>44,954,433</u>	<u>(1,271,819)</u>	<u>14,153</u>	<u>43,668,461</u>
Business-type activities capital assets, net	<u>\$ 46,190,721</u>	<u>\$ (572,596)</u>	<u>\$ 1,028,044</u>	<u>\$ 44,590,081</u>

Business-type activities:

Water	\$ 1,523,327
Sewer	<u>884,825</u>
Total depreciation expense – business-type activities	<u>\$ 2,408,152</u>

**Construction Commitments** – At year end, the City had contractual commitments related to various capital projects for the construction of street improvements. At year end, the City had spent \$3.6 million on the projects and had estimated remaining contractual commitments of \$31.4 million.

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

**NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES**

The City has acquired copiers under the provisions of a long-term lease agreement classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the capital lease obligation.

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

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	\$ 12,118
Less: Accumulated depreciation	(1,109)
Total	\$ 11,009

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

	Governmental Activities
Year Ending June 30:	
2015	\$ 3,957
2016	3,957
2017	3,957
2018	3,957
2019	1,977
Total minimum lease payments	17,805
Less: amount representing interest	3,002
Present value of minimum lease payments	\$ 14,803
Due within one year	\$ 2,829

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

**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 related bond premiums and discounts of \$867,404 and \$44,282, respectively.

	Original Amount Issued	Interest Rate	Remaining Maturities	Outstanding Principal June 30, 2014
<u>Governmental activities:</u>				
GADA Bond, Series 2007 B	\$ 1,145,000	4.00-5.00%	8/1/15-27	\$ 850,000
GADA Bond, Series 2009 B	9,600,000	3.25-5.00%	7/1/15-29	7,910,000
G.O. Bonds 2012A	14,900,000	2.00-5.00%	7/1/15-42	14,335,000
Refunding Bonds 2012B	3,305,000	2.00-4.00%	7/1/15-24	3,025,000
Total				<u>\$ 26,120,000</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>
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	1,150,000	955,971
2020-24	6,440,000	4,088,827
2025-29	5,735,000	2,824,034
2030-34	2,705,000	1,828,500
2035-39	3,390,000	1,143,500
2040-42	2,475,000	251,500
Total	<u>\$ 26,120,000</u>	<u>\$ 15,299,475</u>

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

**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, 2014
<u>Business-type activities:</u>				
WIFA Loan, DW 050-2005	\$ 16,550,000	2.93%	7/1/14-25	\$ 10,182,788
WIFA Loan, CW 030-2005	1,108,911	2.96%	7/1/14-25	740,980
WIFA Loan, CW 2008	1,900,000	2.75%	7/1/14-27	996,819
WIFA Loan, DW 2008	4,040,000	2.75%	7/1/14-27	3,304,521
WIFA Loan, ARRA 91A121-10	648,000	2.87%	7/1/14-29	290,518
WIFA Loan, ARRA 91A152-10	140,000	2.68%	7/1/14-29	71,265
WIFA Loan, ARRA 91A153-10	498,000	1.50%	7/1/14-29	144,825
WIFA Loan, 920227-13	4,550,000	2.80%	7/1/14-26	2,383,994
WIFA Loan, 910154-13	500,000	2.80%	7/1/14-32	498,652
Total				<u>\$ 18,614,362</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
2015	\$ 1,243,050	\$ 480,504
2016	1,287,855	464,482
2017	1,303,692	440,851
2018	1,341,043	402,970
2019	1,379,470	364,001
2020-24	7,513,459	1,164,402
2025-29	4,386,703	190,735
2030-33	159,090	7,428
Total	<u>\$ 18,614,362</u>	<u>\$ 3,515,373</u>

**Pledged revenues – business-type activities.** The City has pledged future water and sewer revenues to repay the outstanding WIFA loans of \$18.6 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 2033. The total principal and interest to be paid on the loans is \$22.1 million. The current total customer gross revenues were \$11.9 million and the total principal and interest paid on the loans was \$1.7 million, or 14% of gross revenues.

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

**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	\$ 27,090,000	\$	\$ 970,000	\$ 26,120,000	\$ 1,005,000
Bond premium	909,013		41,609	867,404	
Bond discount	(47,234)		(2,952)	(44,282)	
Net bonds payable	<u>27,951,779</u>		<u>1,008,657</u>	<u>26,943,122</u>	<u>1,005,000</u>
Compensated absences	571,346	591,763	599,744	563,365	185,910
Obligations under capital leases		16,132	1,329	14,803	2,829
Governmental activity long-term liabilities	<u>\$ 28,523,125</u>	<u>\$ 607,895</u>	<u>\$ 1,609,730</u>	<u>\$ 27,521,290</u>	<u>\$ 1,193,739</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 54,204	\$ 77,001	\$ 74,386	\$ 56,819	\$ 18,750
Loans payable	16,716,896	3,105,922	1,208,456	18,614,362	1,243,050
Business-type activities long-term liabilities	<u>\$ 16,771,100</u>	<u>\$ 3,182,923</u>	<u>\$ 1,282,842</u>	<u>\$ 18,671,181</u>	<u>\$ 1,261,800</u>

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

At year end, interfund balances were as follows.

**Due to/from other funds:**

	<u>General Fund</u>
Water Fund	\$ 2,125,000
Non-Major Enterprise Fund	600,000
Total Due from Other Funds	<u>\$ 2,725,000</u>

Short-term borrowing arrangements are established to cover operational cash deficits that occur during the prior year. The interfund balances are expected to be paid within one year for the Solid Waste Fund and by fiscal year 2017 for the Water Fund.

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

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

**Interfund transfers:**

Transfers out	Transfers in			
	General Fund	Streets Fund	Park Improvements Fund	Non-Major Governmental Funds
General Fund	\$	\$ 474,500	\$ 3,082,500	\$ 465,000
Police Impact Fees Fund		10,169		
Non-Major Governmental Funds	676,971	1,282,132	13,435	
Water Fund	1,095,000			
Sewer Fund	805,000			
Non-Major Enterprise Fund	320,000			
<b>Total</b>	<b>\$ 2,896,971</b>	<b>\$ 1,766,801</b>	<b>\$ 3,095,935</b>	<b>\$ 465,000</b>

Transfers out	Transfers in		
	Water Fund	Sewer Fund	Total
General Fund	\$ 3,195,000	\$	\$ 7,217,000
Police Impact Fees Fund			10,169
Non-Major Governmental Funds	195,000		2,167,538
Water Fund		465,000	1,560,000
Sewer Fund			805,000
Non-Major Enterprise Fund			320,000
<b>Total</b>	<b>\$ 3,390,000</b>	<b>\$ 465,000</b>	<b>\$ 12,079,707</b>

Transfers between funds were primarily used (1) to move funds to the General Fund to support operations, and (2) to move funds from the General Fund to other funds for capital and major projects.

**NOTE 11 – CONTINGENT LIABILITIES**

**Lawsuits** – The City is a defendant in a number of lawsuits as of June 30, 2014. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2014, would not be material to the financial position of the City.

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

**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.

**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 an 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.

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

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

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

**ASRS**

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

**PSPRS**

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

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

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

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years ended June 30,			
2014	\$ 599,066	\$ 33,592	\$ 13,437
2013	575,244	36,479	13,469
2012	507,038	32,364	12,329

*Agent plan* – For the current fiscal year, active PSPRS members were required by statute to contribute 10.35 percent of the members’ annual covered payroll, and the City was required to contribute at the actuarially determined rates of 20.22 percent and 13.96 percent for police and fire, respectively. Additional information related to both the police and fire PSPRS agent plans follows.

