



City of **EL MIRAGE**

Arizona

GRAND HERITAGE, BRIGHT FUTURE!



**“Emphasizing
Leadership and
Excellence in Public
Service”**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**CITY OF EL MIRAGE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Issued by:
Finance Department

CITY OF EL MIRAGE, ARIZONA

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INTRODUCTORY SECTION

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November 22, 2016

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, 2016.

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, 2016, 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, 2016, 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.

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 10 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 34,000.



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, located one mile 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, various housing choices, and a host of indoor and outdoor activities for active seniors.



In November 2011, El Mirage voters authorized \$2.5 million in bonds to construct 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 operated by the YMCA 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 \$90 plus million budget to provide services for the City's approximately 34,000 residents. This year's budget utilizes the theme "*Continuing A Logical And Organized Approach To Governance And Development.*"



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 neighboring 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 before the 15th of August each year. Maricopa County is required to set the tax rate to collect the levy that the Council sets. The County sets the rate on the third Monday in August. The budget schedules provided by the state are adopted at both the fund and department levels, which are the legal levels of control for the state.

Factors Affecting Economic Conditions

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



Local Economy. The El Mirage economy was primarily dependent on housing construction for many years. In 2004, however, the City began to approach residential build-out and the Maricopa County housing market began to diminish causing unemployment statewide, countywide, and locally to spike (The local unemployment rate tends to be slightly higher than county and state levels.). Since that time, the City has turned its focus

toward retail and industrial growth resulting in the opening of a Walmart Supercenter, Aarons, Auto Zone, and Dakota Fabricating in recent years. In addition, the number of local businesses currently stands at 354. 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 21, and the statistical section that begins on page 119 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 tracts of City property. Although such property is primarily zoned 'agricultural' at present, the City and the primary property owner have long-term plans to convert this property for commercial and industrial uses. Conceivably, this process may take thirty years to complete. Until the property owner is prepared to move forward with development, the City will concentrate on infill properties ranging in size from a few acres to more than 80 acres for continued business growth.

Given the continuing economic uncertainty at the local, state, and national levels, the City Council and administration recognize the need to assure reserves are available for future revenue shortfalls. Therefore, the budget reflects a General Fund reserve of \$6.0 million. When the Council approved a utility rate study in 2011, 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, 2016, the City had one major capital initiative 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 issued \$8.8 million of excise tax debt payable from grant money to accelerate the project to complete improvements in less than five years. The original projection for project completion was approximately ten years.

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, 2015. 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, 2016 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.

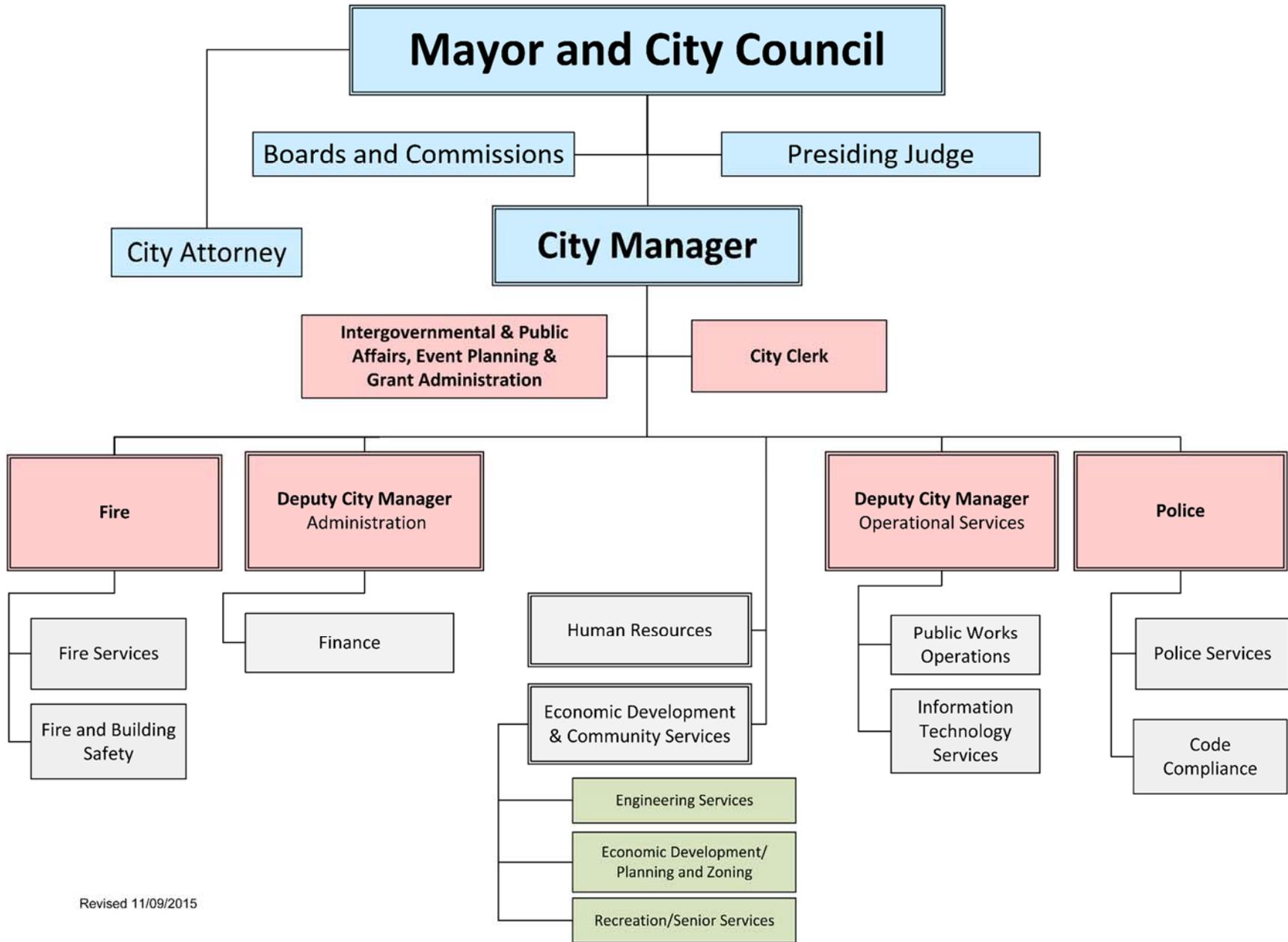
Respectfully submitted,



Dr. Spencer A. Isom
City Manager



Robert Nilles
Deputy City Manager/Finance Director



Revised 11/09/2015

CITY OF EL MIRAGE, ARIZONA

LIST OF ELECTED CITY OFFICIALS



Mayor Lana Mook

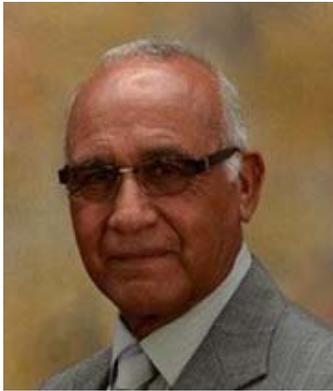
Mayor Lana Mook has called Arizona home for more than 30 years. After retiring from approximately three decades in management, training and patient relations in the health care industry, Mook devoted much of her time to volunteering in El Mirage, pursuing her commitment to do everything she could to 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 Boards of both Greater Phoenix Economic Council (GPEC) and Western Maricopa Coalition (Westmarc). She also serves on the Executive Committee of the Arizona League of Cities and Towns the Executive Committee of the Maricopa Association of Governments (MAG).

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 council members 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. Reconfiguration of the Thompson Ranch/Grand Avenue/Thunderbird Road intersection and major improvements to El Mirage Road and Thunderbird Road are both scheduled to be completed in early 2017. The design of El Mirage's portion of the Northern Parkway project is underway.
- Improved the appearance and quality of life of El Mirage through enhancements to Gentry Park and Grand Avenue



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 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. Ramirez invites residents to learn more about the issues in the community and join him in working toward a better El Mirage.



Councilman Roy Delgado

Councilman Roy Delgado has served on the El Mirage City Council for 11 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 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 is also a board member of 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. He retired in January 2014 after years of service as a teacher of hunter safety for the Arizona Game and Fish Department. He is currently a volunteer usher for Luke AFB's Catholic community; and he helps 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.

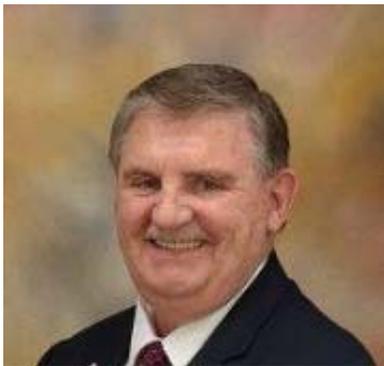


Councilman Bob Jones

Councilman Robert (Bob) Jones has called Arizona home for over 50 years, and has been a proud El Mirage resident since 2002. Councilman Jones has a diverse business background which includes years of experience in retail management, sales and distribution, and customer service in both large corporate environments, and as a small business entrepreneur. Later in his career, he followed his heart and entered the world of education, spending years as an elementary school teacher until he retired in 2005. Since that time, Jones has focused his time and energy in the El Mirage community.

Councilman Jones acted as an advocate for children in El Mirage, working on the task force to add Riverview Elementary School as an El Mirage addition to the Dysart Unified School District. He acquired a charter and introduced a Cub Scout program to El Mirage, serving as a Cub Master. He has also served as a member of the Dysart Community Center's Board of Directors. Jones is a member of the Cactus Park Homeowners' Association, and has served as HOA President since 2010. As president, he collaborated with other HOA's and El Mirage City leaders on community affairs. He was appointed to the El Mirage Planning and Zoning Committee in 2007 and again in 2012, and has served as a committee chairman. He left the P & Z Committee to complete a successful run for City Council in 2014.

Bob has six children and nine grandchildren. He has been married to his wife, Cathy for over 15 years. He decided to run for El Mirage City Council to ensure that El Mirage continues to be an incredible place to live and work.



Councilman Jack Palladino

Born and raised in Chelsea, Massachusetts, Councilman Jack Palladino's commitment to community began over 40 years ago with his service as a medic in the United States Army. After retiring from active duty, he married his sweetheart, Michele, and went to work for the U.S. Post Office as a letter carrier. Over the course of more than 30 years, Palladino's hard work and perseverance were recognized and he was promoted to management in a U.S.P.S. Boston facility. During this time, he also volunteered as a Little League coach and served with the Knights of Columbus. Shortly after retiring in 2003, Palladino and his wife moved to Arizona where he currently works part time for the Pueblo El Mirage Post Office. The Palladinos have one son, a nine year-old grandson, and a two year-old granddaughter who also live in the West Valley. The couple has been married for 45 years. After attending numerous local City Council meetings and volunteering in the community, Palladino decided to run for El Mirage City Council and was overwhelmingly elected in 2010. Palladino believes that one person *can* make a difference!



Councilman Lynn Selby

Born and raised in Los Angeles, California, Councilman Lynn Selby has a business background spanning more than 30 years. He has managed cash flow and inventories, developed yearly budgets, and managed personnel. Selby and his wife, Danielle retired to El Mirage and began attending City Council meetings regularly and volunteering in the community. In attending the Council meetings, Selby became interested in the workings of the City and wanted to give something back to the community he loves and calls home. Selby was elected to the City Council in August 2010. He served in the U.S. Navy and now volunteers his time as a representative of Operation Lifesaver throughout the State of Arizona, presenting railroad safety programs to government agencies and local organizations. He is also a volunteer on several committees including committee chair of the City's Community Uplift Program; committee member of the Friends of the Library; board member of Valley Metro (Regional Public Transit Agency); and a member of the Maricopa Association of Government's (MAG) Domestic Violence Committee. Councilman Selby also helps the El Mirage Fire Department distribute and install free smoke detectors. The Selbys have been married for more than 52 years and have three daughters and four grandchildren.



Councilman David Shapera

Councilman David M. Shapera, re-elected to a second four-year term on the El Mirage City Council in 2012, was 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 40 years and have four adult children and eight 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 and Thompson Ranch PTSA. Shapera has also been a proud member of the Elks Lodge for 38 years.

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

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

Shapera is among 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.

LIST OF APPOINTED CITY OFFICIALS

City Manager – Dr. Spencer A. Isom
City Attorney – Robert M. Hall
City Magistrate – Monte Morgan



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, 2015

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, 2016, 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, 2016, 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. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016, 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, budgetary comparison information, and net pension liability information, as listed in the table of contents, 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 Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, 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.
Tucson, Arizona
November 22, 2016

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, 2016**

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, 2016. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. 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 City's total net position of governmental activities increased \$7.9 million to \$55.7 million and business-type activities increased \$4.0 million to \$44.0 million representing an increase of 16 percent and 10 percent, respectively. The total net position is \$99.7 million.
- General revenues before transfers from governmental activities accounted for \$19.6 million in revenue, or 65 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10.7 million or 35 percent of total governmental activities revenues. The City had \$14.3 million of program revenues and \$39,235 in general revenues related to business-type activities.
- The City had \$23.9 million in expenses related to governmental activities, an increase of two percent from the prior fiscal year. The City had \$8.9 million in expenses related to business-type activities, a decrease of one percent from the prior fiscal year.
- Among major funds, the General Fund had \$18.9 million in revenues, which primarily consisted of taxes and intergovernmental revenues. The total expenditures of the General Fund were \$19.2 million. The General Fund's fund balance increased from \$19.5 million to \$25.7 million, due primarily to proceeds received from the issuance of general obligation and revenue bonds.
- The Streets Fund had \$3.3 million in revenues. The total expenditures of the Streets Fund were \$8.5 million. The Streets Fund's fund balance increased from \$7.0 million to \$11.6 million, at the end of the current fiscal year due to the issuance of revenue bonds.
- The Water Fund net position increased \$3.5 million due primarily to revenues exceeding expenses during normal City activity. The Water Fund had operating revenues of \$9.5 million and operating expenses of \$5.0 million.
- The Sewer Fund net position increased \$265,968. Operating expenses of \$2.3 million were exceeded by operating revenues of \$3.2 million.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

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, 2016**

OVERVIEW OF FINANCIAL STATEMENTS

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 and Streets Funds, both 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 and pension plan. 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. Schedules for the pension plans have been provided as required supplementary information.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

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 and deferred inflows by \$99.7 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, 2016 and June 30, 2015.