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

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

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

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.00% - 9.00%
Includes inflation at	5.00%
Amortization method	Level percent-of-pay closed
Remaining amortization	24 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value, 80%/120% market

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

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

	<b>Police</b>		<b>Fire</b>	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	\$ 557,903	\$ 22,385	\$ 233,713	\$ 8,682
Contributions made	557,903	22,385	233,713	8,682

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

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

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

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

**Police:**

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2014	\$557,903	100%	-0-
2013	538,786	100%	-0-
2012	482,597	100%	-0-
<i>Health Insurance</i>			
2014	\$ 22,385	100%	-0-
2013	25,101	100%	-0-
2012	25,208	100%	-0-

**Fire:**

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2014	\$233,713	100%	-0-
2013	213,904	100%	-0-
2012	179,661	100%	-0-
<i>Health Insurance</i>			
2014	\$ 8,682	100%	-0-
2013	10,399	100%	-0-
2012	9,504	100%	-0-

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

**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>						
2014	\$7,274,580	\$12,817,742	\$5,543,162	56.8%	\$2,738,838	202.4%
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%
<b>Health Insurance</b>						
2014	\$ 249,081	\$ 283,104	\$ 34,023	88.0%	\$2,738,838	1.2%
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%
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>						
2014	\$4,077,387	\$5,030,099	\$952,712	81.1%	\$1,735,841	54.9%
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%
<b>Health Insurance</b>						
2014	\$ 102,992	\$ 92,837	\$ (10,155)	110.9%	\$1,735,841	0.0%
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%

**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, 2014**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 1,625,000	\$ 1,625,000	\$ 1,645,748	\$ 20,748
City sales taxes	5,580,000	5,580,000	6,480,147	900,147
Franchise taxes	695,000	695,000	688,216	(6,784)
Licenses and permits	265,000	265,000	333,821	68,821
Intergovernmental	7,390,000	7,390,000	7,535,400	145,400
Charges for services	130,000	130,000	300,296	170,296
Fines and forfeits	20,000	20,000	9,206	(10,794)
Investment income	20,000	20,000	25,041	5,041
Rents	60,000	60,000	61,854	1,854
Contributions and donations			1,425	1,425
Miscellaneous	45,000	45,000	89,838	44,838
<b>Total revenues</b>	15,830,000	15,830,000	17,170,992	1,340,992
<b>Expenditures:</b>				
Current -				
General government	4,003,000	4,176,985	3,471,897	705,088
Public safety	10,968,500	10,746,499	9,998,983	747,516
Culture and recreation	1,428,500	1,435,498	1,283,670	151,828
Capital outlay	528,000	528,000	247,472	280,528
Contingency	200,000	133,000		133,000
Debt service -				
Principal retirement			1,329	(1,329)
Interest and fiscal charges			650	(650)
<b>Total expenditures</b>	17,128,000	17,019,982	15,004,001	2,015,981
<b>Excess (deficiency) of revenues over expenditures</b>	(1,298,000)	(1,189,982)	2,166,991	3,356,973
<b>Other financing sources (uses):</b>				
Transfers in	2,715,000	2,715,000	2,776,911	61,911
Transfers out	(7,535,000)	(7,560,500)	(7,592,000)	(31,500)
Capital lease agreements			16,132	16,132
<b>Total other financing sources (uses):</b>	(4,820,000)	(4,845,500)	(4,798,957)	46,543
<b>Changes in fund balances</b>	(6,118,000)	(6,035,482)	(2,631,966)	3,403,516
<b>Fund balances, beginning of year</b>	6,118,000	6,035,482	16,818,279	10,782,797
<b>Fund balances, end of year</b>	\$	\$	\$ 14,186,313	\$ 14,186,313

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The City’s budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for certain activities reported in the General Fund are budgeted separately as special revenue funds.

The following schedule reconciles expenditures and fund balances at the end of year.

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 15,938,514	\$ 14,615,799
Activity budgeted as special revenue funds	<u>(934,513)</u>	<u>(429,486)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 15,004,001</u>	<u>\$ 14,186,313</u>

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**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, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,605,536	\$ 606,945	\$ 65,014
Property taxes receivable		79,203	
Due from governmental entities	295,195		
<b>Total assets</b>	<u>\$ 4,900,731</u>	<u>\$ 686,148</u>	<u>\$ 65,014</u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 355,024	\$	\$
Accrued payroll and employee benefits	5,801		
Customer deposits	12,213		
<b>Total liabilities</b>	<u>373,038</u>		
Deferred inflows of resources:			
Unavailable revenues - property taxes		42,288	
Fund balances:			
Restricted	838,735	643,860	65,014
Committed	3,688,958		
<b>Total fund balances</b>	<u>4,527,693</u>	<u>643,860</u>	<u>65,014</u>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <u>\$ 4,900,731</u>	 <u>\$ 686,148</u>	 <u>\$ 65,014</u>

Total Non-  
Major  
Governmental  
Fund

\$ 5,277,495  
79,203  
295,195  
\$ 5,651,893

\$ 355,024  
5,801  
12,213  
373,038

42,288

1,547,609  
3,688,958  
5,236,567

\$ 5,651,893

**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, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Property taxes	\$	\$ 1,950,959	\$
Intergovernmental	1,828,275		
Fines and forfeits	2,670,451		
Investment income	910	252	403
Miscellaneous	2,000	5,786	
<b>Total revenues</b>	<u>4,501,636</u>	<u>1,956,997</u>	<u>403</u>
<b>Expenditures:</b>			
Current -			
General government	1,260,567		
Public safety	21,878		
Highways and streets	2,510,736		
Capital outlay	86,433		
Debt service -			
Principal retirement		970,000	
Interest and fiscal charges		1,138,141	
<b>Total expenditures</b>	<u>3,879,614</u>	<u>2,108,141</u>	<u></u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>622,022</u>	<u>(151,144)</u>	<u>403</u>
<b>Other financing sources (uses):</b>			
Transfers in	365,000	100,000	
Transfers out	(1,362,927)		(804,611)
<b>Total other financing sources (uses):</b>	<u>(997,927)</u>	<u>100,000</u>	<u>(804,611)</u>
<b>Changes in fund balances</b>	<u>(375,905)</u>	<u>(51,144)</u>	<u>(804,208)</u>
<b>Fund balances, beginning of year</b>	4,903,598	695,004	869,222
<b>Fund balances, end of year</b>	<u>\$ 4,527,693</u>	<u>\$ 643,860</u>	<u>\$ 65,014</u>

Total Non-  
Major  
Governmental  
Funds

\$ 1,950,959  
1,828,275  
2,670,451  
1,565  
7,786  
6,459,036

1,260,567  
21,878  
2,510,736  
86,433

970,000  
1,138,141  
5,987,755

471,281

465,000  
(2,167,538)  
(1,702,538)

(1,231,257)

6,467,824

\$ 5,236,567

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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** – accounts for the operations of the City’s municipal court.

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

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

**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.

**Special Projects** – accounts for the funding for various City special projects.

**CITY OF EL MIRAGE, ARIZONA**  
**COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Municipal Court Enhance Fund	Court Photo Enforcement	Streets (HURF)
<b><u>ASSETS</u></b>			
Cash and investments	\$ 1,053,907	\$ 2,778,595	\$ 371,764
Due from governmental entities			168,935
<b>Total assets</b>	<b>\$ 1,053,907</b>	<b>\$ 2,778,595</b>	<b>\$ 540,699</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 12,020	\$ 119,311	\$ 223,693
Accrued payroll and employee benefits			5,801
Customer deposits	12,213		
<b>Total liabilities</b>	<b>24,233</b>	<b>119,311</b>	<b>229,494</b>
Fund balances:			
Restricted			311,205
Committed	1,029,674	2,659,284	
<b>Total fund balances</b>	<b>1,029,674</b>	<b>2,659,284</b>	<b>311,205</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 1,053,907</b>	 <b>\$ 2,778,595</b>	 <b>\$ 540,699</b>

<u>Dial-A-Ride (LTAF)</u>	<u>Police Towing</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 243,665	\$ 73,198	\$ 84,407	\$ 4,605,536
126,260			295,195
<u>\$ 369,925</u>	<u>\$ 73,198</u>	<u>\$ 84,407</u>	<u>\$ 4,900,731</u>
\$	\$	\$	\$ 355,024
			5,801
			12,213
			<u>373,038</u>
369,925	73,198	84,407	838,735
			3,688,958
<u>369,925</u>	<u>73,198</u>	<u>84,407</u>	<u>4,527,693</u>
<u>\$ 369,925</u>	<u>\$ 73,198</u>	<u>\$ 84,407</u>	<u>\$ 4,900,731</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, 2014**

	<u>Municipal Court Enhance Fund</u>	<u>Court Photo Enforcement</u>	<u>Streets (HURF)</u>
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$ 1,795,519
Fines and forfeits	468,021	2,138,410	
Investment income	910		
Miscellaneous			2,000
<b>Total revenues</b>	<u>468,931</u>	<u>2,138,410</u>	<u>1,797,519</u>
<b>Expenditures:</b>			
Current -			
General government	309,723	950,844	
Public safety			
Highways and streets			2,510,736
Capital outlay	13,983		72,450
<b>Total expenditures</b>	<u>323,706</u>	<u>950,844</u>	<u>2,583,186</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>145,225</u>	<u>1,187,566</u>	<u>(785,667)</u>
<b>Other financing sources (uses):</b>			
Transfers in			365,000
Transfers out		(990,000)	(195,000)
<b>Total other financing sources (uses):</b>		<u>(990,000)</u>	<u>170,000</u>
<b>Changes in fund balances</b>	<u>145,225</u>	<u>197,566</u>	<u>(615,667)</u>
<b>Fund balances, beginning of year</b>	884,449	2,461,718	926,872
<b>Fund balances, end of year</b>	<u>\$ 1,029,674</u>	<u>\$ 2,659,284</u>	<u>\$ 311,205</u>

<u>Dial-A-Ride (LTAF)</u>	<u>Police Grants</u>	<u>Police Towing</u>	<u>Community Development Block Grant</u>	<u>Totals</u>
\$ 32,756	\$	\$ 64,020	\$	\$ 1,828,275
				2,670,451
				910
				2,000
<u>32,756</u>	<u></u>	<u>64,020</u>	<u></u>	<u>4,501,636</u>
				1,260,567
		21,878		21,878
				2,510,736
				86,433
		<u>21,878</u>		<u>3,879,614</u>
<u>32,756</u>	<u></u>	<u>42,142</u>	<u></u>	<u>622,022</u>
				365,000
	<u>(177,927)</u>			<u>(1,362,927)</u>
	<u>(177,927)</u>			<u>(997,927)</u>
<u>32,756</u>	<u>(177,927)</u>	<u>42,142</u>	<u></u>	<u>(375,905)</u>
337,169	177,927	31,056	84,407	4,903,598
<u>\$ 369,925</u>	<u>\$</u>	<u>\$ 73,198</u>	<u>\$ 84,407</u>	<u>\$ 4,527,693</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, 2014**

	Municipal Court		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Fines and forfeits	250,000	398,669	148,669
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>	<u>250,000</u>	<u>398,669</u>	<u>148,669</u>
<b>Expenditures:</b>			
Current -			
General government	556,000	511,485	44,515
Public safety			
Highways and streets			
Capital outlay			
Contingency			
<b>Total expenditures</b>	<u>556,000</u>	<u>511,485</u>	<u>44,515</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(306,000)</u>	<u>(112,816)</u>	<u>193,184</u>
<b>Other financing sources (uses):</b>			
Transfers in	375,000	375,000	
Transfers out			
<b>Total other financing sources (uses):</b>	<u>375,000</u>	<u>375,000</u>	
<b>Changes in fund balances</b>	<u>69,000</u>	<u>262,184</u>	<u>193,184</u>
<b>Fund balances, beginning of year</b>		8,794	8,794
<b>Fund balances, end of year</b>	<u>\$ 69,000</u>	<u>\$ 270,978</u>	<u>\$ 201,978</u>

Municipal Court Enhance Fund			Court Photo Enforcement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 440,000	\$ 468,021 910	\$ 28,021 910	\$ 2,470,000	\$ 2,138,410	\$ (331,590)
<u>440,000</u>	<u>468,931</u>	<u>28,931</u>	<u>2,470,000</u>	<u>2,138,410</u>	<u>(331,590)</u>
639,500	309,723	329,777	1,783,500	950,844	832,656
	13,983	(13,983)			
<u>639,500</u>	<u>323,706</u>	<u>315,794</u>	<u>1,446,500</u>	<u>950,844</u>	<u>1,446,500</u>
(199,500)	145,225	344,725	(760,000)	1,187,566	1,947,566
			(990,000)	(990,000)	
			(990,000)	(990,000)	
(199,500)	145,225	344,725	(1,750,000)	197,566	1,947,566
199,500	884,449	684,949	1,750,000	2,461,718	711,718
<u>\$</u>	<u>\$ 1,029,674</u>	<u>\$ 1,029,674</u>	<u>\$</u>	<u>\$ 2,659,284</u>	<u>\$ 2,659,284</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, 2014**

	Streets (HURF)		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ 1,790,000	\$ 1,795,519	\$ 5,519
Fines and forfeits			
Investment income			
Contributions and donations			
Miscellaneous		2,000	2,000
<b>Total revenues</b>	<u>1,790,000</u>	<u>1,797,519</u>	<u>7,519</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Highways and streets	891,001	2,510,736	(1,619,735)
Capital outlay	1,905,000	72,450	1,832,550
Contingency			
<b>Total expenditures</b>	<u>2,796,001</u>	<u>2,583,186</u>	<u>212,815</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,006,001)</u>	<u>(785,667)</u>	<u>220,334</u>
<b>Other financing sources (uses):</b>			
Transfers in	365,000	365,000	
Transfers out	(195,000)	(195,000)	
<b>Total other financing sources (uses):</b>	<u>170,000</u>	<u>170,000</u>	
<b>Changes in fund balances</b>	<u>(836,001)</u>	<u>(615,667)</u>	<u>220,334</u>
<b>Fund balances, beginning of year</b>	836,001	926,872	90,871
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 311,205</u>	<u>\$ 311,205</u>

Dial-A-Ride (LTAF)			Police Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 32,756	\$ 32,756	\$	\$	\$
	<u>32,756</u>	<u>32,756</u>			
142,000		142,000			
193,000		193,000			
<u>335,000</u>		<u>335,000</u>			
<u>(335,000)</u>	<u>32,756</u>	<u>367,756</u>			
			<u>(200,000)</u>	<u>(177,927)</u>	<u>22,073</u>
			<u>(200,000)</u>	<u>(177,927)</u>	<u>22,073</u>
<u>(335,000)</u>	<u>32,756</u>	<u>367,756</u>	<u>(200,000)</u>	<u>(177,927)</u>	<u>22,073</u>
335,000	337,169	2,169	200,000	177,927	(22,073)
<u>\$</u>	<u>\$ 369,925</u>	<u>\$ 369,925</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2014**

	Police Towing		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Fines and forfeits	60,000	64,020	4,020
Investment income			
Contributions and donations			
Miscellaneous			
<b>Total revenues</b>	<u>60,000</u>	<u>64,020</u>	<u>4,020</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety	27,000	21,878	5,122
Highways and streets			
Capital outlay			
Contingency			
<b>Total expenditures</b>	<u>27,000</u>	<u>21,878</u>	<u>5,122</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>33,000</u>	<u>42,142</u>	<u>9,142</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>33,000</u>	<u>42,142</u>	<u>9,142</u>
<b>Fund balances, beginning of year</b>		31,056	31,056
<b>Fund balances, end of year</b>	<u>\$ 33,000</u>	<u>\$ 73,198</u>	<u>\$ 40,198</u>

Community Development Block Grant			Special Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 350,000	\$	\$ (350,000)	\$ 10,103,000	\$ 446,322	\$ (9,656,678)
			30,000	5,099	(24,901)
<u>350,000</u>	<u></u>	<u>(350,000)</u>	<u>10,133,000</u>	<u>451,421</u>	<u>(9,681,579)</u>
			10,442,500	343,246	10,099,254
350,000		350,000	26,000	79,782	(53,782)
<u>350,000</u>	<u></u>	<u>350,000</u>	<u>10,468,500</u>	<u>423,028</u>	<u>10,045,472</u>
			<u>(335,500)</u>	<u>28,393</u>	<u>363,893</u>
				120,060	120,060
				<u>120,060</u>	<u>120,060</u>
			<u>(335,500)</u>	<u>148,453</u>	<u>483,953</u>
	84,407	84,407	335,500	10,055	(325,445)
<u>\$</u>	<u>\$ 84,407</u>	<u>\$ 84,407</u>	<u>\$</u>	<u>\$ 158,508</u>	<u>\$ 158,508</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, 2014**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ 12,243,000	\$ 2,274,597	\$ (9,968,403)
Fines and forfeits	3,220,000	3,069,120	(150,880)
Investment income		910	910
Contributions and donations	30,000	5,099	(24,901)
Miscellaneous		2,000	2,000
<b>Total revenues</b>	<u>15,493,000</u>	<u>5,351,726</u>	<u>(10,141,274)</u>
<b>Expenditures:</b>			
Current -			
General government	2,979,000	1,772,052	1,206,948
Public safety	10,469,500	365,124	10,104,376
Highways and streets	1,033,001	2,510,736	(1,477,735)
Capital outlay	2,474,000	166,215	2,307,785
Contingency	1,446,500		1,446,500
<b>Total expenditures</b>	<u>18,402,001</u>	<u>4,814,127</u>	<u>13,587,874</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,909,001)</u>	<u>537,599</u>	<u>3,446,600</u>
<b>Other financing sources (uses):</b>			
Transfers in	740,000	860,060	120,060
Transfers out	(1,385,000)	(1,362,927)	22,073
<b>Total other financing sources (uses):</b>	<u>(645,000)</u>	<u>(502,867)</u>	<u>142,133</u>
<b>Changes in fund balances</b>	<u>(3,554,001)</u>	<u>34,732</u>	<u>3,588,733</u>
<b>Fund balances, beginning of year</b>	3,656,001	4,922,447	1,266,446
<b>Fund balances, end of year</b>	<u>\$ 102,000</u>	<u>\$ 4,957,179</u>	<u>\$ 4,855,179</u>