	2016	2015	2016	2015	2016	2015
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
Current assets	\$ 45,891,609	\$ 32,566,983	\$ 24,438,051	\$ 20,466,808	\$ 70,329,660	\$ 53,033,791
Capital assets, net	64,476,960	55,678,645	41,411,846	42,370,369	105,888,806	98,049,014
Total assets	<u>110,368,569</u>	<u>88,245,628</u>	<u>65,849,897</u>	<u>62,837,177</u>	<u>176,218,466</u>	<u>151,082,805</u>
Deferred outflows	<u>3,660,488</u>	<u>3,278,443</u>	<u>312,997</u>	<u>376,476</u>	<u>3,973,485</u>	<u>3,654,919</u>
Current and other liabilities	3,880,206	1,731,324	2,911,770	2,707,068	6,791,976	4,438,392
Long-term liabilities	53,556,330	39,988,796	18,970,938	20,044,389	72,527,268	60,033,185
Total liabilities	<u>57,436,536</u>	<u>41,720,120</u>	<u>21,882,708</u>	<u>22,751,457</u>	<u>79,319,244</u>	<u>64,471,577</u>
Deferred inflows	<u>915,540</u>	<u>1,990,979</u>	<u>254,328</u>	<u>440,704</u>	<u>1,169,868</u>	<u>2,431,683</u>
Net investment in capital assets	34,794,822	30,947,824	24,888,693	24,691,276	59,683,515	55,639,100
Restricted	15,546,294	8,155,286			15,546,294	8,155,286
Unrestricted	5,335,865	8,709,862	19,137,165	15,330,216	24,473,030	24,040,078
Total net position	<u>\$ 55,676,981</u>	<u>\$ 47,812,972</u>	<u>\$ 44,025,858</u>	<u>\$ 40,021,492</u>	<u>\$ 99,702,839</u>	<u>\$ 87,834,464</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 \$10.3 million in governmental activities capital assets.
- The addition of \$12.5 million in bonds.
- The payment of \$1.0 million in governmental long-term liabilities and \$1.3 million in business-type long-term liabilities.
- The increase of \$1.2 million in pension liabilities.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position. The City's total revenues for the current fiscal year were \$44.7 million. The total cost of all programs and services was \$32.8 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

	2016 Governmental Activities	2015 Governmental Activities	2016 Business-type Activities	2015 Business-type Activities	2016 Total	2015 Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,655,993	\$ 3,534,157	\$ 14,307,617	\$ 14,205,340	\$ 17,963,610	\$ 17,739,497
Operating grants and contributions	2,725,912	2,440,443			2,725,912	2,440,443
Capital grants and contributions	4,350,917	2,482,244			4,350,917	2,482,244
General revenues:						
Property taxes	3,663,163	3,505,551			3,663,163	3,505,551
City sales taxes	6,990,668	6,685,666			6,990,668	6,685,666
Franchise taxes	745,088	692,154			745,088	692,154
Unrestricted state revenues	8,086,986	7,970,499			8,086,986	7,970,499
Investment income	107,055	50,727	39,235	5,764	146,290	56,491
Total revenues	<u>30,325,782</u>	<u>27,361,441</u>	<u>14,346,852</u>	<u>14,211,104</u>	<u>44,672,634</u>	<u>41,572,545</u>
Expenses:						
General government	5,793,877	5,563,291			5,793,877	5,563,291
Public safety	11,167,283	11,638,718			11,167,283	11,638,718
Highways and streets	3,367,393	2,998,087			3,367,393	2,998,087
Culture and recreation	1,739,508	1,739,595			1,739,508	1,739,595
Health and welfare	395,627	395,627			395,627	395,627
Interest on long-term debt	1,428,706	1,080,786			1,428,706	1,080,786
Water			5,470,323	5,687,906	5,470,323	5,687,906
Sewer			2,364,833	2,250,655	2,364,833	2,250,655
Solid waste			1,076,709	1,054,154	1,076,709	1,054,154
Total expenses	<u>23,892,394</u>	<u>23,416,104</u>	<u>8,911,865</u>	<u>8,992,715</u>	<u>32,804,259</u>	<u>32,408,819</u>
Excess (deficiency) before transfers	<u>6,433,388</u>	<u>3,945,337</u>	<u>5,434,987</u>	<u>5,218,389</u>	<u>11,868,375</u>	<u>9,163,726</u>
Transfers	<u>1,430,621</u>	<u>2,000,000</u>	<u>(1,430,621)</u>	<u>(2,000,000)</u>		
Changes in net position	<u>7,864,009</u>	<u>5,945,337</u>	<u>4,004,366</u>	<u>3,218,389</u>	<u>11,868,375</u>	<u>9,163,726</u>
Net position, beginning	<u>47,812,972</u>	<u>41,867,635</u>	<u>40,021,492</u>	<u>36,803,103</u>	<u>87,834,464</u>	<u>78,670,738</u>
Net position, ending	<u>\$ 55,676,981</u>	<u>\$ 47,812,972</u>	<u>\$ 44,025,858</u>	<u>\$ 40,021,492</u>	<u>\$ 99,702,839</u>	<u>\$ 87,834,464</u>

- Operating grants and contributions related to governmental activities increased by \$285,469 related to funding for highways and streets.
- Capital grants and contributions related to governmental activities increased by \$1.9 million related to funding for street projects and municipal facilities.
- Governmental activities expense increased \$476,290, or two percent.
- Business-type activities expenses decreased \$80,850, or one percent.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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.

	<u>Year ended June 30, 2016</u>		<u>Year Ended June 30, 2015</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Governmental Activities				
General government	\$ 5,793,877	\$ (3,087,476)	\$ 5,563,291	\$ (2,989,176)
Public safety	11,167,283	(9,844,850)	11,638,718	(10,385,297)
Highways and streets	3,367,393	2,817,164	2,998,087	1,555,612
Culture and recreation	1,739,508	(1,220,077)	1,739,595	(1,663,986)
Health and welfare	395,627	(395,627)	395,627	(395,627)
Interest on long-term debt	1,428,706	(1,428,706)	1,080,786	(1,080,786)
Total	<u>\$ 23,892,394</u>	<u>\$ (13,159,572)</u>	<u>\$ 23,416,104</u>	<u>\$ (14,959,260)</u>
Business-type Activities				
Water	\$ 5,470,323	\$ 4,074,542	\$ 5,687,906	\$ 3,736,467
Sewer	2,364,833	799,536	2,250,655	947,790
Solid waste	1,076,709	521,674	1,054,154	528,368
Total	<u>\$ 8,911,865</u>	<u>\$ 5,395,752</u>	<u>\$ 8,992,715</u>	<u>\$ 5,212,625</u>

- Federal and State grants and charges for services subsidized certain governmental programs with revenues of \$10.7 million.
- Net cost of governmental activities of \$13.2 million was financed by general revenues, which are primarily property tax, local sales taxes, and unrestricted state revenues totaling \$19.5 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 \$41.9 million, an increase of \$11.2 million, or 36 percent from the prior year, primarily due to the issuance of \$12.5 million of bonds.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The increase in the General Fund's fund balance of \$6.2 million was due primarily to proceeds received from the issuance of general obligation and revenue bonds.

The Streets Fund reported a fund balance increase of \$4.6 million due to proceeds received from the issuance of revenue bonds.

Proprietary funds. Net position of the Enterprise Funds at the end of the year amounted to \$44.0 million, an increase of \$4.0 million, or a 10 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 \$710,668 in city sales tax was a result of growth in construction and retail sales.
- The favorable variance of \$121,669 in charges for services was a result of special events revenue and transportation charges.
- The favorable variance of \$107,919 in other income was a result of interest earnings and auction proceeds.
- The favorable variance of \$208,561 in administration was a result of an unexpected decrease in fuel and transportation costs.
- The favorable variance of \$684,512 in legal services was a result of savings of potential economic development reimbursements.
- The favorable variance of \$111,186 in information technology was a result of personnel savings and reduced equipment maintenance costs.
- The favorable variance of \$298,879 in police was a result of vacancy savings.
- The favorable variance of \$421,210 in fire was a result of reduced personnel service costs.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the City had invested \$154.7 million in capital assets. This amount represents a net increase prior to depreciation of \$11.8 million from the prior fiscal year, primarily due to the construction of the new City Hall and El Mirage road improvements. Total depreciation expense for the year was \$5.2 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2016 and June 30, 2015.

	2016 Governmental Activities	2015 Governmental Activities	2016 Business-type Activities	2015 Business-type Activities
Non-depreciable assets	\$ 27,186,829	\$ 17,145,746	\$ 1,023,938	\$ 921,620
Depreciable assets	55,003,430	54,744,088	71,445,073	70,041,339
Less: Accumulated depreciation	<u>(17,713,299)</u>	<u>(16,211,189)</u>	<u>(31,057,165)</u>	<u>(28,592,590)</u>
Total capital assets, net	<u>\$ 64,476,960</u>	<u>\$ 55,678,645</u>	<u>\$ 41,411,846</u>	<u>\$ 42,370,369</u>

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

Debt Administration. At year end, the City had \$54.9 million in long-term debt outstanding, including \$2.4 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, 2016 and June 30, 2015.

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
General obligation bonds	\$ 26,750,296	\$ 25,899,465
Revenue bonds	11,602,682	
Capital leases	8,900	11,974
WIFA loans	<u>16,523,152</u>	<u>17,679,093</u>
Total	<u>\$ 54,885,030</u>	<u>\$ 43,590,532</u>

The Arizona Constitution and State Statutes limit a municipality's bonded debt capacity to certain percentages of its net full cash 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 percent of its net full cash assessed valuation. For any other general-purpose improvements, the City may issue bonds up to six percent of its net full cash assessed valuation. The City's available debt margin at year end was \$8.0 million in the six percent capacity and \$26.8 million in the 20 percent capacity. The City has \$6.1 million of general obligation debt applicable to the six percent limit and \$20.0 million of debt applicable to the 20 percent limit. Additional information on the City's long-term debt can be found in Notes 7 through 10.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The adopted combined operating and capital expenditure budget for fiscal year 2016-17 totals \$81.5 million, a decrease of \$6.1 million or seven percent less than fiscal year 2015-16 as a result of major capital projects being completed.

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, 2016**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 34,993,132	\$ 18,515,120	\$ 53,508,252
Cash and investments - restricted	9,597,246		9,597,246
Accounts receivable	182,433	1,575,487	1,757,920
Property taxes receivable	114,939		114,939
Due from governmental entities	996,755		996,755
Inventory		4,347,444	4,347,444
Prepaid items	7,104		7,104
Total current assets	45,891,609	24,438,051	70,329,660
Noncurrent assets:			
Capital assets, non-depreciable	27,186,829	1,023,938	28,210,767
Capital assets, depreciable (net)	37,290,131	40,387,908	77,678,039
Total noncurrent assets	64,476,960	41,411,846	105,888,806
Total assets	110,368,569	65,849,897	176,218,466
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	92,658	87,903	180,561
Pension plan items	3,567,830	225,094	3,792,924
Total deferred outflows of resources	3,660,488	312,997	3,973,485
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	2,856,129	869,258	3,725,387
Construction contracts payable	507,014		507,014
Accrued payroll and employee benefits	395,558	63,100	458,658
Accrued interest		234,684	234,684
Due to governmental entities	95,757		95,757
Compensated absences payable	190,331	21,955	212,286
Unearned revenues	21,200		21,200
Customer deposits	4,548	1,744,728	1,749,276
Capital leases payable	3,340		3,340
Loans payable		1,303,324	1,303,324
Bonds payable	1,075,000		1,075,000
Total current liabilities	5,148,877	4,237,049	9,385,926
Noncurrent liabilities:			
Non-current portion of long-term liabilities	52,287,659	17,645,659	69,933,318
Total noncurrent liabilities	52,287,659	17,645,659	69,933,318
Total liabilities	57,436,536	21,882,708	79,319,244
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan items	915,540	254,328	1,169,868
<u>NET POSITION</u>			
Net investment in capital assets	34,794,822	24,888,693	59,683,515
Restricted for:			
Debt service	522,838		522,838
Capital projects	2,138,430		2,138,430
Streets projects	12,549,525		12,549,525
Court and police programs	169,648		169,648
Other purposes	165,853		165,853
Unrestricted	5,335,865	19,137,165	24,473,030
Total net position	\$ 55,676,981	\$ 44,025,858	\$ 99,702,839

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, 2016**

Functions/Programs	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government					
Governmental activities:					
General government	\$ 5,793,877	\$ 2,706,401	\$	\$	\$ (3,087,476)
Public safety	11,167,283	858,161	409,587	54,685	(9,844,850)
Highways and streets	3,367,393		2,316,325	3,868,232	2,817,164
Culture and recreation	1,739,508	91,431		428,000	(1,220,077)
Health and welfare	395,627				(395,627)
Interest on long-term debt	1,428,706				(1,428,706)
Total governmental activities	<u>23,892,394</u>	<u>3,655,993</u>	<u>2,725,912</u>	<u>4,350,917</u>	<u>(13,159,572)</u>
Business-type activities:					
Water	5,470,323	9,544,865			
Sewer	2,364,833	3,164,369			
Solid waste	1,076,709	1,598,383			
Total business-type activities	<u>8,911,865</u>	<u>14,307,617</u>			
Total primary government	<u>\$ 32,804,259</u>	<u>\$ 17,963,610</u>	<u>\$ 2,725,912</u>	<u>\$ 4,350,917</u>	<u>(13,159,572)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	1,643,548
Property taxes, levied for debt purposes	2,019,615
City sales taxes	6,990,668
Franchise taxes	745,088
Unrestricted state revenues	8,086,986
Investment income	107,055

Transfers

Total general revenues and transfers	<u>21,023,581</u>
---	-------------------

Changes in net position

7,864,009

Net position, beginning of year

47,812,972

Net position, end of year

\$ 55,676,981

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
\$	\$ (3,087,476)
	(9,844,850)
	2,817,164
	(1,220,077)
	(395,627)
	(1,428,706)
	(13,159,572)
	4,074,542
	799,536
	521,674
	5,395,752
	5,395,752
	1,643,548
	2,019,615
	6,990,668
	745,088
	8,086,986
	146,290
39,235	
(1,430,621)	
(1,391,386)	19,632,195
	4,004,366
	11,868,375
	40,021,492
	87,834,464
\$	\$ 99,702,839
44,025,858	99,702,839

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FUND FINANCIAL STATEMENTS

CITY OF EL MIRAGE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Streets</u>	<u>Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 23,454,620	\$ 6,939,647	\$ 4,598,865
Cash and investments - restricted	2,715,613	6,881,633	
Accounts receivable	178,588		3,845
Property taxes receivable	52,571		62,368
Due from governmental entities	768,242		228,513
Due from other funds	7,946		
Prepaid items	2,002		5,102
Total assets	<u>\$ 27,179,582</u>	<u>\$ 13,821,280</u>	<u>\$ 4,898,693</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 775,977	\$ 1,861,403	\$ 218,749
Construction contracts payable	169,148	337,866	
Accrued payroll and employee benefits	388,197		7,361
Due to governmental entities	92,502		3,255
Due to other funds			7,946
Unearned revenues	21,200		
Customer deposits			4,548
Total liabilities	<u>1,447,024</u>	<u>2,199,269</u>	<u>241,859</u>
Deferred inflows of resources:			
Unavailable revenues - property taxes	38,982		45,780
Fund balances:			
Nonspendable	2,002		5,102
Restricted	2,138,430	11,622,011	1,734,971
Committed	388,197		2,870,981
Assigned	316,212		
Unassigned	22,848,735		
Total fund balances	<u>25,693,576</u>	<u>11,622,011</u>	<u>4,611,054</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,179,582</u>	<u>\$ 13,821,280</u>	<u>\$ 4,898,693</u>