## **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, 2014**

	Debt Service - GADA		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Property taxes	\$ 1,960,000	\$ 1,950,959	\$ (9,041)
Investment income		252	252
Miscellaneous		5,786	5,786
<b>Total revenues</b>	<u>1,960,000</u>	<u>1,956,997</u>	<u>(3,003)</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	970,000	970,000	
Interest and fiscal charges	1,153,500	1,138,141	15,359
<b>Total expenditures</b>	<u>2,123,500</u>	<u>2,108,141</u>	<u>15,359</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(163,500)</u>	<u>(151,144)</u>	<u>12,356</u>
<b>Other financing sources (uses):</b>			
Transfers in	100,000	100,000	
<b>Total other financing sources (uses):</b>	<u>100,000</u>	<u>100,000</u>	
<b>Changes in fund balances</b>	<u>(63,500)</u>	<u>(51,144)</u>	<u>12,356</u>
<b>Fund balances, beginning of year</b>		695,004	695,004
<b>Fund balances (deficits), end of year</b>	<u>\$ (63,500)</u>	<u>\$ 643,860</u>	<u>\$ 707,360</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**  
**BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUND**  
**JUNE 30, 2014**

	<u>Municipal Facilities and Equipment Impact Fees</u>
<b><u>ASSETS</u></b>	
Cash and investments	\$ 65,014
<b>Total assets</b>	<u>\$ 65,014</u>
Fund balances:	
Restricted	\$ 65,014
<b>Total fund balances</b>	<u>65,014</u>
<b>Total liabilities and fund balances</b>	<u>\$ 65,014</u>

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**CITY OF EL MIRAGE, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Other Capital Projects	Parks and Recreation Impact Fees	Municipal Facilities and Equipment Impact Fees
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>			
Investment income	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>
<b>Total revenues</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Other financing sources (uses):</b>			
Transfers out	<u>          (4,044)</u>	<u>          (13,435)</u>	<u>                    </u>
<b>Total other financing sources (uses):</b>	<u>          (4,044)</u>	<u>          (13,435)</u>	<u>                    </u>
<b>Changes in fund balances</b>	<u>          (4,044)</u>	<u>          (13,435)</u>	<u>                    </u>
<b>Fund balances, beginning of year</b>	4,044	13,435	65,014
<b>Fund balances, end of year</b>	<u>          \$ <u>                    </u></u>	<u>          \$ <u>                    </u></u>	<u>          \$ <u>          65,014</u></u>

<u>Fire Impact Fees</u>	<u>Totals</u>
\$ 403	\$ 403
<u>403</u>	<u>403</u>
403	403
<u>(787,132)</u>	<u>(804,611)</u>
<u>(787,132)</u>	<u>(804,611)</u>
<u>(786,729)</u>	<u>(804,208)</u>
786,729	869,222
<u>\$</u>	<u>\$ 65,014</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, 2014**

	Streets		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ 25,996,500	\$ 1,052,944	\$ (24,943,556)
Investment income		2,837	2,837
<b>Total revenues</b>	<u>25,996,500</u>	<u>1,055,781</u>	<u>(24,940,719)</u>
<b>Expenditures:</b>			
Capital outlay	32,115,500	1,454,649	30,660,851
<b>Total expenditures</b>	<u>32,115,500</u>	<u>1,454,649</u>	<u>30,660,851</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(6,119,000)</u>	<u>(398,868)</u>	<u>5,720,132</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,020,500	1,766,801	746,301
Transfers out			
<b>Total other financing sources (uses):</b>	<u>1,020,500</u>	<u>1,766,801</u>	<u>746,301</u>
<b>Changes in fund balances</b>	<u>(5,098,500)</u>	<u>1,367,933</u>	<u>6,466,433</u>
<b>Fund balances, beginning of year</b>	5,098,500	6,652,160	1,553,660
<b>Fund balances, end of year</b>	<u>\$ <u>8,020,093</u></u>	<u>\$ <u>8,020,093</u></u>	<u>\$ <u>8,020,093</u></u>

Other Capital Projects			Park Improvements		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				543	543
				543	543
			5,203,000	5,169,733	33,267
			5,203,000	5,169,733	33,267
			(5,203,000)	(5,169,190)	33,810
			3,000,000	3,095,935	95,935
(10,000)	(4,044)	5,956	3,000,000	3,095,935	95,935
(10,000)	(4,044)	5,956	3,000,000	3,095,935	95,935
(10,000)	(4,044)	5,956	(2,203,000)	(2,073,255)	129,745
10,000	4,044	(5,956)	2,203,000	2,100,123	(102,877)
\$	\$	\$	\$	\$ 26,868	\$ 26,868

(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, 2014**

	Parks and Recreation Impact Fees		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Investment income			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(20,000)	(13,435)	6,565
<b>Total other financing sources (uses):</b>	(20,000)	(13,435)	6,565
<b>Changes in fund balances</b>	(20,000)	(13,435)	6,565
<b>Fund balances, beginning of year</b>	20,000	13,435	(6,565)
<b>Fund balances, end of year</b>	\$	\$	\$

Municipal Facilities and Equipment Impact Fees			Fire Impact Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
				403	403
				403	403
				403	403
			(800,000)	(787,132)	12,868
			(800,000)	(787,132)	12,868
			(800,000)	(786,729)	13,271
	65,014	65,014	800,000	786,729	(13,271)
\$	\$ 65,014	\$ 65,014	\$	\$	\$

**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, 2014**

	Police Impact Fees		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$	\$	\$
Investment income	5,000	908	(4,092)
<b>Total revenues</b>	<u>5,000</u>	<u>908</u>	<u>(4,092)</u>
<b>Expenditures:</b>			
Capital outlay	3,946,000	3,941,594	4,406
<b>Total expenditures</b>	<u>3,946,000</u>	<u>3,941,594</u>	<u>4,406</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,941,000)</u>	<u>(3,940,686)</u>	<u>314</u>
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out	(20,000)	(10,169)	9,831
<b>Total other financing sources (uses):</b>	<u>(20,000)</u>	<u>(10,169)</u>	<u>9,831</u>
<b>Changes in fund balances</b>	<u>(3,961,000)</u>	<u>(3,950,855)</u>	<u>10,145</u>
<b>Fund balances, beginning of year</b>	3,961,000	3,950,855	(10,145)
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 25,996,500	\$ 1,052,944	\$ (24,943,556)
5,000	4,691	(309)
<u>26,001,500</u>	<u>1,057,635</u>	<u>(24,943,865)</u>
41,264,500	10,565,976	30,698,524
<u>41,264,500</u>	<u>10,565,976</u>	<u>30,698,524</u>
<u>(15,263,000)</u>	<u>(9,508,341)</u>	<u>5,754,659</u>
4,020,500	4,862,736	842,236
(850,000)	(814,780)	35,220
<u>3,170,500</u>	<u>4,047,956</u>	<u>877,456</u>
<u>(12,092,500)</u>	<u>(5,460,385)</u>	<u>6,632,115</u>
12,092,500	13,572,360	1,479,860
<u>\$</u>	<u>\$ 8,111,975</u>	<u>\$ 8,111,975</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 TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Net Position:</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 31,357,672	\$ 28,939,841	\$ 30,394,556	\$ 31,113,879	\$ 32,963,664
Restricted	9,768,498	15,870,123	3,787,197	1,640,241	
Unrestricted	<u>12,788,899</u>	<u>7,656,179</u>	<u>13,128,085</u>	<u>11,952,271</u>	<u>9,846,990</u>
Total governmental activities net position	<u>\$ 53,915,069</u>	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>	<u>\$ 44,706,391</u>	<u>\$ 42,810,654</u>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 25,975,719	\$ 29,473,825	\$ 31,646,838	\$ 29,826,764	\$ 27,967,960
Restricted					1,372,070
Unrestricted	<u>11,634,797</u>	<u>5,487,935</u>	<u>1,010,211</u>	<u>2,808,527</u>	<u>3,613,194</u>
Total business-type activities net position	<u>\$ 37,610,516</u>	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>	<u>\$ 32,635,291</u>	<u>\$ 32,953,224</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 57,333,391	\$ 58,413,666	\$ 62,041,394	\$ 60,940,643	\$ 60,931,624
Restricted	9,768,498	15,870,123	3,787,197	1,640,241	1,372,070
Unrestricted	<u>24,423,696</u>	<u>13,144,114</u>	<u>14,138,296</u>	<u>14,760,798</u>	<u>13,460,184</u>
Total primary government net position	<u>\$ 91,525,585</u>	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>	<u>\$ 77,341,682</u>	<u>\$ 75,763,878</u>
<b>Net Position:</b>					
<b>Governmental activities</b>					
Net investment in capital assets	\$ 30,325,304	\$ 16,414,625	\$ 11,712,399	\$ 4,317,496	\$ 2,756,165
Restricted				4,229,819	4,547,649
Unrestricted	<u>11,269,370</u>	<u>18,202,006</u>	<u>15,001,274</u>	<u>8,430,525</u>	<u>7,499,919</u>
Total governmental activities net position	<u>\$ 41,594,674</u>	<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	\$ 28,096,706	\$ 27,467,007	\$ 24,736,784	\$ 27,322,369	\$ 18,559,061
Restricted	1,372,070				
Unrestricted	<u>3,745,828</u>	<u>5,679,870</u>	<u>7,317,330</u>	<u>1,481,640</u>	<u>8,386,369</u>
Total business-type activities net position	<u>\$ 33,214,604</u>	<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	\$ 58,422,010	\$ 43,881,632	\$ 36,449,183	\$ 31,639,865	\$ 21,315,226
Restricted	1,372,070			4,229,819	4,547,649
Unrestricted	<u>15,015,198</u>	<u>23,881,876</u>	<u>22,318,604</u>	<u>9,912,165</u>	<u>15,886,288</u>
Total primary government net position	<u>\$ 74,809,278</u>	<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.

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,066,519	\$ 5,740,420	\$ 5,217,013	\$ 5,559,107	\$ 6,505,436
Public safety	11,083,112	10,474,809	10,207,265	9,899,205	10,748,374
Highways and streets	3,391,878	2,224,551	2,386,465	3,692,419	2,035,720
Culture and recreation	1,594,482	1,463,716	1,243,125	1,563,881	1,645,357
Redevelopment and housing			105,336	557,830	487,603
Health and welfare	395,851	396,127	469,933	497,956	587,306
Interest on long-term debt	1,111,716	1,118,359	623,167	646,132	722,153
Total governmental activities expenses	23,643,558	21,417,982	20,252,304	22,416,530	22,731,949
Business-type activities:					
Water and sewer	\$	\$	\$ 9,370,528	\$ 8,132,429	\$ 7,754,833
Water	9,234,221	5,369,790			
Sewer	2,242,448	2,305,425			
Solid waste	1,036,762	945,224	1,482,640	865,111	926,067
Total business-type activities expenses	12,513,431	8,620,439	10,853,168	8,997,540	8,680,900
<b>Total primary government expenses</b>	<b>\$ 36,156,989</b>	<b>\$ 30,038,421</b>	<b>\$ 31,105,472</b>	<b>\$ 31,414,070</b>	<b>\$ 31,412,849</b>

(Continued)

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,699,131	\$ 5,054,911	\$ 5,031,078	\$ 2,740,575	\$ 2,377,274
Public safety	11,167,552	9,355,876	6,360,485	6,015,430	5,593,205
Highways and streets	2,205,517	1,804,617	1,436,644	1,097,115	593,309
Culture and recreation	1,479,963	1,232,624	880,332	489,768	613,944
Redevelopment and housing	171,758	621,504	292,338	319,126	245,938
Health and welfare	471,004	498,598	402,143	417,346	432,157
Interest on long-term debt	237,188	262,285	205,057	251,268	346,535
Total governmental activities expenses	<u>21,432,113</u>	<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	\$ 7,688,567	\$ 7,293,423	\$ 6,731,838	\$ 7,622,235	\$ 6,599,002
Water					
Sewer					
Solid waste	858,629	896,410	899,035	839,409	948,732
Total business-type activities expenses	<u>8,547,196</u>	<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>\$ 29,979,309</u>	<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) 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 TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,050,487	\$ 3,670,957	\$ 2,661,625	\$ 395,327	\$ 476,296
Public safety	759,473	634,969	435,437	1,005,833	955,739
Highways and streets	2,500	10,299	46,409	36,145	4,666
Culture and recreation	72,953	74,194	52,055	32,456	21,620
Revelopment and housing			96,066	128,438	58,322
Health and welfare			32,000		1,599
Interest on long-term debt					
Operating grants and contributions	2,355,917	1,722,354	1,757,715	3,753,356	2,407,165
Capital grants and contributions	1,787,244	1,328,998	642,943	2,031,513	1,285,278
<b>Total governmental activities program revenues</b>	<u>8,028,574</u>	<u>7,441,771</u>	<u>5,724,250</u>	<u>7,383,068</u>	<u>5,210,685</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 8,777,834	\$ 8,003,552	\$ 9,768,612	\$ 8,707,594	\$ 9,075,408
Water	3,127,298	3,203,962			
Sewer	1,558,263	1,409,148	1,267,723	1,122,709	908,033
Solid Waste	521,870				642,039
Capital grants and contributions	13,985,265	12,616,662	11,036,335	9,830,303	10,625,480
<b>Total business-type activities program revenues</b>	<u>13,985,265</u>	<u>12,616,662</u>	<u>11,036,335</u>	<u>9,830,303</u>	<u>10,625,480</u>
<b>Total primary government revenues</b>	<u>\$ 22,013,839</u>	<u>\$ 20,058,433</u>	<u>\$ 16,760,585</u>	<u>\$ 17,213,371</u>	<u>\$ 15,836,165</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (15,614,984)	\$ (13,976,211)	\$ (14,528,054)	\$ (15,033,462)	\$ (17,521,264)
Business-type activities	1,471,834	3,996,223	183,167	832,763	1,944,580
<b>Total primary government net (expense)/revenues</b>	<u>\$ (14,143,150)</u>	<u>\$ (9,979,988)</u>	<u>\$ (14,344,887)</u>	<u>\$ (14,200,699)</u>	<u>\$ (15,576,684)</u>

(Continued)

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 415,062	\$ 886,555	\$ 940,728	\$ 1,551,904	\$ 1,467,522
Public safety	531,233	98,318	106,417	95,209	133,143
Highways and streets	2,127	2,263	3,704		
Culture and recreation	9,493	9,400	51,623	72,240	74,653
Revelopment and housing	124,647	312,340	294,766		
Health and welfare	2,885		350		
Interest on long-term debt					
Operating grants and contributions	1,827,229	2,097,098	2,298,062	1,502,690	1,848,069
Capital grants and contributions	7,118,339	3,790,817	3,403,725	247,210	558,990
Total governmental activities program revenues	<u>10,031,015</u>	<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	\$ 8,828,737	\$ 8,502,311	\$ 8,828,318	\$ 7,447,621	\$ 5,993,878
Solid Waste	911,504	935,224	961,324	980,264	928,007
Capital grants and contributions		417,795	1,237,978		
Total business-type activities program revenues	<u>9,740,241</u>	<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>\$ 19,771,256</u>	<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	\$ (11,401,098)	\$ (11,633,624)	\$ (7,508,702)	\$ (7,861,375)	\$ (6,119,985)
Business-type activities	1,193,045	1,665,497	3,396,747	(33,759)	(625,849)
<b>Total primary government net (expense)/revenues</b>	<u>\$ (10,208,053)</u>	<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.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,587,541	\$ 3,738,856	\$ 3,068,722	\$ 2,998,935	\$ 2,914,705
City sales taxes	6,480,147	6,051,967	5,534,445	5,368,649	5,366,105
Franchise taxes	688,216	687,341	667,559	654,999	622,259
Unrestricted state shared revenues	7,447,112	6,914,460	6,188,822	6,620,951	7,567,145
Investment income	30,894	41,983	23,535	23,200	54,459
Development impact fees				49,677	24,494
Miscellaneous					
Transfers	(1,170,000)	1,697,909	1,648,418	1,212,788	2,254,544
<b>Total governmental activities</b>	<b>\$ 17,063,910</b>	<b>\$ 19,132,516</b>	<b>\$ 17,131,501</b>	<b>\$ 16,929,199</b>	<b>\$ 18,803,711</b>
Business-type activities:					
Investment income	\$ 6,922	\$ 6,397	\$ 5,546	\$ 5,116	\$ 11,052
Development impact fees				56,976	37,532
Miscellaneous					
Transfers	1,170,000	(1,697,909)	(1,648,418)	(1,212,788)	(2,254,544)
<b>Total business-type activities</b>	<b>\$ 1,176,922</b>	<b>\$ (1,691,512)</b>	<b>\$ (1,642,872)</b>	<b>\$ (1,150,696)</b>	<b>\$ (2,205,960)</b>
<b>Changes in Net Position</b>					
Governmental activities	\$ 1,448,926	\$ 5,156,305	\$ 2,603,447	\$ 1,895,737	\$ 1,282,447
Business-type activities	2,648,756	2,304,711	(1,459,705)	(317,933)	(261,380)
<b>Total primary government</b>	<b>\$ 4,097,682</b>	<b>\$ 7,461,016</b>	<b>\$ 1,143,742</b>	<b>\$ 1,577,804</b>	<b>\$ 1,021,067</b>