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

Total
Governmental
Funds

\$ 34,993,132
9,597,246
182,433
114,939
996,755
7,946
7,104

\$ 45,899,555

\$ 2,856,129
507,014
395,558
95,757
7,946
21,200
4,548

3,888,152

84,762

7,104
15,495,412
3,259,178
316,212

22,848,735

41,926,641

\$ 45,899,555

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CITY OF EL MIRAGE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total governmental fund balances	\$	41,926,641
<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	\$ 82,190,259	
Less accumulated depreciation	<u>(17,713,299)</u>	64,476,960
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		84,762
<p>Deferred items related to the net cost of issuance of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.</p>		
		92,658
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	3,567,830	
Deferred inflows of resources related to pensions	<u>(915,540)</u>	2,652,290
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(576,762)	
Obligations under capital leases	(8,900)	
Net pension liability	(14,617,690)	
Bonds payable	<u>(38,352,978)</u>	<u>(53,556,330)</u>
Net position of governmental activities	\$	<u><u>55,676,981</u></u>

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

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General	Streets	Non-Major Governmental Funds
Revenues:			
Property taxes	\$ 1,637,982	\$	\$ 2,009,931
City sales taxes	6,990,668		
Franchise taxes	745,088		
Licenses and permits	243,974		
Intergovernmental	8,109,689	3,280,076	3,346,050
Charges for services	371,669		
Fines and forfeits	420,130		2,348,944
Investment income	104,792		2,263
Rents	71,753		
Contributions and donations	41,151		
Other income	157,919		453
Total revenues	18,894,815	3,280,076	7,707,641
Expenditures:			
Current -			
General government	4,325,658		1,101,744
Public safety	10,367,735		417,813
Highways and streets		500,000	1,950,730
Culture and recreation	1,314,039		
Capital outlay	3,073,670	7,606,676	898,439
Debt service -			
Principal retirement	3,074		1,035,000
Interest and fiscal charges	94,573	295,507	1,141,213
Bond issuance costs	64,029	139,320	
Total expenditures	19,242,778	8,541,503	6,544,939
Excess (deficiency) of revenues over expenditures	(347,963)	(5,261,427)	1,162,702
Other financing sources (uses):			
Transfers in	2,953,133	1,024,500	581,000
Transfers out	(1,178,750)		(1,375,383)
Issuance of bonds	4,500,000	7,970,000	
Premium on sale of bonds	270,459	862,223	
Total other financing sources (uses):	6,544,842	9,856,723	(794,383)
Changes in fund balances	6,196,879	4,595,296	368,319
Fund balances, beginning of year	19,496,697	7,026,715	4,242,735
Fund balances, end of year	\$ 25,693,576	\$ 11,622,011	\$ 4,611,054

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

Total
Governmental
Funds

\$ 3,647,913
6,990,668
745,088
243,974
14,735,815
371,669
2,769,074
107,055
71,753
41,151
158,372
29,882,532

5,427,402
10,785,548
2,450,730
1,314,039
11,578,785

1,038,074
1,531,293
203,349
34,329,220

(4,446,688)

4,558,633
(2,554,133)
12,470,000
1,132,682
15,607,182

11,160,494

30,766,147

\$ 41,926,641

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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, 2016

Changes in fund balances - total governmental funds **\$ 11,160,494**

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

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

Expenditures for capitalized assets	\$ 11,636,254	
Less current year depreciation	<u>(2,724,674)</u>	8,911,580

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.

Issuance of bonds	(12,470,000)	
Premium on bond issuance	<u>(1,132,682)</u>	(13,602,682)

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

15,250

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

Capital lease principal retirement	3,074	
Bond principal retirement	<u>1,035,000</u>	1,038,074

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	1,533,442	
Pension expense	<u>(1,155,939)</u>	377,503

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on disposal of assets	(113,265)	
Amortization of premium, discount and deferred bond items	102,587	
Compensated absences	<u>(25,532)</u>	(36,210)

Changes in net position in governmental activities **\$ 7,864,009**

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, 2016**

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 12,677,104	\$ 5,375,974	\$ 462,042
Accounts receivable	1,108,893	327,265	139,329
Inventory	4,347,444		
Total current assets	<u>18,133,441</u>	<u>5,703,239</u>	<u>601,371</u>
Noncurrent assets:			
Capital assets, non-depreciable	129,768	894,170	
Capital assets, depreciable (net)	20,572,757	19,815,151	
Total noncurrent assets	<u>20,702,525</u>	<u>20,709,321</u>	
Total assets	<u>38,835,966</u>	<u>26,412,560</u>	<u>601,371</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	87,903		
Pension plan items	164,250	60,844	
Total deferred outflows of resources	<u>252,153</u>	<u>60,844</u>	
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	339,125	454,431	75,702
Accrued payroll and employee benefits	46,477	16,623	
Accrued interest	203,457	31,227	
Compensated absences payable	15,117	6,838	
Customer deposits	1,744,728		
Loans payable	1,150,383	152,941	
Total current liabilities	<u>3,499,287</u>	<u>662,060</u>	<u>75,702</u>
Noncurrent liabilities:			
Compensated absences payable	30,692	13,883	
Loans payable	13,170,654	2,049,174	
Net pension liability	1,713,734	667,522	
Total noncurrent liabilities	<u>14,915,080</u>	<u>2,730,579</u>	
Total liabilities	<u>18,414,367</u>	<u>3,392,639</u>	<u>75,702</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension plan items	185,582	68,746	
<u>NET POSITION</u>			
Net investment in capital assets	6,381,488	18,507,205	
Unrestricted	14,106,682	4,504,814	525,669
Total net position	<u>\$ 20,488,170</u>	<u>\$ 23,012,019</u>	<u>\$ 525,669</u>

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

Enterprise Funds

Totals

\$ 18,515,120
1,575,487
4,347,444
24,438,051

1,023,938
40,387,908
41,411,846
65,849,897

87,903
225,094
312,997

869,258
63,100
234,684
21,955
1,744,728
1,303,324
4,237,049

44,575
15,219,828
2,381,256
17,645,659
21,882,708

254,328

24,888,693
19,137,165
\$ 44,025,858

CITY OF EL MIRAGE, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise Funds
Operating revenues:			
Charges for services	\$ 9,544,865	\$ 3,164,369	\$ 1,598,383
Total operating revenues	<u>9,544,865</u>	<u>3,164,369</u>	<u>1,598,383</u>
Operating expenses:			
Cost of sales and services	3,506,170	1,340,655	1,076,709
Depreciation	1,540,092	961,723	
Total operating expenses	<u>5,046,262</u>	<u>2,302,378</u>	<u>1,076,709</u>
Operating income (loss)	<u>4,498,603</u>	<u>861,991</u>	<u>521,674</u>
Nonoperating revenues (expenses):			
Investment income	11,803	27,432	
Interest expense	(424,061)	(62,455)	
Total nonoperating revenues (expenses)	<u>(412,258)</u>	<u>(35,023)</u>	
Income (loss) before capital contributions and transfers	<u>4,086,345</u>	<u>826,968</u>	<u>521,674</u>
Transfers in	350,750	249,000	
Transfers out	(1,525,250)	(810,000)	(269,000)
Capital contributions	<u>573,879</u>		
Changes in net position	<u>3,485,724</u>	<u>265,968</u>	<u>252,674</u>
Total net position, beginning of year	17,002,446	22,746,051	272,995
Total net position, end of year	<u>\$ 20,488,170</u>	<u>\$ 23,012,019</u>	<u>\$ 525,669</u>

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

Enterprise Funds

Totals
\$ 14,307,617
14,307,617

5,923,534
2,501,815
8,425,349
5,882,268

39,235
(486,516)
(447,281)
5,434,987

599,750
(2,604,250)
573,879
4,004,366

40,021,492
\$ 44,025,858

**CITY OF EL MIRAGE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	Enterprise Funds		
	Water	Sewer	Non-Major Enterprise
<u>Increase (Decrease) In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 9,508,530	\$ 3,157,184	\$ 1,601,927
Cash payments to suppliers for goods and services	(3,049,174)	(562,681)	(1,149,603)
Cash payments to employees for services	(1,206,950)	(409,019)	
Net cash provided by operating activities	5,252,406	2,185,484	452,324
Cash flows from noncapital and related financing activities:			
Interfund borrowing	(2,125,000)		
Interfund transfers in	350,750	249,000	
Interfund transfers out	(1,525,250)	(810,000)	(269,000)
Net cash used for noncapital financing activities	(3,299,500)	(561,000)	(269,000)
Cash flows from capital and related financing activities:			
Proceeds from loans	439,399		
Principal paid on loans	(1,118,316)	(148,951)	
Interest paid on loans	(437,369)	(64,575)	
Acquisition and construction of capital assets	(281,335)	(688,078)	
Net cash used for capital and related financing activities	(1,397,621)	(901,604)	
Cash flows from investing activities:			
Interest on investments	11,803	27,432	
Net cash provided by investing activities	11,803	27,432	
Net increase in cash and cash equivalents	567,088	750,312	183,324
Cash and cash equivalents, beginning of year	12,110,016	4,625,662	278,718
Cash and cash equivalents, end of year	\$ 12,677,104	\$ 5,375,974	\$ 462,042
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities</u>			
Operating income (loss)	\$ 4,498,603	\$ 861,991	\$ 521,674
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,540,092	961,723	
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(96,986)	(7,185)	3,544
Increase in inventories	(572,965)		
Increase (decrease) in accounts payable	(138,837)	375,005	(72,894)
Increase in accrued payroll and employee benefits	9,574	4,211	
Increase (decrease) in compensated absences payable	(11,117)	3,300	
Increase in deposits held for others	60,651		
Decrease in pension items	(36,609)	(13,561)	
Total adjustments	753,803	1,323,493	(69,350)
Net cash provided by (used for) operating activities	\$ 5,252,406	\$ 2,185,484	\$ 452,324
<u>Non-cash capital and financing activities</u>			
Contribution of assets from governmental funds	\$ 573,879		

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

Enterprise Funds

Totals

\$ 14,267,641
(4,761,458)
(1,615,969)
7,890,214

(2,125,000)
599,750
(2,604,250)

(4,129,500)

439,399
(1,267,267)
(501,944)
(969,413)

(2,299,225)

39,235
39,235

1,500,724

17,014,396

\$ 18,515,120

5,882,268

2,501,815

(100,627)
(572,965)
163,274
13,785
(7,817)
60,651
(50,170)

2,007,946

\$ 7,890,214

\$ 573,879

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, the City implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

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. 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, unrestricted state revenues, 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 funds 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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Other income 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. This fund is maintained as a separate fund for accounting and budgeting purposes but does 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.

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.

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.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

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.

Certain resources are classified as cash and investments-restricted in the General Fund and Streets Fund related to unspent bond proceeds to be utilized in the construction of municipal facilities and street improvements.

E. Investment Income

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Receivables and Payables

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

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August, that 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. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of water credits purchased and held for future consumption. Inventories are recorded as assets when purchased and expenses when consumed in the proprietary and government-wide financial statements.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the proprietary and government-wide financial statements and as expenditures when purchased in the fund financial statements.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. 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.

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

K. 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.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. 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.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financials statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Debt premiums and discounts are amortized over the life of the debt using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding 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.

O. Interfund Activity

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. 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.

Q. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

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

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Assigned. Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a management official delegated that authority by the formal City Council action. The City Manager is delegated authority to establish intended uses by Council action under City ordinance, Chapter 31.

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

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

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

	General Fund	Streets Fund	Non-Major Governmental Funds
Fund Balances:			
Nonspendable:			
Prepaid items	\$ 2,002	\$	\$ 5,102
Restricted:			
Debt service			477,058
Streets projects		11,622,011	927,514
Court and police programs			169,648
Capital projects	2,138,430		
Other purposes			160,751
Committed:			
Court and police programs			2,870,981
Other purposes	388,197		
Assigned:			
Court and police programs	316,212		
Unassigned:	22,848,735		
Total fund balances	\$ 25,693,576	\$ 11,622,011	\$ 4,611,054

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures Over Budget At year end, the City had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

NOTE 4 – 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 \$14,140,334 and the bank balance was \$14,646,344. The bank balance was covered entirely by FDIC coverage and collateral held by the pledging financial institution in the City’s name.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy

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

<u>Investment Type</u>	<u>Average Maturities</u>	<u>Fair Value</u>
State Treasurer’s investment pool 5	22 days	\$ 46,724,964
State Treasurer’s investment pool 7	73 days	2,240,200
Total		<u>\$ 48,965,164</u>

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

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4 – CASH AND INVESTMENTS

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 AAA from Moody’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 5 – RECEIVABLES

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

	General Fund	Non-Major Governmental Funds
Due from other governmental entities:		
Due from federal government	\$	\$ 30,170
Due from state government	768,242	198,343
Net due from governmental entities	\$ 768,242	\$ 228,513

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 9,426,231	\$ 428,000	\$	\$ 9,854,231
Construction in progress	7,719,515	10,511,542	898,459	17,332,598
Total capital assets, not being depreciated	<u>17,145,746</u>	<u>10,939,542</u>	<u>898,459</u>	<u>27,186,829</u>
Capital assets, being depreciated:				
Land improvements	893,563	622,938		1,516,501
Buildings and improvements	19,232,786			19,232,786
Infrastructure	27,303,737	166,801		27,470,538
Machinery, equipment and vehicles	7,314,002	805,432	1,335,829	6,783,605
Total capital assets being depreciated	<u>54,744,088</u>	<u>1,595,171</u>	<u>1,335,829</u>	<u>55,003,430</u>
Less accumulated depreciation for:				
Land improvements	(492,063)	(78,687)		(570,750)
Buildings and improvements	(2,045,688)	(427,720)		(2,473,408)
Infrastructure	(9,407,899)	(1,491,603)		(10,899,502)
Machinery, equipment and vehicles	(4,265,539)	(726,664)	(1,222,564)	(3,769,639)
Total accumulated depreciation	<u>(16,211,189)</u>	<u>(2,724,674)</u>	<u>(1,222,564)</u>	<u>(17,713,299)</u>
Total capital assets, being depreciated, net	38,532,899	(1,129,503)	113,265	37,290,131
Governmental activities capital assets, net	<u>\$ 55,678,645</u>	<u>\$ 9,810,039</u>	<u>\$ 1,011,724</u>	<u>\$64,476,960</u>

Governmental activities:

General government	\$ 320,352
Public safety	653,996
Highways and streets	924,472
Culture and recreation	430,227
Health and welfare	395,627
Total depreciation expense	<u>\$ 2,724,674</u>

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 921,620	\$	\$	\$ 921,620
Construction in progress		1,366,357	1,264,039	102,318
Total	<u>921,620</u>	<u>1,366,357</u>	<u>1,264,039</u>	<u>1,023,938</u>
Capital assets, being depreciated:				
Sewer plant	20,455,101			20,455,101
Water mains and lines	32,196,320	782,710		32,979,030
Sewer collection system	8,541,009	481,329		9,022,338
Land improvements	5,531,190			5,531,190
Buildings and improvements	581,097			581,097
Machinery, equipment and vehicles	2,724,866	179,690	39,995	2,864,561
Infrastructure	11,756			11,756
Total capital assets being depreciated	<u>70,041,339</u>	<u>1,443,729</u>	<u>39,995</u>	<u>71,445,073</u>
Less accumulated depreciation for:				
Sewer plant	(5,112,674)	(465,302)		(5,577,976)
Water mains and lines	(12,909,197)	(1,308,667)		(14,217,864)
Sewer collection system	(5,161,886)	(331,523)		(5,493,409)
Land improvements	(3,993,276)	(93,650)		(4,086,926)
Buildings and improvements	(261,509)	(42,147)		(303,656)
Machinery, equipment and vehicles	(1,144,362)	(259,350)	(37,240)	(1,366,472)
Infrastructure	(9,686)	(1,176)		(10,862)
Total accumulated depreciation	<u>(28,592,590)</u>	<u>(2,501,815)</u>	<u>(37,240)</u>	<u>(31,057,165)</u>
Total capital assets, being depreciated, net	<u>41,448,749</u>	<u>(1,058,086)</u>	<u>2,755</u>	<u>40,387,908</u>
Business-type activities capital assets, net	<u>\$ 42,370,369</u>	<u>\$ 308,271</u>	<u>\$ 1,266,794</u>	<u>\$ 41,411,846</u>

Business-type activities:

Water	\$ 1,540,092
Sewer	961,723
Total depreciation expense – business-type activities	<u>\$ 2,501,815</u>

Construction Commitments – At year end, the City had contractual commitments related to the construction of the new City Hall, El Mirage road improvements and sewer storage tank projects. At year end, the City had spent \$17.4 million on the projects and had estimated remaining contractual commitments of \$25.3 million.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 – 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. Amortization of assets recorded under capital leases is included with depreciation expense.

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	(5,957)
Total	\$ 6,161

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:	
2017	\$ 3,957
2018	3,957
2019	1,977
Total minimum lease payments	9,891
Less: amount representing interest	991
Present value of minimum lease payments	\$ 8,900
Due within one year	\$ 3,340

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 – BONDS PAYABLE

The City has entered into Greater Arizona Development Authority (GADA) bond agreements and issued other general obligation, revenue and refunding bonds to refund prior year issuances and to finance various municipal, public safety, streets, and park projects. The total outstanding principal does not include related bond premiums and discounts of \$1,841,356 and \$38,378, respectively.

	Original Amount Issued	Interest Rate	Remaining Maturities	Outstanding Principal June 30, 2016
<u>Governmental activities:</u>				
GADA Bond, Series 2007 B	\$ 1,145,000	4.00-5.00%	8/1/17-27	\$ 750,000
GADA Bond, Series 2009 B	9,600,000	3.50-5.00%	7/1/17-29	7,125,000
G.O. Bonds 2012A	14,900,000	3.00-5.00%	7/1/17-42	13,715,000
Refunding Bonds 2012B	3,305,000	2.125-4.00%	7/1/17-24	2,490,000
Excise Tax Obligations 2015	10,470,000	4.00-5.00%	7/1/17-30	10,470,000
G.O. Bonds, Series 2015	2,000,000	3.82%	7/1/17-29	2,000,000
Total				<u>\$ 36,550,000</u>

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

Year ending June 30:	Governmental Activities	
	Principal	Interest
2017	\$ 1,075,000	\$ 1,615,881
2018	1,715,000	1,577,894
2019	1,780,000	1,512,769
2020	1,840,000	1,448,825
2021	1,915,000	1,373,463
2022-26	10,945,000	5,550,685
2027-31	9,730,000	2,939,858
2032-36	2,945,000	1,589,650
2037-41	3,740,000	796,000
2042	865,000	43,250
Total	<u>\$ 36,550,000</u>	<u>\$ 18,448,275</u>

Pledged revenues – governmental activities. The City has pledged future sales (excise) tax revenues to repay outstanding revenue bonds of \$10.5 million as of year end. Proceeds from the bond issuance provides financing for street improvements and municipal facilities construction. The bonds are paid from the City’s sales taxes and state shared revenues and are payable through 2030. Total annual principal and interest payments for all sales tax revenue bonds are expected to require approximately seven percent of gross revenues. The total principal and interest to be paid on the bonds is \$15.3 million. The current total city sales taxes and state shared revenues were \$13.9 million and the total principal and interest paid on the bonds was \$389,663, or three percent of gross revenues.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – LOANS PAYABLE

The City has entered into a number of separate Water Infrastructure Finance Authority (WIFA) loan agreements to refund a prior year issuance and to finance water 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, 2016
<u>Business-type activities:</u>				
WIFA Loan, DW 050-2005	\$ 16,550,000	2.93%	7/1/16-25	\$ 8,720,969
WIFA Loan, CW 030-2005	1,108,911	2.96%	7/1/16-25	634,782
WIFA Loan, CW 2008	1,900,000	2.75%	7/1/16-27	848,850
WIFA Loan, DW 2008	4,040,000	2.75%	7/1/16-27	2,905,737
WIFA Loan, ARRA 91A121-10	648,000	2.87%	7/1/16-29	260,983
WIFA Loan, ARRA 91A152-10	140,000	2.68%	7/1/16-29	63,058
WIFA Loan, ARRA 91A153-10	498,000	1.50%	7/1/16-29	128,551
WIFA Loan, 920227-13	4,550,000	2.80%	7/1/16-26	2,502,722
WIFA Loan, 910154-13	500,000	2.80%	7/1/16-32	457,500
Total				<u>\$ 16,523,152</u>

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

Year ending June 30:	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,303,324	\$ 442,066
2018	1,340,666	405,313
2019	1,379,081	376,105
2020	1,418,598	336,020
2021	1,459,250	294,784
2022-26	7,948,088	812,722
2026-31	1,608,532	70,118
2032-33	65,613	1,850
Total	<u>\$ 16,523,152</u>	<u>\$ 2,738,978</u>

Pledged revenues – business-type activities. The City has pledged future water and sewer revenues to repay the outstanding WIFA loans of \$16.5 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 \$19.3 million. The current total customer gross revenues were \$12.7 million and the total principal and interest paid on the loans was \$1.7 million, or 14 percent of gross revenues.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 25,115,000	\$ 12,470,000	\$ 1,035,000	\$ 36,550,000	\$ 1,075,000
Bond premium	825,795	1,132,682	117,121	1,841,356	
Bond discount	(41,330)		(2,952)	(38,378)	
Net bonds payable	<u>25,899,465</u>	<u>13,602,682</u>	<u>1,149,169</u>	<u>38,352,978</u>	<u>1,075,000</u>
Net pension liability	13,526,127	1,091,563		14,617,690	
Compensated absences	551,230	498,717	473,185	576,762	190,331
Obligations under capital leases	11,974		3,074	8,900	3,340
Governmental activity long-term liabilities	<u>\$ 39,988,796</u>	<u>\$ 15,192,962</u>	<u>\$ 1,625,428</u>	<u>\$ 53,556,330</u>	<u>\$ 1,268,671</u>
Business-type activities:					
Compensated absences	\$ 74,347	\$ 81,118	\$ 88,935	\$ 66,530	\$ 21,955
Loans payable	17,679,093	111,326	1,267,267	16,523,152	1,303,324
Net pension liability	<u>2,290,949</u>	<u>90,307</u>		<u>2,381,256</u>	
Business-type activities long-term liabilities	<u>\$ 20,044,389</u>	<u>\$ 282,751</u>	<u>\$ 1,356,202</u>	<u>\$ 18,970,938</u>	<u>\$ 1,325,279</u>

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds – At year end, the Municipal Court Enhancement Fund had \$7,946 due to the General Fund for fiscal year court expenses.

Interfund transfers:

	Transfers in		
	General Fund	Streets Fund	Non-Major Governmental Funds
<u>Transfers out</u>			
General Fund	\$	\$ 430,000	\$ 581,000
Non-Major Governmental Funds	597,883	594,500	
Water Fund	1,276,250		
Sewer Fund	810,000		
Non-Major Enterprise Fund	269,000		
Total	<u>\$ 2,953,133</u>	<u>\$1,024,500</u>	<u>\$ 581,000</u>

	Transfers in		
	Water Fund	Sewer Fund	Total
<u>Transfers out</u>			
General Fund	\$ 167,750	\$	\$ 1,178,750
Non-Major Governmental Funds	183,000		1,375,383
Water Fund		249,000	1,525,250
Sewer Fund			810,000
Non-Major Enterprise Fund			269,000
Total	<u>\$ 350,750</u>	<u>\$ 249,000</u>	<u>\$ 5,158,383</u>

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 12 – CONTINGENT LIABILITIES

Lawsuits – The City is a defendant in a number of lawsuits as of June 30, 2016. It is the opinion of management and City counsel that the amount of losses resulting from these litigations at June 30, 2016, would not be material to the financial position of the City.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 – RISK MANAGEMENT

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

The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is \$2.0 million per occurrence on a claims made basis. Excess coverage is for an additional \$8.0 million per occurrence on a follow form, claims made basis. The aggregate limit is also \$2.0 million. The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its 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 self insured through the Arizona Metropolitan Trust (AzMT) for employees medical, dental, life and employee assistance program coverage (EAP). AzMT is a self insured benefits pool established pursuant to A.R.S 11-952 et. seq. that provides coverage for each of its member entities. The City pays a monthly premium to AzMT for the employee's medical, dental, life and EAP coverage. AzMT reinsures through commercial companies for claims in excess of specified and aggregate amounts.

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

NOTE 14– PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the pension plans described below. The plans are component units of the State of Arizona.

The City reported \$1.2 million of pension expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. City employees not covered by the other pension plans described after this section participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a members' death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 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 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2016 were \$604,351.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City’s contributions for the current and two preceding years for the Arizona State Retirement System OPEB, all of which were equal to the required contributions, were as follows:

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2016	\$	27,850	\$	6,684
2015		33,495		6,813
2014		33,592		13,437

Pension Liability. At June 30, 2016, the City reported a liability of \$9.5 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the City’s proportion was 0.06 percent, which was a decrease of 0.001 from its proportion measured as of June 30, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the City recognized pension expense for ASRS of \$407,566 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,261	\$ 499,781
Net difference between projected and actual earnings on pension plan investments		305,660
Changes in proportion and differences between contributions and proportionate share of contributions		171,467
Contributions subsequent to the measurement date	604,351	
Total	\$ 864,612	\$ 976,908

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:		
	2017	\$ (308,868)
	2018	(400,207)
	2019	(228,219)
	2020	220,647

Actuarial Assumptions. The significant actuarial assumptions used to measure the total ASRS pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The target allocation and best estimates of arithmetic real rates of return for each major asset class of ASRS are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	58%	6.79%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.93
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
City’s proportionate share of the net pension liability	\$ 12,497,552	\$ 9,537,628	\$ 7,509,110

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

B. Public Safety Personnel Retirement System

Plan Descriptions. City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided. The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Certain retirement and disability benefits are calculated on the basis of age, average monthly compensation, and service credit as follows. See the publicly available PSPRS financial report for additional benefits information.

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or After January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Normal retirement	50% less 2.0% for each year of credited service less than 20 years or plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Survivor benefit: Retired members	80% of retired member's pension benefit	
Active members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015 the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees Covered by Benefit Terms. At June 30, 2016, the following employees were covered by the agent pension plan's benefit terms:

	<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
Retirees and beneficiaries	12	3
Inactive, non-retired members	8	5
Active members	<u>35</u>	<u>25</u>
Total	<u>55</u>	<u>33</u>

Contributions and Annual OPEB Cost. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
Active members – pension	11.65%	11.65%
City:		
Pension	25.08	15.58
Health insurance	0.43	0.26

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

For the agent plans, the contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended were:

	PSPRS – Police	PSPRS – Fire
Pension:		
Contributions made	\$ 815,189	\$ 271,239
Health insurance premium benefit:		
Annual OPEB cost	13,977	4,526
Contributions made	13,977	4,526

Pension Liability. At June 30, 2016, the City reported \$6.3 million in net pension liability for police and \$1.2 million net pension liability for fire. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2015, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption.

In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS’ automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of two percent. The change in the City’s net pension liability as a result of the statutory adjustments is not known.