(Continued)

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 2,045,848	\$ 1,879,993	\$ 1,812,217	\$ 1,684,032	\$ 1,531,342
City sales taxes	5,908,742	5,931,713	5,819,145	4,945,375	4,312,639
Franchise taxes	636,826	643,844	617,759	561,454	422,298
Unrestricted state shared revenues	8,450,717	8,744,518	8,016,571	2,260,241	1,730,594
Investment income	14,750	839,564	534,942	399,638	190,831
Development impact fees	114,829	428,434	66,257	47,995	
Miscellaneous				65,580	70,401
Transfers	1,207,429	1,068,516	377,644	71,164	
<b>Total governmental activities</b>	<u>\$ 18,379,141</u>	<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	\$ 22,859	\$ 331,023	\$ 215,125	\$ 228,702	\$ 153,724
Development impact fees	59,252	155,212	331,939	1,734,800	1,842,788
Miscellaneous		9,547	14,663		
Transfers	(1,207,429)	(1,068,516)	(377,644)	(71,164)	
<b>Total business-type activities</b>	<u>\$ (1,125,318)</u>	<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	\$ 6,978,043	\$ 7,902,958	\$ 9,735,833	\$ 2,174,107	\$ 2,138,120
Business-type activities	67,727	1,092,763	3,580,830	1,858,579	1,370,663
<b>Total primary government</b>	<u>\$ 7,045,770</u>	<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.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
General Fund:					
Nonspendable	\$ 2,665	\$ 2,585	\$ 130,827	\$ 12,688	
Restricted	158,508				
Committed	151,041	80,500	59,267	170,634	
Assigned	270,978		163,436	148,381	
Unassigned	14,032,607	16,754,043	13,398,103	10,875,367	
Reserved					
Unreserved					\$ 8,368,983
Total General Fund	<u>\$ 14,615,799</u>	<u>\$ 16,837,128</u>	<u>\$ 13,751,633</u>	<u>\$ 11,207,070</u>	<u>\$ 8,368,983</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 9,567,702	\$ 15,824,795	\$ 4,395,075	\$ 5,907,367	
Committed	3,688,958	3,346,167	989,644	914,719	
Assigned	26,868			75,651	
Unassigned			(54,168)	(73,300)	
Reserved					
Unreserved, reported in:					
Special revenue funds					\$ 7,388,557
Capital projects funds					(30,029)
Debt service fund					(189,503)
Total all other governmental funds	<u>\$ 13,283,528</u>	<u>\$ 19,170,962</u>	<u>\$ 5,330,551</u>	<u>\$ 6,824,437</u>	<u>\$ 7,169,025</u>

**(Continued)**

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved				\$ 3,619	
Unreserved	\$ 11,804,555	\$ 16,180,323	13,980,358	8,670,805	7,996,071
Total General Fund	<u>\$ 11,804,555</u>	<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	\$ 5,556,943	\$ 589,948	\$ 770,996	\$ 262,812	\$ 334,672
Capital projects funds	52,420	1,373,303	2,285,035	1,380,687	2,849,049
Debt service fund	(36,138)	(22,871)	1,701	2,586,320	1,363,931
Total all other governmental funds	<u>\$ 5,573,225</u>	<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.

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Revenues:</b>					
Property taxes	\$ 3,596,707	\$ 3,756,880	\$ 3,104,974	\$ 3,028,998	\$ 2,917,548
City sales taxes	6,480,147	6,051,967	5,534,445	5,368,649	5,366,105
Franchise taxes	688,216	687,341	667,559	654,999	622,259
Licenses and permits	333,821	369,465	193,211	190,237	167,934
Intergovernmental	10,862,941	10,012,341	8,503,662	12,323,411	11,927,801
Charges for services	300,296	224,086	208,970	190,847	150,519
Fines and forfeits	3,078,326	3,641,326	2,695,603	1,092,123	976,780
Investment income (loss)	30,894	41,983	23,535	23,199	54,459
Rents	61,854	49,029	34,952	29,486	28,064
Development impact fees			38,094	49,677	24,494
Contributions and donations	6,524	4,800	2,100	2,500	7,010
Miscellaneous	97,624	141,804	181,597	143,678	195,045
<b>Total revenues</b>	<u><u>\$ 25,537,350</u></u>	<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>

(Continued)

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>					
Property taxes	\$ 1,993,173	\$ 1,755,750	\$ 1,812,217	\$ 1,684,032	\$ 1,531,342
City sales taxes	5,908,742	5,931,713	5,819,145	4,945,375	4,312,639
Franchise taxes	636,826	643,844	617,759	561,454	422,298
Licenses and permits	138,369	205,823	439,521	1,162,150	972,455
Intergovernmental	12,271,224	13,666,097	12,234,579	4,000,616	4,102,866
Charges for services	185,355	350,475	453,168	295,658	371,446
Fines and forfeits	485,999	470,211	286,698	215,058	272,883
Investment income (loss)	14,750	839,564	534,942	399,638	190,831
Rents	26,552	25,105	24,542	46,487	58,534
Development impact fees	114,829	428,434	66,257	47,995	
Contributions and donations	6,901	809,351		9,525	34,787
Miscellaneous	251,646	782,757	200,888	65,580	70,401
<b>Total revenues</b>	<u>\$ 22,034,366</u>	<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.

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Expenditures:</b>					
Current -					
General government	\$ 5,243,949	\$ 5,461,931	\$ 4,876,034	\$ 5,407,094	\$ 6,226,614
Public safety	10,364,107	10,050,592	9,469,637	9,366,020	10,498,529
Highways and streets	2,510,736	1,121,260	1,308,612	1,084,093	1,315,079
Culture and recreation	1,283,670	1,158,665	954,131	1,292,708	1,568,919
Redevelopment and housing			53,003	535,952	485,052
Health and welfare			5,370	101,698	189,644
Capital outlay	10,979,663	5,600,612	4,201,944	3,363,750	5,010,337
Debt service -					
Principal retirement	971,329	932,252	630,868	609,599	517,714
Interest and fiscal charges	1,138,791	1,117,939	615,426	638,391	714,412
Bond issuance costs		380,705			
<b>Total expenditures</b>	<u><u>\$ 32,492,245</u></u>	<u><u>\$ 25,823,956</u></u>	<u><u>\$ 22,115,025</u></u>	<u><u>\$ 22,399,305</u></u>	<u><u>\$ 26,526,300</u></u>
Expenditures for capitalized assets	\$ 10,969,912	\$ 4,943,382	\$ 3,470,798	\$ 818,462	\$ 4,926,075
Debt service as a percentage of noncapital expenditures	10%	10%	7%	6%	6%

**(Continued)**

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 5,614,024	\$ 5,736,434	\$ 6,130,812	\$ 2,685,698	\$ 2,713,700
Public safety	11,284,832	10,827,987	7,353,015	5,994,913	5,960,023
Highways and streets	9,409,296	6,455,341	3,349,117	1,056,373	2,921,771
Culture and recreation	5,567,939	1,389,734	835,658	443,443	885,103
Redevelopment and housing	607,800	1,745,732	1,242,338	319,126	245,938
Health and welfare	431,889	480,694	391,781	412,656	427,467
Capital outlay					
Debt service -					
Principal retirement	230,000	210,000	175,000	1,980,000	190,000
Interest and fiscal charges	239,423	234,520	205,792	252,003	347,270
Bond issuance costs	140,473				
<b>Total expenditures</b>	<u>\$ 33,525,676</u>	<u>\$ 27,080,442</u>	<u>\$ 19,683,513</u>	<u>\$ 13,144,212</u>	<u>\$ 13,691,272</u>
Expenditures for capitalized assets	\$ 13,269,637	\$ 8,777,111		\$ 385,926	\$ 3,522,044
Debt service as a percentage of noncapital expenditures	2%	2%	2%	17%	5%