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.0 - 8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table, adjusted by 105% for both males and females

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2011.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short-term investments	2%	0.75%
Absolute return	5	4.11
Risk parity	4	5.13
Fixed income	7	2.92
Real assets	8	4.77
GTAA	10	4.38
Private equity	11	9.50
Real estate	10	4.48
Credit opportunities	13	7.08
Non-U.S. equity	14	8.25
U.S. equity	16	6.23
Total	<u>100%</u>	

Pension Discount Rates. The discount rate of 7.85 was used to measure the total pension liability.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the PSPRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Changes in the Agent Plans Net Pension Liability

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Police			
Balances at June 30, 2015	\$ 12,817,742	\$ 7,173,710	\$ 5,644,032
Changes for the year:			
Service cost	530,107		530,107
Interest on the total pension liability	1,006,969		1,006,969
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability	292,348		292,348
Changes of assumptions or other inputs			
Contributions – employer		593,877	(593,877)
Contributions – employee		321,510	(321,510)
Net investment income		273,401	(273,401)
Benefit payments, including refunds of employee contributions	(510,323)	(510,323)	
Administrative expense		(7,057)	7,057
Other changes		23,149	(23,149)
Net changes	<u>1,319,101</u>	<u>694,557</u>	<u>624,544</u>
Balances at June 30, 2016	<u>\$ 14,136,843</u>	<u>\$ 7,868,267</u>	<u>\$ 6,268,576</u>

Changes in the Agent Plans Net Pension Liability

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
PSPRS – Fire			
Balances at June 30, 2015	\$ 5,030,099	\$ 4,020,849	\$ 1,009,250
Changes for the year:			
Service cost	336,932		336,932
Interest on the total pension liability	400,223		400,223
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability	270,625		270,625
Changes of assumptions or other inputs			
Contributions – employer		225,909	(225,909)
Contributions – employee		199,018	(199,018)
Net investment income		159,295	(159,295)
Benefit payments, including refunds of employee contributions	(200,362)	(200,362)	
Administrative expense		(4,277)	4,277
Other changes		244,344	(244,344)
Net changes	<u>807,418</u>	<u>623,927</u>	<u>183,491</u>
Balances at June 30, 2016	<u>\$ 5,837,517</u>	<u>\$ 4,644,776</u>	<u>\$ 1,192,741</u>

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s net pension liability calculated using the discount rates noted above, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1%	Current Discount Rate	1%
	<u>Decrease</u>		<u>Increase</u>
PSPRS – Police:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$8,251,480	\$6,268,576	\$4,634,952
 PSPRS – Fire:			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$2,080,027	\$1,192,741	\$469,014

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2016, the City recognized the following as pension expense:

	<u>Pension Expense</u>
PSPRS – Police	\$ 810,704
PSPRS – Fire	40,759

Pension Deferred Outflows/Inflows of Resources. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSPRS – Police		
Differences between expected and actual experience	\$ 243,587	\$ 192,959
Changes of assumptions or other inputs	802,695	
Net difference between projected and actual earnings on pension plan investments	37,479	
Contributions subsequent to the measurement date	815,189	
Total	<u>\$ 1,898,950</u>	<u>\$ 192,959</u>

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS – Fire		
Differences between expected and actual experience	\$ 544,311	\$
Changes of assumptions or other inputs	189,084	
Net difference between projected and actual earnings on pension plan investments	24,727	
Contributions subsequent to the measurement date	271,239	
Total	\$ 1,029,361	\$

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS – Police	PSPRS – Fire
Year Ending June 30:		
2017	\$ 186,039	\$ 72,973
2018	186,039	72,973
2019	186,039	72,974
2020	255,218	111,283
2021	77,467	76,369
Thereafter		351,550

Agent Plan OPEB Trend Information. The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS – Police:			
June 30, 2016	\$ 12,738	100%	\$ - 0 -
June 30, 2015	26,499	100%	- 0 -
June 30, 2014	22,385	100%	- 0 -
PSPRS – Fire:			
June 30, 2016	\$ 4,881	100%	\$ - 0 -
June 30, 2015	10,628	100%	- 0 -
June 30, 2014	8,682	100%	- 0 -

**CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Agent Plan OPEB Actuarial Assumptions. Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as understood by the City and plan's members and include the types of benefits inforce at the valuation date, and (2) the pattern of sharing benefit costs between the City and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2016 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4%-8% 4%

CITY OF EL MIRAGE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The funded status of the PSPRS health insurance premium benefit plan in the June 30, 2015, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
includes inflation at	4%

Agent Plan OPEB Funded Status. The following table presents the funded status of the health insurance premium benefit plan as of the most recent valuation date, June 30, 2015.

	<u>PSPRS – Police</u>	<u>PSPRS – Fire</u>
Actuarial value of assets	\$ 283,039	\$ 118,940
Actuarial accrued liability	300,974	109,660
Unfunded actuarial accrued liability (funding excess)	17,935	(9,280)
Funded ratio	94.04%	108.46%
Annual covered payroll	2,769,201	1,765,349
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	0.65%	0.53%

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 1,625,000	\$ 1,625,000	\$ 1,637,982	\$ 12,982
City sales taxes	6,280,000	6,280,000	6,990,668	710,668
Franchise taxes	700,000	700,000	745,088	45,088
Licenses and permits	295,000	295,000	243,974	(51,026)
Intergovernmental	7,880,000	7,880,000	8,109,689	229,689
Charges for services	250,000	250,000	371,669	121,669
Fines and forfeits	15,000	15,000	32,150	17,150
Investment income	20,000	20,000	104,792	84,792
Rents	65,000	65,000	71,753	6,753
Contributions and donations			41,151	41,151
Other income	50,000	50,000	157,919	107,919
Total revenues	17,180,000	17,180,000	18,506,835	1,326,835
Expenditures:				
Mayor and council	249,500	249,500	192,113	57,387
City clerk	195,500	195,500	162,312	33,188
Safety and loss control	304,000	304,000	272,951	31,049
Administration	1,083,000	1,083,000	874,439	208,561
Legal services	1,109,000	1,109,000	424,488	684,512
Human resources	397,500	397,500	360,532	36,968
Financial services	643,500	643,500	618,448	25,052
Information technology	733,500	733,500	622,314	111,186
Recreation	150,500	150,500	71,812	78,688
Parks	737,500	809,500	717,125	92,375
Facilities management	671,000	751,000	677,717	73,283
Fleet maintenance	172,500	172,500	157,041	15,459
Community development	513,000	513,000	451,668	61,332
Police	7,434,500	7,434,500	7,135,621	298,879
Code compliance	320,500	320,500	238,072	82,428
Fire	3,248,500	3,248,500	2,827,290	421,210
Fire and building safety	287,000	287,000	285,220	1,780
Contingency	7,971,000	7,862,500	2,545,340	5,317,160
Total expenditures	26,221,500	26,265,000	18,634,503	7,630,497

(continued)

See accompanying notes to this schedule

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	<u>(9,041,500)</u>	<u>(9,085,000)</u>	<u>(127,668)</u>	<u>(8,957,332)</u>
Other financing sources (uses):				
Transfers in	2,997,000	2,997,000	2,981,633	(15,367)
Transfers out	(1,593,500)	(1,593,500)	(1,534,750)	58,750
Issuance of bonds	4,500,000	4,500,000	4,500,000	
Premium on sale of bonds			270,459	270,459
Total other financing sources (uses)	<u>5,903,500</u>	<u>5,903,500</u>	<u>6,217,342</u>	<u>313,842</u>
Change in fund balances	<u>(3,138,000)</u>	<u>(3,181,500)</u>	<u>6,089,674</u>	<u>(9,271,174)</u>
Fund balances, beginning of year			19,287,690	19,287,690
Fund balances (deficits), end of year	<u>\$ (3,138,000)</u>	<u>\$ (3,181,500)</u>	<u>\$ 25,377,364</u>	<u>\$ 28,558,864</u>

(concluded)

CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.06%	0.06%
City's proportionate share of the net pension liability (asset)	\$ 9,537,628	\$ 9,163,794
City's covered payroll	\$ 5,677,172	\$ 5,598,748
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	168.00%	163.68%
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 530,107	\$ 522,850
Interest	1,006,969	849,641
Changes of benefit terms		190,732
Differences between expected and actual experience	292,348	(284,861)
Changes of assumptions		1,185,003
Benefit payments, including refunds of employee	<u>(510,323)</u>	<u>(415,304)</u>
Net change in total pension liability	1,319,101	2,048,061
Total pension liability—beginning	<u>12,817,742</u>	<u>10,769,681</u>
Total pension liability—ending	<u>\$ 14,136,843</u>	<u>\$ 12,817,742</u>
 Plan fiduciary net position		
Contributions—employer	\$ 593,877	\$ 531,345
Contributions—employee	321,510	326,197
Net investment income	273,401	845,982
Benefit payments, including refunds of employee	(510,323)	(415,304)
Administrative expense	(7,057)	(6,813)
Other	<u>23,149</u>	<u>(141,456)</u>
Net change in plan fiduciary net position	694,557	1,139,951
Plan fiduciary net position—beginning	<u>7,173,710</u>	<u>6,033,759</u>
Plan fiduciary net position—ending	<u>\$ 7,868,267</u>	<u>\$ 7,173,710</u>
 Net pension liability—ending	<u>\$ 6,268,576</u>	<u>\$ 5,644,032</u>
 Plan fiduciary net position as a percentage of the total pension liability	55.66%	55.97%
 Covered payroll	\$ 3,031,570	\$ 2,869,871
 Net pension liability as a percentage of covered payroll	206.78%	196.67%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 336,932	\$ 318,083
Interest	400,223	317,292
Changes of benefit terms		16,409
Differences between expected and actual experience	270,625	361,588
Changes of assumptions		228,856
Benefit payments, including refunds of employee	<u>(200,362)</u>	<u>(190,050)</u>
Net change in total pension liability	807,418	1,052,178
Total pension liability—beginning	<u>5,030,099</u>	<u>3,977,921</u>
Total pension liability—ending	<u>\$ 5,837,517</u>	<u>\$ 5,030,099</u>
 Plan fiduciary net position		
Contributions—employer	\$ 225,909	\$ 258,272
Contributions—employee	199,018	182,336
Net investment income	159,295	468,516
Benefit payments, including refunds of employee	(200,362)	(190,050)
Administrative expense	(4,277)	(3,773)
Other	<u>244,344</u>	<u>(16,919)</u>
Net change in plan fiduciary net position	623,927	698,382
Plan fiduciary net position—beginning	<u>4,020,849</u>	<u>3,322,467</u>
Plan fiduciary net position—ending	<u>\$ 4,644,776</u>	<u>\$ 4,020,849</u>
 Net pension liability—ending	<u>\$ 1,192,741</u>	<u>\$ 1,009,250</u>
 Plan fiduciary net position as a percentage of the total pension liability	79.57%	79.94%
 Covered payroll	\$ 1,840,401	\$ 1,736,352
 Net pension liability as a percentage of covered payroll	64.81%	58.12%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF CONTRIBUTIONS
ALL PENSION PLANS
LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Arizona State Retirement System:		
Actuarially determined contribution	\$ 604,351	\$ 618,244
Contributions in relation to the actuarially determined contribution	<u>604,351</u>	<u>618,244</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 5,570,055	\$ 5,677,172
Contributions as a percentage of covered payroll	10.85%	10.89%
 Public Safety Personnel Retirement System - Police:		
Actuarially determined contribution	\$ 815,189	\$ 598,735
Contributions in relation to the actuarially determined contribution	<u>815,189</u>	<u>598,735</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 3,250,355	\$ 3,031,570
Contributions as a percentage of covered payroll	25.08%	19.75%
 Public Safety Personnel Retirement System - Fire:		
Actuarially determined contribution	\$ 271,239	\$ 229,498
Contributions in relation to the actuarially determined contribution	<u>271,239</u>	<u>229,498</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 1,740,944	\$ 1,840,401
Contributions as a percentage of covered payroll	15.58%	12.47%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**CITY OF EL MIRAGE, ARIZONA
SCHEDULE OF FUNDING PROGRESS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
OTHER POSTEMPLOYMENT BENEFITS
LAST THREE ACTUARIAL VALUATIONS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Public Safety Personnel Retirement System - Police:						
2015	\$ 283,039	\$ 300,974	\$ (17,935)	94.04 %	\$ 2,769,201	(0.65) %
2014	249,081	283,104	(34,023)	87.98	2,738,838	(1.24)
2013	-	256,469	(256,469)	-	2,726,506	(9.41)
Public Safety Personnel Retirement System - Fire:						
2015	\$ 118,940	\$ 109,660	\$ 9,280	108.46 %	\$ 1,765,349	0.53 %
2014	102,992	92,837	10,155	110.94	1,735,841	0.58
2013	-	80,685	(80,685)	-	1,622,055	(4.97)

See accompanying notes to this schedule.

CITY OF EL MIRAGE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The City 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 that are budgeted separately in a special revenue fund.

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 19,242,778	\$ 25,693,576
Activity budgeted as special revenue funds	<u>(608,275)</u>	<u>(316,212)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 18,634,503</u>	<u>\$ 25,377,364</u>

NOTE 2 – PENSION PLAN SCHEDULES

Change in Accounting Principle. For the year ended June 30, 2016, the City implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2014, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2014, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The actuarial assumptions used in the June 30, 2015, valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2011. The total pension liability used to calculate the net pension liability for PSPRS was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2015, reflects changes of benefit terms and actuarial assumptions for a court ruling for funding permanent benefit increases and a decrease in the wage growth assumption from 4.5% to 4.0%.

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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, 2016

	Special Revenue	Debt Service	Total Non-Major Governmental Fund
<u>ASSETS</u>			
Cash and investments	\$ 4,138,395	\$ 460,470	\$ 4,598,865
Accounts receivable	3,845		3,845
Property taxes receivable		62,368	62,368
Due from governmental entities	228,513		228,513
Prepaid items	5,102		5,102
Total assets	\$ 4,375,855	\$ 522,838	\$ 4,898,693
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 218,749	\$	\$ 218,749
Accrued payroll and employee benefits	7,361		7,361
Due to governmental entities	3,255		3,255
Due to other funds	7,946		7,946
Customer deposits	4,548		4,548
Total liabilities	241,859		241,859
Deferred inflows of resources:			
Unavailable revenues - property taxes		45,780	45,780
Fund balances:			
Nonspendable	5,102		5,102
Restricted	1,257,913	477,058	1,734,971
Committed	2,870,981		2,870,981
Total fund balances	4,133,996	477,058	4,611,054
 Total liabilities, deferred inflows of resources and fund balances	\$ 4,375,855	\$ 522,838	\$ 4,898,693

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, 2016

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Property taxes	\$	\$ 2,009,931	\$ 2,009,931
Intergovernmental	3,346,050		3,346,050
Fines and forfeits	2,348,944		2,348,944
Investment income	1,603	660	2,263
Other income		453	453
Total revenues	<u>5,696,597</u>	<u>2,011,044</u>	<u>7,707,641</u>
Expenditures:			
Current -			
General government	1,101,744		1,101,744
Public safety	417,813		417,813
Highways and streets	1,950,730		1,950,730
Capital outlay	898,439		898,439
Debt service -			
Principal retirement		1,035,000	1,035,000
Interest and fiscal charges		1,141,213	1,141,213
Total expenditures	<u>4,368,726</u>	<u>2,176,213</u>	<u>6,544,939</u>
Excess (deficiency) of revenues over expenditures	<u>1,327,871</u>	<u>(165,169)</u>	<u>1,162,702</u>
Other financing sources (uses):			
Transfers in	481,000	100,000	581,000
Transfers out	<u>(1,375,383)</u>		<u>(1,375,383)</u>
Total other financing sources (uses):	<u>(894,383)</u>	<u>100,000</u>	<u>(794,383)</u>
Changes in fund balances	<u>433,488</u>	<u>(65,169)</u>	<u>368,319</u>
Fund balances, beginning of year	3,700,508	542,227	4,242,735
Fund balances, end of year	<u>\$ 4,133,996</u>	<u>\$ 477,058</u>	<u>\$ 4,611,054</u>

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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 Photo 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 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, 2016

	<u>Municipal Court Enhance Fund</u>	<u>Court Photo Enforcement</u>	<u>Streets (HURF)</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,083,312	\$ 1,896,129	\$ 471,063
Accounts receivable			
Due from governmental entities			186,776
Prepaid items			
Total assets	<u><u>\$ 1,083,312</u></u>	<u><u>\$ 1,896,129</u></u>	<u><u>\$ 657,839</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 13,510	\$ 82,456	\$ 93,489
Accrued payroll and employee benefits			7,361
Due to governmental entities			
Due to other funds	7,946		
Customer deposits	4,548		
Total liabilities	<u><u>26,004</u></u>	<u><u>82,456</u></u>	<u><u>100,850</u></u>
Fund balances:			
Nonspendable			
Restricted			556,989
Committed	1,057,308	1,813,673	
Total fund balances	<u><u>1,057,308</u></u>	<u><u>1,813,673</u></u>	<u><u>556,989</u></u>
Total liabilities and fund balances	<u><u>\$ 1,083,312</u></u>	<u><u>\$ 1,896,129</u></u>	<u><u>\$ 657,839</u></u>

<u>Dial-A-Ride (LTAF)</u>	<u>Police Towing</u>	<u>Special Projects</u>	<u>Totals</u>
\$ 368,151	\$ 169,648	\$ 150,092	\$ 4,138,395
2,374		1,471	3,845
		41,737	228,513
		5,102	5,102
<u>\$ 370,525</u>	<u>\$ 169,648</u>	<u>\$ 198,402</u>	<u>\$ 4,375,855</u>
\$	\$	\$ 29,294	\$ 218,749
			7,361
		3,255	3,255
			7,946
			4,548
		<u>32,549</u>	<u>241,859</u>
		5,102	5,102
370,525	169,648	160,751	1,257,913
			2,870,981
<u>370,525</u>	<u>169,648</u>	<u>165,853</u>	<u>4,133,996</u>
<u>\$ 370,525</u>	<u>\$ 169,648</u>	<u>\$ 198,402</u>	<u>\$ 4,375,855</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, 2016

	Municipal Court Enhance Fund	Court Photo Enforcement	Streets (HURF)
Revenues:			
Intergovernmental	\$	\$	\$ 2,053,186
Fines and forfeits	384,094	1,894,950	
Investment income	1,603		
Total revenues	385,697	1,894,950	2,053,186
Expenditures:			
Current -			
General government	187,446	914,298	
Public safety			
Highways and streets			1,887,300
Capital outlay	269,182		29,660
Total expenditures	456,628	914,298	1,916,960
Excess (deficiency) of revenues over expenditures	(70,931)	980,652	136,226
Other financing sources (uses):			
Transfers in			481,000
Transfers out		(1,189,000)	(183,000)
Total other financing sources (uses):		(1,189,000)	298,000
Changes in fund balances	(70,931)	(208,348)	434,226
Fund balances, beginning of year	1,128,239	2,022,021	122,763
Fund balances, end of year	\$ 1,057,308	\$ 1,813,673	\$ 556,989

<u>Dial-A-Ride (LTAF)</u>	<u>Police Towing</u>	<u>Community Development Block Grant</u>	<u>Special Projects</u>	<u>Totals</u>
\$ 240,436	\$ 69,900	\$ 588,156	\$ 464,272	\$ 3,346,050
				2,348,944
				1,603
<u>240,436</u>	<u>69,900</u>	<u>588,156</u>	<u>464,272</u>	<u>5,696,597</u>
				1,101,744
	29,042		388,771	417,813
63,430		588,407		1,950,730
			11,190	898,439
<u>63,430</u>	<u>29,042</u>	<u>588,407</u>	<u>399,961</u>	<u>4,368,726</u>
<u>177,006</u>	<u>40,858</u>	<u>(251)</u>	<u>64,311</u>	<u>1,327,871</u>
				481,000
		<u>(3,383)</u>		<u>(1,375,383)</u>
		<u>(3,383)</u>		<u>(894,383)</u>
<u>177,006</u>	<u>40,858</u>	<u>(3,634)</u>	<u>64,311</u>	<u>433,488</u>
193,519	128,790	3,634	101,542	3,700,508
<u>\$ 370,525</u>	<u>\$ 169,648</u>	<u>\$</u>	<u>\$ 165,853</u>	<u>\$ 4,133,996</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, 2016

	Municipal Court		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Intergovernmental	\$	\$	\$
Fines and forfeits	300,000	387,980	87,980
Investment income			
Total revenues	<u>300,000</u>	<u>387,980</u>	<u>87,980</u>
Expenditures:			
Current -			
General government	748,500	608,275	140,225
Public safety			
Highways and streets			
Capital outlay			
Total expenditures	<u>748,500</u>	<u>608,275</u>	<u>140,225</u>
Excess (deficiency) of revenues over expenditures	<u>(448,500)</u>	<u>(220,295)</u>	<u>228,205</u>
Other financing sources (uses):			
Transfers in	327,500	327,500	
Transfers out			
Total other financing sources (uses):	<u>327,500</u>	<u>327,500</u>	
Changes in fund balances	<u>(121,000)</u>	<u>107,205</u>	<u>228,205</u>
Fund balances, beginning of year		209,007	209,007
Fund balances (deficits), end of year	<u>\$ (121,000)</u>	<u>\$ 316,212</u>	<u>\$ 437,212</u>

Municipal Court Enhance Fund			Court Photo Enforcement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 330,000	\$ 384,094	\$ 54,094	\$ 1,525,000	\$ 1,894,950	\$ 369,950
	1,603	1,603			
<u>330,000</u>	<u>385,697</u>	<u>55,697</u>	<u>1,525,000</u>	<u>1,894,950</u>	<u>369,950</u>
1,394,500	187,446	1,207,054	1,225,000	914,298	310,702
	269,182	(269,182)			
<u>1,394,500</u>	<u>456,628</u>	<u>937,872</u>	<u>1,225,000</u>	<u>914,298</u>	<u>310,702</u>
(1,064,500)	(70,931)	993,569	300,000	980,652	680,652
			(1,189,000)	(1,189,000)	
			<u>(1,189,000)</u>	<u>(1,189,000)</u>	
(1,064,500)	(70,931)	993,569	(889,000)	(208,348)	680,652
	1,128,239	1,128,239		2,022,021	2,022,021
<u>\$ (1,064,500)</u>	<u>\$ 1,057,308</u>	<u>\$ 2,121,808</u>	<u>\$ (889,000)</u>	<u>\$ 1,813,673</u>	<u>\$ 2,702,673</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, 2016

	Streets (HURF)		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 1,825,000	\$ 2,053,186	\$ 228,186
Fines and forfeits			
Investment income			
Total revenues	<u>1,825,000</u>	<u>2,053,186</u>	<u>228,186</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets	2,123,000	1,887,300	235,700
Capital outlay		29,660	(29,660)
Total expenditures	<u>2,123,000</u>	<u>1,916,960</u>	<u>206,040</u>
Excess (deficiency) of revenues over expenditures	<u>(298,000)</u>	<u>136,226</u>	<u>434,226</u>
Other financing sources (uses):			
Transfers in	553,000	481,000	(72,000)
Transfers out	(183,000)	(183,000)	
Total other financing sources (uses):	<u>370,000</u>	<u>298,000</u>	<u>(72,000)</u>
Changes in fund balances	<u>72,000</u>	<u>434,226</u>	<u>362,226</u>
Fund balances, beginning of year		122,763	122,763
Fund balances (deficits), end of year	<u>\$ 72,000</u>	<u>\$ 556,989</u>	<u>\$ 484,989</u>

Dial-A-Ride (LTAF)			Police Towing		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 94,000	\$ 240,436	\$ 146,436	\$ 70,000	\$ 69,900	\$ (100)
<u>94,000</u>	<u>240,436</u>	<u>146,436</u>	<u>70,000</u>	<u>69,900</u>	<u>(100)</u>
294,000	63,430	230,570	180,000	29,042	150,958
<u>294,000</u>	<u>63,430</u>	<u>230,570</u>	<u>180,000</u>	<u>29,042</u>	<u>150,958</u>
(200,000)	177,006	377,006	(110,000)	40,858	150,858
<u>(200,000)</u>	<u>177,006</u>	<u>377,006</u>	<u>(110,000)</u>	<u>40,858</u>	<u>150,858</u>
	193,519	193,519		128,790	128,790
<u>\$ (200,000)</u>	<u>\$ 370,525</u>	<u>\$ 570,525</u>	<u>\$ (110,000)</u>	<u>\$ 169,648</u>	<u>\$ 279,648</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, 2016

	Community Development Block Grant		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 595,000	\$ 588,156	\$ (6,844)
Fines and forfeits			
Investment income			
Total revenues	595,000	588,156	(6,844)
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets			
Capital outlay	595,000	588,407	6,593
Total expenditures	595,000	588,407	6,593
Excess (deficiency) of revenues over expenditures		(251)	(251)
Other financing sources (uses):			
Transfers in			
Transfers out	(3,500)	(3,383)	117
Total other financing sources (uses):	(3,500)	(3,383)	117
Changes in fund balances	(3,500)	(3,634)	(134)
Fund balances, beginning of year		3,634	3,634
Fund balances (deficits), end of year	\$ (3,500)	\$	\$ 3,500

Special Projects			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 338,500	\$ 464,272	\$ 125,772	\$ 2,852,500	\$ 3,346,050	\$ 493,550
			2,225,000	2,736,924	511,924
				1,603	1,603
<u>338,500</u>	<u>464,272</u>	<u>125,772</u>	<u>5,077,500</u>	<u>6,084,577</u>	<u>1,007,077</u>
			3,368,000	1,710,019	1,657,981
322,500	388,771	(66,271)	502,500	417,813	84,687
			2,417,000	1,950,730	466,270
16,000	11,190	4,810	611,000	898,439	(287,439)
<u>338,500</u>	<u>399,961</u>	<u>(61,461)</u>	<u>6,898,500</u>	<u>4,977,001</u>	<u>1,921,499</u>
	64,311	64,311	(1,821,000)	1,107,576	2,928,576
			880,500	808,500	(72,000)
			(1,375,500)	(1,375,383)	117
			(495,000)	(566,883)	(71,883)
	64,311	64,311	(2,316,000)	540,693	2,856,693
	101,542	101,542		3,909,515	3,909,515
<u>\$</u>	<u>\$ 165,853</u>	<u>\$ 165,853</u>	<u>\$ (2,316,000)</u>	<u>\$ 4,450,208</u>	<u>\$ 6,766,208</u>

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DEBT SERVICE FUND

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

CITY OF EL MIRAGE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

	Debt Service - GADA		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Property taxes	\$ 2,030,000	\$ 2,009,931	\$ (20,069)
Investment income		660	660
Other income		453	453
Total revenues	<u>2,030,000</u>	<u>2,011,044</u>	<u>(18,956)</u>
Expenditures:			
Debt service -			
Principal retirement	1,005,000	1,035,000	(30,000)
Interest and fiscal charges	1,125,000	1,141,213	(16,213)
Total expenditures	<u>2,130,000</u>	<u>2,176,213</u>	<u>(46,213)</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(165,169)</u>	<u>(65,169)</u>
Other financing sources (uses):			
Transfers in	100,000	100,000	
Total other financing sources (uses):	<u>100,000</u>	<u>100,000</u>	
Changes in fund balances		<u>(65,169)</u>	<u>(65,169)</u>
Fund balances, beginning of year		542,227	542,227
Fund balances, end of year	<u>\$</u>	<u>\$ 477,058</u>	<u>\$ 477,058</u>

CAPITAL PROJECTS FUND

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.

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, 2016

	Streets		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Intergovernmental	\$ 10,553,000	\$ 3,280,076	\$ (7,272,924)
Total revenues	<u>10,553,000</u>	<u>3,280,076</u>	<u>(7,272,924)</u>
Expenditures:			
Current -			
Highways and streets		500,000	(500,000)
Capital outlay	26,702,000	7,606,676	19,095,324
Debt service -			
Interest and fiscal charges	430,000	295,507	134,493
Bond issuance costs		139,320	(139,320)
Total expenditures	<u>27,132,000</u>	<u>8,541,503</u>	<u>18,590,497</u>
Excess (deficiency) of revenues over expenditures	<u>(16,579,000)</u>	<u>(5,261,427)</u>	<u>11,317,573</u>
Other financing sources (uses):			
Transfers in	1,024,500	1,024,500	
Issuance of bonds	11,679,500	7,970,000	(3,709,500)
Premium on sale of bonds		862,223	862,223
Total other financing sources (uses):	<u>12,704,000</u>	<u>9,856,723</u>	<u>(2,847,277)</u>
Changes in fund balances	<u>(3,875,000)</u>	<u>4,595,296</u>	<u>8,470,296</u>
Fund balances, beginning of year		7,026,715	7,026,715
Fund balances (deficits), end of year	<u>\$ (3,875,000)</u>	<u>\$ 11,622,011</u>	<u>\$ 15,497,011</u>

STATISTICAL SECTION

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

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.