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

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (6,954,895)	\$ (842,934)	\$ (842,934)	\$ (926,323)	\$ 698,499
<b>Other financing sources (uses):</b>					
Issuance of bonds		18,205,000			
Premium on sale of bonds		864,326			
Discount on sale of bonds					
Payment to refunded bond escrow agent		(3,363,986)			
Loan proceeds					
Capital lease agreements	16,132				60,433
Transfers in	8,224,707	2,936,500	2,764,716	2,726,317	5,990,234
Transfers out	(9,394,707)	(873,000)	(787,716)	(931,317)	(3,735,690)
Total other financing sources (uses)	<u>(1,153,868)</u>	<u>17,768,840</u>	<u>1,977,000</u>	<u>1,795,000</u>	<u>2,314,977</u>
<b>Changes in fund balances</b>	<u>\$ (8,108,763)</u>	<u>\$ 16,925,906</u>	<u>\$ 1,050,677</u>	<u>\$ 2,493,499</u>	<u>\$ (1,773,305)</u>
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (4,088,282)	\$ (11,491,310)	\$ (1,171,318)	\$ 2,806,203	\$ 289,356
<b>Other financing sources (uses):</b>					
Issuance of bonds	9,600,000				
Discount on sale of bonds	(59,042)				
Loan proceeds		1,145,000			
Capital lease agreements					
Transfers in	6,843,403	3,669,608	1,878,684	1,798,982	567,237
Transfers out	(5,635,974)	(2,084,677)	(551,040)	(1,727,818)	(567,237)
Total other financing sources (uses)	<u>10,748,387</u>	<u>2,729,931</u>	<u>1,327,644</u>	<u>71,164</u>	<u></u>
<b>Changes in fund balances</b>	<u>\$ (742,923)</u>	<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.

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

	<b>Fiscal Year</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Construction	\$ 353,889	\$ 210,964	\$ 238,256	\$ 220,055	\$ 326,776
Retail trade	2,830,200	2,765,499	2,517,612	2,518,800	2,529,084
Communications and utilities	1,308,741	1,305,915	1,234,096	1,214,447	1,218,109
Restaurant and bar	232,918	248,927	250,297	229,159	207,132
Real estate, rental and leasing	1,060,021	942,324	673,735	585,101	521,487
Accommodation	182,758	160,274	175,383	161,364	167,379
Services	132,962	142,586	117,129	99,732	128,749
Other	362,329	277,488	256,347	225,765	260,092
Total	<u>\$ 6,463,818</u>	<u>\$ 6,053,977</u>	<u>\$ 5,462,855</u>	<u>\$ 5,254,423</u>	<u>\$ 5,358,808</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Construction	\$ 577,636	\$ 611,544	\$ 1,631,054	\$ 1,777,262	\$ 1,649,943
Retail trade	2,847,174	2,794,950	1,428,371	1,282,568	921,797
Communications and utilities	1,187,770	1,262,128	1,201,177	1,030,071	633,166
Restaurant and bar	207,181	165,313	128,344	115,593	99,387
Real estate, rental and leasing	587,217	527,449	773,134	342,199	263,697
Accommodation	114,177	146,253	126,976	93,069	166,073
Services	131,616	130,634	126,095	128,075	99,965
Other	232,112	291,297	213,133	150,773	192,927
Total	<u>\$ 5,884,883</u>	<u>\$ 5,929,568</u>	<u>\$ 5,628,284</u>	<u>\$ 4,919,610</u>	<u>\$ 4,026,955</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 2014 AND 2006**

<u>Description of Payers Business</u>	<u>Fiscal Year 2014</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	859	24%	\$ 353,889	5%	531	27%	1,777,262	36%
Retail trade	751	21%	2,830,200	44%	514	26%	1,282,568	26%
Communications and utilities	108	3%	1,308,741	20%	87	4%	1,030,071	21%
Restaurant and bar	26	1%	232,918	4%	15	1%	115,593	2%
Real estate, rental and leasing	741	21%	1,060,021	16%	248	13%	342,199	7%
Accomodation	4	0%	182,758	3%	2	0%	93,069	2%
Services	319	9%	132,962	2%	163	8%	128,075	3%
Other	716	20%	362,329	6%	380	20%	150,773	3%
<b>Total</b>	<b>3,524</b>	<b>100%</b>	<b>6,463,818</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%	3,592,079	56%	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>
2014	1.86	2.18	4.04	16.24	23.25
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

**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>
2014	\$ 1,663,972	\$ 1,608,532	96.67 %	\$	\$ 1,608,532	96.67 %
2013	1,784,458	1,717,299	96.24	63,201	1,780,500	99.78
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

**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 TEN 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>					
2014	\$ 74,983,878	\$ 44,634,235	\$ 18,393,917	\$ 101,224,196	3.5406	\$ 1,012,776,750	9.99 %
2013	57,040,759	41,454,636	17,329,628	81,165,767	4.0400	810,973,826	10.01
2012	60,334,448	39,588,129	11,598,951	88,323,626	3.8900	814,853,756	10.84
2011	66,285,384	44,371,128	12,947,874	97,708,638	2.8740	912,660,076	10.71
2010	82,991,005	62,613,120	14,825,157	130,778,968	2.2939	1,151,047,161	11.36
2009	170,216,747	47,573,428	12,389,673	205,400,502	1.5713	1,953,011,602	10.52
2008	149,700,332	39,050,414	10,580,425	178,170,321	1.2028	1,700,811,041	10.48
2007	93,434,779	34,926,242	8,562,279	119,798,742	1.2787	1,114,835,777	10.75
2006	89,081,374	28,590,098	7,832,931	109,838,541	1.4701	1,041,782,657	10.54
2005	74,639,816	25,815,470	7,154,416	93,300,870	1.5346	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.

**CITY OF EL MIRAGE, ARIZONA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND NINE YEARS PRIOR**

Taxpayer	2014			Taxpayer	2005		
	Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation		Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation
ARIZONA PUBLIC SERVICE COMPANY	\$ 3,863,151	1	3.82%	ARIZONA PUBLIC SERVICE COMPANY	\$ 2,839,053	1	4.14%
ROBERTS PROPERTIES LTD	3,191,885	2	3.15%	BURLINGTON NORTHERN/SANTA FE RAILWAY CO	2,321,838	2	3.42%
WAL MART STORES INC	2,324,536	3	2.30%	ROBERTS PROPERTIES LTD	1,607,925	3	2.49%
BNSF RAILWAY COMPANY	1,728,615	4	1.71%	CLAYTON HOMES INC	1,318,780	4	1.85%
HANSON PIPE & PRODUCTS INC	1,312,943	5	1.30%	JDL & COMPANY L L C	882,847	5	1.41%
CLAYTON HOMES INC	766,309	6	0.76%	UNION ROCK & MATERIAL CORP	823,669	6	0.82%
PREMIERE RV & MINI STORAGE LLC	718,721	7	0.71%	KTP HOLDINGS/DLP HOLDINGS/MKP HOLDINGS	705,642	7	0.77%
SW EL MIRAGE LP	698,298	8	0.69%	T BAR C LAND AND CAMEL COMPANY LLC	602,984	8	0.75%
EPCOR - SUN CITY WATER DIVISION	630,877	9	0.62%	TAYLOR WOODROW ARIZONA INC	557,840	9	0.68%
QWEST CORPORATION	618,708	10	0.61%	SOUTHWEST GAS CORPORATION (T&D)	546,975	10	0.66%
SUMERLIN LLC	545,570	11	0.54%	DREISESZUN HERBERT E/PATRICIA A/JEROME V	498,000	11	0.58%
EPCOR - SUN CITY SEWER	511,819	12	0.51%	MAX TAYLOR AND COMPANY LLC	485,308	12	0.55%
ARIZONA SAND & ROCK CO	489,166	13	0.48%	QWEST CORPORATION	435,331	13	0.52%
UNION ROCK & MATERIAL CORP	483,818	14	0.48%	KETCHUM REAL ESTATE INVESTMENTS EL MIRAGE	410,612	14	0.52%
DAKOTA FABRICATING INC	416,000	15	0.41%	TAYLOR WOODROW/ARIZONA INC	393,340	15	0.45%
T BAR C LAND AND CAMEL COMPANY I	405,745	16	0.40%	PARTNERSHIP FOR QUALITY AFFORD HOUS #1	366,191	16	0.43%
LILI RUBIN INVESTMENT PROPERTIES 3	385,110	17	0.38%	ARIZONA SAND & ROCK CO	358,800	17	0.41%
JIA CORP	371,705	18	0.37%	ASI EL MIRAGE LLC	331,896	18	0.40%
SOUTHWEST GAS CORPORATION (T&D)	360,415	19	0.36%	CMH PARKS INC	329,655	19	0.39%
COYOTE PASS RV AND MINI STORAGE I	354,483	20	0.35%	ME INVESTMENTS	313,288	20	0.38%
YES COMPANIES LLC	326,565	21	0.32%	THOMPSON RANCH PARTNERSHIP	306,071	21	0.35%
REALTY INCOME PROPERTIES 25 LLC	324,539	22	0.32%	V & G PROPERTIES LLC	304,935	22	0.35%
EL MIRAGE MARKET PLACE LLC	319,374	23	0.32%	PALMS OF EL MIRAGE LLC	303,680	23	0.34%
PUEBLO EL MIRAGE LLC	309,884	24	0.31%	QUESNELL PROPERTY MANAGEMENT LLC	301,337	24	0.33%
AMERICAN RESIDENTIAL LEASING COM	309,110	25	0.31%	RELIANCE WEST LAND CO	287,717	25	0.33%