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

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Governmental activities					
Net investment in capital assets	\$ 34,794,822	\$ 30,947,824	\$ 31,357,672	\$ 28,939,841	\$ 30,394,556
Restricted	15,546,294	8,155,286	9,768,498	15,870,123	3,787,197
Unrestricted	5,335,865	8,709,862	12,788,899	7,656,179	13,128,085
Total governmental activities net position	<u>\$ 55,676,981</u>	<u>\$ 47,812,972</u>	<u>\$ 53,915,069</u>	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>
Business-type activities					
Net investment in capital assets	\$ 24,888,693	\$ 24,691,276	\$ 25,975,719	\$ 29,473,825	\$ 31,646,838
Restricted					
Unrestricted	19,137,165	15,330,216	11,634,797	5,487,935	1,010,211
Total business-type activities net position	<u>\$ 44,025,858</u>	<u>\$ 40,021,492</u>	<u>\$ 37,610,516</u>	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>
Primary government					
Net investment in capital assets	\$ 59,683,515	\$ 55,639,100	\$ 57,333,391	\$ 58,413,666	\$ 62,041,394
Restricted	15,546,294	8,155,286	9,768,498	15,870,123	3,787,197
Unrestricted	24,473,030	24,040,078	24,423,696	13,144,114	14,138,296
Total primary government net position	<u>\$ 99,702,839</u>	<u>\$ 87,834,464</u>	<u>\$ 91,525,585</u>	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>
Net Position:					
Governmental activities					
Net investment in capital assets	\$ 31,113,879	\$ 32,963,664	\$ 30,325,304	\$ 16,414,625	\$ 11,712,399
Restricted	1,640,241				
Unrestricted	11,952,271	9,846,990	11,269,370	18,202,006	15,001,274
Total governmental activities net position	<u>\$ 44,706,391</u>	<u>\$ 42,810,654</u>	<u>\$ 41,594,674</u>	<u>\$ 34,616,631</u>	<u>\$ 26,713,673</u>
Business-type activities					
Net investment in capital assets	\$ 29,826,764	\$ 27,967,960	\$ 28,096,706	\$ 27,467,007	\$ 24,736,784
Restricted		1,372,070	1,372,070		
Unrestricted	2,808,527	3,613,194	3,745,828	5,679,870	7,317,330
Total business-type activities net position	<u>\$ 32,635,291</u>	<u>\$ 32,953,224</u>	<u>\$ 33,214,604</u>	<u>\$ 33,146,877</u>	<u>\$ 32,054,114</u>
Primary government					
Net investment in capital assets	\$ 60,940,643	\$ 60,931,624	\$ 58,422,010	\$ 43,881,632	\$ 36,449,183
Restricted	1,640,241	1,372,070	1,372,070		
Unrestricted	14,760,798	13,460,184	15,015,198	23,881,876	22,318,604
Total primary government net position	<u>\$ 77,341,682</u>	<u>\$ 75,763,878</u>	<u>\$ 74,809,278</u>	<u>\$ 67,763,508</u>	<u>\$ 58,767,787</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)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Governmental activities:					
General government	\$ 5,793,877	\$ 5,563,291	\$ 6,066,519	\$ 5,740,420	\$ 5,217,013
Public safety	11,167,283	11,638,718	11,083,112	10,474,809	10,207,265
Highways and streets	3,367,393	2,998,087	3,391,878	2,224,551	2,386,465
Culture and recreation	1,739,508	1,739,595	1,594,482	1,463,716	1,243,125
Redevelopment and housing					105,336
Health and welfare	395,627	395,627	395,851	396,127	469,933
Interest on long-term debt	1,428,706	1,080,786	1,111,716	1,118,359	623,167
Total governmental activities expenses	<u>23,892,394</u>	<u>23,416,104</u>	<u>23,643,558</u>	<u>21,417,982</u>	<u>20,252,304</u>
Business-type activities:					
Water and sewer	\$	\$	\$	\$	\$ 9,370,528
Water	5,470,323	5,687,906	9,234,221	5,369,790	
Sewer	2,364,833	2,250,655	2,242,448	2,305,425	
Solid waste	1,076,709	1,054,154	1,036,762	945,224	1,482,640
Total business-type activities expenses	<u>8,911,865</u>	<u>8,992,715</u>	<u>12,513,431</u>	<u>8,620,439</u>	<u>10,853,168</u>
Total primary government expenses	<u>\$ 32,804,259</u>	<u>\$ 32,408,819</u>	<u>\$ 36,156,989</u>	<u>\$ 30,038,421</u>	<u>\$ 31,105,472</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses					
Governmental activities:					
General government	\$ 5,559,107	\$ 6,505,436	\$ 5,699,131	\$ 5,054,911	\$ 5,031,078
Public safety	9,899,205	10,748,374	11,167,552	9,355,876	6,360,485
Highways and streets	3,692,419	2,035,720	2,205,517	1,804,617	1,436,644
Culture and recreation	1,563,881	1,645,357	1,479,963	1,232,624	880,332
Redevelopment and housing	557,830	487,603	171,758	621,504	292,338
Health and welfare	497,956	587,306	471,004	498,598	402,143
Interest on long-term debt	646,132	722,153	237,188	262,285	205,057
Total governmental activities expenses	<u>22,416,530</u>	<u>22,731,949</u>	<u>21,432,113</u>	<u>18,830,415</u>	<u>14,608,077</u>
Business-type activities:					
Water and sewer	\$ 8,132,429	\$ 7,754,833	\$ 7,688,567	\$ 7,293,423	\$ 6,731,838
Water					
Sewer					
Solid waste	865,111	926,067	858,629	896,410	899,035
Total business-type activities expenses	<u>8,997,540</u>	<u>8,680,900</u>	<u>8,547,196</u>	<u>8,189,833</u>	<u>7,630,873</u>
Total primary government expenses	<u>\$ 31,414,070</u>	<u>\$ 31,412,849</u>	<u>\$ 29,979,309</u>	<u>\$ 27,020,248</u>	<u>\$ 22,238,950</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)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,706,401	\$ 2,574,115	\$ 3,050,487	\$ 3,670,957	\$ 2,661,625
Public safety	858,161	884,433	759,473	634,969	435,437
Highways and streets			2,500	10,299	46,409
Culture and recreation	91,431	75,609	72,953	74,194	52,055
Revelopment and housing					96,066
Health and welfare					32,000
Operating grants and contributions	2,725,912	2,440,443	2,355,917	1,722,354	1,757,715
Capital grants and contributions	4,350,917	2,482,244	1,787,244	1,328,998	642,943
Total governmental activities program revenues	<u>10,732,822</u>	<u>8,456,844</u>	<u>8,028,574</u>	<u>7,441,771</u>	<u>5,724,250</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 9,544,865	\$ 9,424,373	\$ 8,777,834	\$ 8,003,552	\$ 9,768,612
Water	3,164,369	3,198,445	3,127,298	3,203,962	
Sewer	1,598,383	1,582,522	1,558,263	1,409,148	1,267,723
Solid Waste			521,870		
Capital grants and contributions					
Total business-type activities program revenues	<u>14,307,617</u>	<u>14,205,340</u>	<u>13,985,265</u>	<u>12,616,662</u>	<u>11,036,335</u>
Total primary government revenues	<u>\$ 25,040,439</u>	<u>\$ 22,662,184</u>	<u>\$ 22,013,839</u>	<u>\$ 20,058,433</u>	<u>\$ 16,760,585</u>
Net (Expense)/Revenue					
Governmental activities	\$ (13,159,572)	\$ (14,959,260)	\$ (15,614,984)	\$ (13,976,211)	\$ (14,528,054)
Business-type activities	5,395,752	5,212,625	1,471,834	3,996,223	183,167
Total primary government net (expense)/revenues	<u>\$ (7,763,820)</u>	<u>\$ (9,746,635)</u>	<u>\$ (14,143,150)</u>	<u>\$ (9,979,988)</u>	<u>\$ (14,344,887)</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 395,327	\$ 476,296	\$ 415,062	\$ 886,555	\$ 940,728
Public safety	1,005,833	955,739	531,233	98,318	106,417
Highways and streets	36,145	4,666	2,127	2,263	3,704
Culture and recreation	32,456	21,620	9,493	9,400	51,623
Revelopment and housing	128,438	58,322	124,647	312,340	294,766
Health and welfare		1,599	2,885		350
Operating grants and contributions	3,753,356	2,407,165	1,827,229	2,097,098	2,298,062
Capital grants and contributions	2,031,513	1,285,278	7,118,339	3,790,817	3,403,725
Total governmental activities program revenues	<u>7,383,068</u>	<u>5,210,685</u>	<u>10,031,015</u>	<u>7,196,791</u>	<u>7,099,375</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 8,707,594	\$ 9,075,408	\$ 8,828,737	\$ 8,502,311	\$ 8,828,318
Solid Waste	1,122,709	908,033	911,504	935,224	961,324
Capital grants and contributions		642,039		417,795	1,237,978
Total business-type activities program revenues	<u>9,830,303</u>	<u>10,625,480</u>	<u>9,740,241</u>	<u>9,855,330</u>	<u>11,027,620</u>
Total primary government revenues	<u><u>\$ 17,213,371</u></u>	<u><u>\$ 15,836,165</u></u>	<u><u>\$ 19,771,256</u></u>	<u><u>\$ 17,052,121</u></u>	<u><u>\$ 18,126,995</u></u>
Net (Expense)/Revenue					
Governmental activities	\$ (15,033,462)	\$ (17,521,264)	\$ (11,401,098)	\$ (11,633,624)	\$ (7,508,702)
Business-type activities	832,763	1,944,580	1,193,045	1,665,497	3,396,747
Total primary government net (expense)/revenues	<u><u>\$ (14,200,699)</u></u>	<u><u>\$ (15,576,684)</u></u>	<u><u>\$ (10,208,053)</u></u>	<u><u>\$ (9,968,127)</u></u>	<u><u>\$ (4,111,955)</u></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)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,663,163	\$ 3,505,551	\$ 3,587,541	\$ 3,738,856	\$ 3,068,722
City sales taxes	6,990,668	6,685,666	6,480,147	6,051,967	5,534,445
Franchise taxes	745,088	692,154	688,216	687,341	667,559
Unrestricted state shared revenues	8,086,986	7,970,499	7,447,112	6,914,460	6,188,822
Investment income	107,055	50,727	30,894	41,983	23,535
Transfers	1,430,621	2,000,000	(1,170,000)	1,697,909	1,648,418
Total governmental activities	\$ 21,023,581	\$ 20,904,597	\$ 17,063,910	\$ 19,132,516	\$ 17,131,501
Business-type activities:					
Investment income	\$ 39,235	\$ 5,764	\$ 6,922	\$ 6,397	\$ 5,546
Transfers	(1,430,621)	(2,000,000)	1,170,000	(1,697,909)	(1,648,418)
Total business-type activities	\$ (1,391,386)	\$ (1,994,236)	\$ 1,176,922	\$ (1,691,512)	\$ (1,642,872)
Changes in Net Position					
Governmental activities	\$ 7,864,009	\$ 5,945,337	\$ 1,448,926	\$ 5,156,305	\$ 2,603,447
Business-type activities	4,004,366	3,218,389	2,648,756	2,304,711	(1,459,705)
Total primary government	\$ 11,868,375	\$ 9,163,726	\$ 4,097,682	\$ 7,461,016	\$ 1,143,742

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 2,998,935	\$ 2,914,705	\$ 2,045,848	\$ 1,879,993	\$ 1,812,217
City sales taxes	5,368,649	5,366,105	5,908,742	5,931,713	5,819,145
Franchise taxes	654,999	622,259	636,826	643,844	617,759
Unrestricted state shared revenues	6,620,951	7,567,145	8,450,717	8,744,518	8,016,571
Investment income	23,200	54,459	14,750	839,564	534,942
Development impact fees	49,677	24,494	114,829	428,434	66,257
Miscellaneous					
Transfers	1,212,788	2,254,544	1,207,429	1,068,516	377,644
Total governmental activities	<u>\$ 16,929,199</u>	<u>\$ 18,803,711</u>	<u>\$ 18,379,141</u>	<u>\$ 19,536,582</u>	<u>\$ 17,244,535</u>
Business-type activities:					
Investment income	\$ 5,116	\$ 11,052	\$ 22,859	\$ 331,023	\$ 215,125
Development impact fees	56,976	37,532	59,252	155,212	331,939
Miscellaneous				9,547	14,663
Transfers	(1,212,788)	(2,254,544)	(1,207,429)	(1,068,516)	(377,644)
Total business-type activities	<u>\$ (1,150,696)</u>	<u>\$ (2,205,960)</u>	<u>\$ (1,125,318)</u>	<u>\$ (572,734)</u>	<u>\$ 184,083</u>
Changes in Net Position					
Governmental activities	\$ 1,895,737	\$ 1,282,447	\$ 6,978,043	\$ 7,902,958	\$ 9,735,833
Business-type activities	(317,933)	(261,380)	67,727	1,092,763	3,580,830
Total primary government	<u>\$ 1,577,804</u>	<u>\$ 1,021,067</u>	<u>\$ 7,045,770</u>	<u>\$ 8,995,721</u>	<u>\$ 13,316,663</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)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 2,002	\$ 3,731	\$ 2,665	\$ 2,585	\$ 130,827
Restricted	2,138,430		158,508		
Committed	388,197	322,037	151,041	80,500	59,267
Assigned	316,212	209,007	270,978		163,436
Unassigned	22,848,735	18,961,922	14,032,607	16,754,043	13,398,103
Total General Fund	<u>\$ 25,693,576</u>	<u>\$ 19,496,697</u>	<u>\$ 14,615,799</u>	<u>\$ 16,837,128</u>	<u>\$ 13,751,633</u>
All Other Governmental Funds:					
Nonspendable	\$ 5,102	\$ 400			
Restricted	13,356,982	8,118,790	\$ 9,567,702	\$ 15,824,795	\$ 4,395,075
Committed	2,870,981	3,150,260	3,688,958	3,346,167	989,644
Assigned			26,868		
Unassigned					(54,168)
Total all other governmental funds	<u>\$ 16,233,065</u>	<u>\$ 11,269,450</u>	<u>\$ 13,283,528</u>	<u>\$ 19,170,962</u>	<u>\$ 5,330,551</u>

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund:					
Nonspendable	\$ 12,688				
Committed	170,634				
Assigned	148,381				
Unassigned	10,875,367				
Unreserved		\$ 8,368,983	\$ 11,804,555	\$ 16,180,323	\$ 13,980,358
Total General Fund	<u>\$ 11,207,070</u>	<u>\$ 8,368,983</u>	<u>\$ 11,804,555</u>	<u>\$ 16,180,323</u>	<u>\$ 13,980,358</u>
All Other Governmental Funds:					
Nonspendable					
Restricted	\$ 5,907,367				
Committed	914,719				
Assigned	75,651				
Unassigned	(73,300)				
Reserved					
Unreserved, reported in:					
Special revenue funds		\$ 7,388,557	\$ 5,556,943	\$ 589,948	\$ 770,996
Capital projects funds		(30,029)	52,420	1,373,303	2,285,035
Debt service fund		(189,503)	(36,138)	(22,871)	1,701
Total all other governmental funds	<u>\$ 6,824,437</u>	<u>\$ 7,169,025</u>	<u>\$ 5,573,225</u>	<u>\$ 1,940,380</u>	<u>\$ 3,057,732</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)**

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:					
Property taxes	\$ 3,647,913	\$ 3,516,609	\$ 3,596,707	\$ 3,756,880	\$ 3,104,974
City sales taxes	6,990,668	6,685,666	6,480,147	6,051,967	5,534,445
Franchise taxes	745,088	692,154	688,216	687,341	667,559
Licenses and permits	243,974	344,937	333,821	369,465	193,211
Intergovernmental	14,735,815	12,893,186	10,862,941	10,012,341	8,503,662
Charges for services	371,669	441,040	300,296	224,086	208,970
Fines and forfeits	2,769,074	2,525,323	3,078,326	3,641,326	2,695,603
Investment income (loss)	107,055	50,727	30,894	41,983	23,535
Rents	71,753	67,487	61,854	49,029	34,952
Development impact fees					38,094
Contributions and donations	41,151	47,848	6,524	4,800	2,100
Miscellaneous	158,372	107,522	97,624	141,804	181,597
Total revenues	\$ 29,882,532	\$ 27,372,499	\$ 25,537,350	\$ 24,981,022	\$ 21,188,702

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:					
Property taxes	\$ 3,028,998	\$ 2,917,548	\$ 1,993,173	\$ 1,755,750	\$ 1,812,217
City sales taxes	5,368,649	5,366,105	5,908,742	5,931,713	5,819,145
Franchise taxes	654,999	622,259	636,826	643,844	617,759
Licenses and permits	190,237	167,934	138,369	205,823	439,521
Intergovernmental	12,323,411	11,927,801	12,271,224	13,666,097	12,234,579
Charges for services	190,847	150,519	185,355	350,475	453,168
Fines and forfeits	1,092,123	976,780	485,999	470,211	286,698
Investment income (loss)	23,199	54,459	14,750	839,564	534,942
Rents	29,486	28,064	26,552	25,105	24,542
Development impact fees	49,677	24,494	114,829	428,434	66,257
Contributions and donations	2,500	7,010	6,901	809,351	
Miscellaneous	143,678	195,045	251,646	782,757	200,888
Total revenues	<u>\$ 23,097,804</u>	<u>\$ 22,438,018</u>	<u>\$ 22,034,366</u>	<u>\$ 25,909,124</u>	<u>\$ 22,489,716</u>