**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			
2014	\$ 26,943,122	\$ 14,803	\$	\$	\$	\$ 18,614,362	\$ 45,572,287	N/A	\$ 1,381
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	1.77 %	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

**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.

N/A indicates that the information is not available.

**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>
2014	\$ 26,943,122	\$ 643,860	\$ 26,299,262	3.243 %	\$ 797
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

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

**CITY OF EL MIRAGE, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2014**

<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	\$ 161,220,000	9.5303 %	<u>\$ 15,364,772</u>
Subtotal, Overlapping Debt			<u>15,364,772</u>
Direct:			
City of El Mirage			<u>26,943,122</u>
Total Direct and Overlapping Debt			<u><u>\$ 42,307,894</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>									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit 6%	6,540,468	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
Total net debt applicable to limit	5,762,741	5,762,741								
Unrestricted legal debt margin	777,727	-	6,483,550	8,261,491	11,757,479	12,754,025	11,102,578	7,618,653	6,939,290	5,931,987
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	88.11%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Restricted</b>									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit 20%	21,804,560	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
Total net debt applicable to limit	21,180,381	22,236,272	22,236,272	27,999,013	14,740,000	5,370,000	5,370,000	4,435,000	4,775,000	4,855,000
Restricted legal debt margin	624,179	(3,027,136)	(624,439)	(460,708)	24,451,596	37,143,415	31,638,592	20,960,509	18,355,966	14,918,289
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	97.14%	115.76%	60.71%	49.89%	37.61%	12.63%	14.51%	17.46%	20.64%	24.55%

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

**CITY OF EL MIRAGE, ARIZONA  
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL 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>	
2014	32,998	4,009,412	\$ N/A	\$ N/A	7.5	%
2013	32,562	3,942,200	N/A	N/A	8.5	
2012	31,862	3,843,370	154,926,697	39,300	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	

**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 EIGHT YEARS PRIOR**

<u>Employer</u>	<u>2013</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Dysart Unified School District 89	529	19.46 %	522	29.41 %
Walmart	308	11.33		
City Of El Mirage	172	6.33	63	3.55
DVC Construction Company Inc.	160	5.88		
Parks & Sons Sanitation Service	123	4.52		
Sutter Masonry Inc	110	4.05	90	5.07
Bnsf Railway Co	100	3.68		
Look Trailers	68	2.50		
Southwest Steel Inc	67	2.46		
Bashas	65	2.39		
Haulmark Industries of Arizona			70	3.94
Southwest Stair Inc			65	3.66
Bunneys Inc			50	2.82
County of Maricopa			50	2.82
Kevens Landscaping Co			50	2.82
Westside Social Services Inc			45	2.54
Total	<u>1,702</u>	<u>62.60</u> %	<u>1,005</u>	<u>56.63</u> %
Total employment	<u>2,719</u>		<u>1,775</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  
Information for 2004 is not available.

**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>2014</u>	<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>
<b>General Government</b>	25.30	23.50	24.50	26.00	26.00	26.00	24.00	24.00	11.00	12.00
<b>Public Safety</b>										
Police	58.50	56.00	48.50	53.50	59.00	53.00	54.00	49.00	55.00	55.00
Fire	29.00	28.00	25.00	27.00	21.00	21.00	22.00	18.00	18.00	18.00
Court	12.20	13.10	10.10	9.10	9.00	6.50	6.50	6.50	6.50	6.50
<b>Public Works</b>	4.00	4.00	3.00	10.00	10.00	10.00	13.00	10.00	8.00	5.00
<b>Streets</b>	6.00	6.00	6.00	7.00	8.00	8.00	9.00	12.00	7.00	5.00
<b>Development Services</b>	3.00	3.00	10.25	12.75	13.50	13.50	13.00	10.00	7.00	6.50
<b>Parks and Recreation</b>	4.80	4.80	6.00	5.50	9.50	10.00	10.50	8.50	8.50	10.50
<b>Health and Welfare</b>					1.50	2.00	4.00	3.00	3.00	4.00
<b>Water</b>	18.00	18.00	18.00	11.00	11.00	11.00	13.00	14.00	9.00	10.00
<b>Sewer</b>	9.00	10.00	10.00	10.00	11.00	11.00	10.00	9.00	7.00	8.00
<b>Solid Waste (1)</b>										2.00
<b>Customer Service</b>	4.50	4.50	4.00	5.00	4.00	4.00	3.00	4.00	4.00	4.00
	<u>174.30</u>	<u>170.90</u>	<u>165.35</u>	<u>176.85</u>	<u>183.50</u>	<u>176.00</u>	<u>182.00</u>	<u>168.00</u>	<u>144.00</u>	<u>146.50</u>

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

**Notes:** (1) 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

<u>Function/Program</u>	<u>2014</u>	<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>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	41	41	41	38	36	28	34	29
<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	3	2	3
<b>Other Public Works</b>										
Street miles	240	240	240	240	240	240	240	240		
Traffic signals	11	10	10	10	10	10	9	6		
<b>Community Development</b>										
Inspection vehicles	8	8	8	8	8	8	6	8	9	9
<b>Culture and recreation</b>										
Parks acreage	52.3	44.8	44.8	9.5	9.5	9.5	9.5	1.5		
Parks	13	12	12	2	2	2	2	1		
Softball fields	2	2	2	3	3	3	3	1		
Baseball fields	3	3	3	3	3	3	3	1		
Libraries	1	1	1	1	1	1	1	1		
<b>Water</b>										
Maximum pump capacity (MGD)(1)	11.58	11.58	25.07	25.07	25.07	25.07	25.07	25.07		
Total Storage (MGD)	7.36	7.36								
Wells	10	10								
Miles of water lines	120	120								
Valves	2,501	2,501								
Hydrants	1,160	1,160								
<b>Sewer</b>										
Sewer treatment plants	1	1	1	1	1	1	1	1	1	1
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	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>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>Public Safety</b>										
<b>Police</b>										
Calls/incidents responded to	29,587	29,884	32,412	37,347	38,121	30,141				
Citations issued	1,807	1,825	1,785	2,549	3,050	2,994				
<b>Fire</b>										
Number of responses	4,564	3,685	3,372	2,997	3,312	2,989	3,089	2,254	3071	
Inspections	214	295	298	244	429	30	14	4	31	
<b>Public Works and Streets</b>										
Square feet of buildings to maintain	87,654	76,425	63,425	63,425	63,425	63,425	63,425	60,737	60,737	51,372
Vehicles/equipment maintained per month	119	113	108	108	108	108	108	91	91	91
Street miles maintained	240	240	240	240	240	240	240	240	240	240
<b>Community Development</b>										
Building safety inspections performed	3,978	2,681	1,989	2533	2,447					
Annual new residential starts	77	47	18		1	15	21	261	320	415
<b>Water</b>										
Water accounts billed										
Residential	10,630	10,015	12,787	12,029	12,498					
Commercial	512	584	652	573	579					
Acre feet of water delivered	4,415	4,426	4,460	4,246	4,777					
<b>Sewer</b>										
Sewage treated (million gallons per day)	1.87	1.87	1.87	1.77	1.79	1.77	1.69	1.60	1.55	1.51
Sewer service connections	9,077	9,077	11,754	11,284	11963					

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

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