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
General government	\$ 5,427,402	\$ 5,285,104	\$ 5,243,949	\$ 5,461,931	\$ 4,876,034
Public safety	10,785,548	10,713,942	10,364,107	10,050,592	9,469,637
Highways and streets	2,450,730	2,057,440	2,510,736	1,121,260	1,308,612
Culture and recreation	1,314,039	1,315,472	1,283,670	1,158,665	954,131
Redevelopment and housing					53,003
Health and welfare					5,370
Capital outlay	11,578,785	5,018,031	10,979,663	5,600,612	4,201,944
Debt service -					
Principal retirement	1,038,074	1,007,829	971,329	932,252	630,868
Interest and fiscal charges	1,531,293	1,107,861	1,138,791	1,117,939	615,426
Bond issuance costs	203,349			380,705	
Total expenditures	<u>\$ 34,329,220</u>	<u>\$ 26,505,679</u>	<u>\$ 32,492,245</u>	<u>\$ 25,823,956</u>	<u>\$ 22,115,025</u>
Expenditures for capitalized assets	\$ 11,636,254	\$ 5,007,725	\$ 10,969,912	\$ 4,943,382	\$ 3,470,798
Debt service as a percentage of noncapital expenditures	11%	10%	10%	12%	7%

(Continued)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenditures:					
Current -					
General government	\$ 5,407,094	\$ 6,226,614	\$ 5,614,024	\$ 5,736,434	\$ 6,130,812
Public safety	9,366,020	10,498,529	11,284,832	10,827,987	7,353,015
Highways and streets	1,084,093	1,315,079	9,409,296	6,455,341	3,349,117
Culture and recreation	1,292,708	1,568,919	5,567,939	1,389,734	835,658
Redevelopment and housing	535,952	485,052	607,800	1,745,732	1,242,338
Health and welfare	101,698	189,644	431,889	480,694	391,781
Capital outlay	3,363,750	5,010,337			
Debt service -					
Principal retirement	609,599	517,714	230,000	210,000	175,000
Interest and fiscal charges	638,391	714,412	239,423	234,520	205,792
Bond issuance costs			140,473		
Total expenditures	<u>\$ 22,399,305</u>	<u>\$ 26,526,300</u>	<u>\$ 33,525,676</u>	<u>\$ 27,080,442</u>	<u>\$ 19,683,513</u>
Expenditures for capitalized assets	\$ 818,462	\$ 4,926,075	\$ 13,269,637	\$ 8,777,111	
Debt service as a percentage of noncapital expenditures	6%	6%	3%	2%	2%

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

(Concluded)

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)

	Fiscal Year Ended June 30				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (4,446,688)	\$ 866,820	\$ (6,954,895)	\$ (842,934)	\$ (926,323)
Other financing sources (uses):					
Issuance of bonds	12,470,000			18,205,000	
Premium on sale of bonds	1,132,682			864,326	
Payment to refunded bond escrow agent				(3,363,986)	
Capital lease agreements			16,132		
Transfers in	4,558,633	4,628,554	8,224,707	2,936,500	2,764,716
Transfers out	(2,554,133)	(2,628,554)	(9,394,707)	(873,000)	(787,716)
Total other financing sources (uses)	<u>15,607,182</u>	<u>2,000,000</u>	<u>- 1,153,868</u>	<u>17,768,840</u>	<u>1,977,000</u>
Changes in fund balances	<u>\$ 11,160,494</u>	<u>\$ 2,866,820</u>	<u>\$ (8,108,763)</u>	<u>\$ 16,925,906</u>	<u>\$ 1,050,677</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Excess (deficiency) of revenues over expenditures	\$ 698,499	\$ (4,088,282)	\$ (11,491,310)	\$ (1,647,318)	\$ 2,806,203
Other financing sources (uses):					
Issuance of bonds			9,600,000		
Discount on sale of bonds			(59,042)		
Loan proceeds				1,145,000	
Capital lease agreements		60,433			
Transfers in	2,726,317	5,990,234	6,843,403	3,669,608	1,878,684
Transfers out	(931,317)	(3,735,690)	(5,635,974)	(2,084,677)	(551,040)
Total other financing sources (uses)	<u>1,795,000</u>	<u>2,314,977</u>	<u>10,748,387</u>	<u>2,729,931</u>	<u>1,327,644</u>
Changes in fund balances	<u>\$ 2,493,499</u>	<u>\$ (1,773,305)</u>	<u>\$ (742,923)</u>	<u>\$ 1,082,613</u>	<u>\$ 4,133,847</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**

	Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Construction	\$ 376,265	\$ 246,914	\$ 353,889	\$ 210,964	\$ 238,256
Retail trade	3,067,046	3,082,885	2,830,200	2,765,499	2,517,612
Communications and utilities	1,347,177	1,375,321	1,308,741	1,305,915	1,234,096
Restaurant and bar	299,083	262,924	232,918	248,927	250,297
Real estate, rental and leasing	973,584	1,048,292	1,060,021	942,324	673,735
Accommodation	162,821	180,105	182,758	160,274	175,383
Services	140,777	116,345	132,962	142,586	117,129
Other	509,391	363,134	362,329	277,488	256,347
Total	<u>\$ 6,876,144</u>	<u>\$ 6,675,920</u>	<u>\$ 6,463,818</u>	<u>\$ 6,053,977</u>	<u>\$ 5,462,855</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Construction	\$ 220,055	\$ 326,776	\$ 577,636	\$ 611,544	\$ 1,631,054
Retail trade	2,518,800	2,529,084	2,847,174	2,794,950	1,428,371
Communications and utilities	1,214,447	1,218,109	1,187,770	1,262,128	1,201,177
Restaurant and bar	229,159	207,132	207,181	165,313	128,344
Real estate, rental and leasing	585,101	521,487	587,217	527,449	773,134
Accommodation	161,364	167,379	114,177	146,253	126,976
Services	99,732	128,749	131,616	130,634	126,095
Other	225,765	260,092	232,112	291,297	213,133
Total	<u>\$ 5,254,423</u>	<u>\$ 5,358,808</u>	<u>\$ 5,884,883</u>	<u>\$ 5,929,568</u>	<u>\$ 5,628,284</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 2016 AND 2007**

<u>Description of Payers Business</u>	<u>Fiscal Year 2016</u>				<u>Fiscal Year 2007</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	48	2%	\$ 376,265	5%	596	28%	\$ 1,631,054	29%
Retail trade	586	29%	3,067,046	45%	557	26%	1,428,371	25%
Communications and utilities	64	3%	1,347,177	20%	89	4%	1,201,177	21%
Restaurant and bar	18	1%	299,083	4%	26	1%	128,344	2%
Real estate, rental and leasing	608	30%	973,584	14%	276	13%	773,134	14%
Accommodation	5	0%	162,821	2%	2	0%	126,976	2%
Services		0%		0%	188	9%	126,095	2%
Other	684	34%	650,168	7%	395	19%	213,133	4%
Total	2,013	100%	\$6,876,144	100%	2,129	100%	\$5,628,284	100%
Tax Collections from top ten taxpayers	10	<1%	3,720,993	54%	10	<1%	3,097,720	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.

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

Arizona Department of Revenue changed its way of reporting number of filers and categories effective June 2016.

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

Fiscal Year Ended June 30	Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	City of El Mirage	Peoria Unorganized	Dysart #89 Unified
2016	1.73	2.12	3.85	16.08	22.04
2015	1.74	1.80	3.54	15.66	22.09
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

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**

Fiscal Year Ended June 30	Primary Taxes Levied for the Fiscal Year	Primary Taxes Collected within the Fiscal Year of the Levy		Primary Taxes Collected in Subsequent Fiscal Years (2)	Primary Taxes Collected to the End of the Current Fiscal Year	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 1,661,854	\$ 1,614,373	97.14 %	\$	\$ 1,614,373	97.14 %
2015	1,654,937	1,570,135	94.88	31,735	1,601,870	96.79
2014	1,663,972	1,608,532	96.24	35,472	1,644,004	98.80
2013	1,784,458	1,717,299	96.37	63,468	1,780,767	99.79
2012	1,784,422	1,719,599	94.90	60,914	1,780,514	99.78
2011	1,756,305	1,666,807	95.46	77,551	1,744,358	99.32
2010	1,665,797	1,590,138	95.18	64,309	1,654,447	99.32
2009	1,583,021	1,506,643	94.80	68,458	1,575,101	99.50
2008	1,506,629	1,428,276	95.05	71,514	1,499,790	99.55
2007	1,408,982	1,339,278	94.65	57,851	1,397,129	99.16

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

Fiscal Year Ended June 30	Real Property		Less: Tax Exempt Real Property	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Net Assessed to Estimated Actual Value
	Assessed Value Residential Property	Assessed Value Commercial Property					
2016	\$ 101,978,841	\$ 44,831,478	\$ 20,199,683	\$ 126,610,636	3.8440	\$ 1,286,131,251	9.84 %
2015	74,983,878	44,634,235	18,393,917	101,224,196	3.5406	1,012,776,750	9.99
2014	57,040,759	41,454,636	17,329,628	81,165,767	4.0400	810,973,826	10.01
2013	60,334,448	39,588,129	11,598,951	88,323,626	3.8900	814,853,756	10.84
2012	66,285,384	44,371,128	12,947,874	97,708,638	2.8740	912,660,076	10.71
2011	82,991,005	62,613,120	14,825,157	130,778,968	2.2939	1,151,047,161	11.36
2010	170,216,747	47,573,428	12,389,673	205,400,502	1.5713	1,953,011,602	10.52
2009	149,700,332	39,050,414	10,580,425	178,170,321	1.2028	1,700,811,041	10.48
2008	93,434,779	34,926,242	8,562,279	119,798,742	1.2787	1,114,835,777	10.75
2007	89,081,374	28,590,098	7,832,931	109,838,541	1.4701	1,041,782,657	10.54

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	2016			Taxpayer	2007		
	Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation		Secondary Assessed Valuation	Rank	Percentage of Net Assessed Valuation
ARIZONA PUBLIC SERVICE COMPANY	\$ 3,759,153	1	2.97%	ARIZONA PUBLIC SERVICE COMPANY	\$ 3,081,227	1	3.42%
PUEBLO EL MIRAGE LLC	2,735,703	2	2.16%	BNSF RAILWAY COMPANY	2,335,163	2	2.49%
WAL MART STORES INC	2,526,696	3	2.00%	ROBERTS PROPERTIES LTD	2,301,907	3	2.30%
CLAYTON HOMES INC	1,594,107	4	1.26%	CLAYTON HOMES INC	1,658,231	4	1.45%
BNSF RAILWAY COMPANY	1,537,360	5	1.21%	HANSON PIPE & PRODUCTS INC	1,585,951	5	1.40%
PIPE PORTFOLIO OWNER (MULTI) LP	1,081,091	6	0.85%	JDL & COMPANY L L C	1,045,745	6	0.98%
COYOTE PASS RV AND MINI STORAGE LLC	899,532	7	0.71%	PREMIERE RV & MINI STORAGE LLC	1,037,413	7	0.82%
JIA CORP	639,559	8	0.51%	UNION ROCK & MATERIAL CORP	801,413	8	0.58%
QWEST CORPORATION	575,733	9	0.45%	ARIZONA SAND & ROCK CO	737,441	9	0.52%
PREMIERE RV & MINI STORAGE LLC	564,372	10	0.45%	MCS ENTERPRISES LLC	626,033	10	0.51%
LILI RUBIN INVESTMENT PROPERTIES 3 LLC	563,200	11	0.44%	T BAR C LAND AND CAMEL COMPANY LLC	624,000	11	0.51%
EPCOR - SUN CITY WATER DIVISION	552,143	12	0.44%	SOUTHWEST GAS CORPORATION (T&D)	588,066	12	0.50%
DAKOTA FABRICATING INC	549,346	13	0.43%	HANLEY PROPERTIES IV LLC	564,007	13	0.50%
ARIZONA SAND & ROCK CO	539,843	14	0.43%	MAX TAYLOR AND COMPANY LLC	556,105	14	0.49%
IIP OASIS LLC	532,656	15	0.42%	CMH PARKS INC	527,207	15	0.48%
EPCOR - SUN CITY SEWER	527,050	16	0.42%	COYOTE PASS RV AND MINI STORAGE LLC	498,519	16	0.48%
T BAR C LAND AND CAMEL COMPANY LLC	477,576	17	0.38%	KETCHUM REAL ESTATE INVESTMENTS EL MIRAGE LLC	491,202	17	0.43%
UNION ROCK & MATERIAL CORP	462,700	18	0.37%	DREISESZUN HERBERT E/PATRICIA A/JEROME V	490,560	18	0.42%
REALTY INCOME PROPERTIES 25 LLC	438,066	19	0.35%	SUMERLIN LLC	479,653	19	0.40%
SUMERLIN LLC	417,560	20	0.33%	PARTNERSHIP FOR QUALITY AFFORD HOUS #1	440,000	20	0.38%
MCS ENTERPRISES LLC	389,286	21	0.31%	NAMWEST-PALMS LLC	413,750	21	0.35%
MAX TAYLOR AND COMPANY LLC	389,062	22	0.31%	ASI EL MIRAGE LLC	407,153	22	0.35%
CASA MIRAGE PROPERTIES LLC	368,874	23	0.29%	QWEST CORPORATION	398,152	23	0.34%
SOUTHWEST GAS CORPORATION (T&D)	364,494	24	0.29%	PREMIER STORAGE CONDOMINIUMS OF EL MIRAGE	377,692	24	0.33%
ASI EL MIRAGE LLC	364,104	25	0.29%	WESTERN SKY INVESTMENTS LLC	358,575	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)	Revenue Bonds	Capital Leases	Certificates of Participation	Water and Sewer Revenue Bonds	Certificates of Participation	Water Infrastructure Financing Authority Loan			
2016	\$ 26,825,808	\$ 11,527,170	\$ 8,900	\$	\$	\$	16,523,152	\$ 54,885,030	N/A	\$ 1,617
2015	25,899,465		11,974				17,679,093	43,590,532	N/A	1,327
2014	26,943,122		14,803				18,614,362	45,572,287	0.03	1,403
2013	27,999,013						16,716,896	44,715,909	0.03	1,373
2012	13,121,296		7,252				14,220,261	27,348,809	0.02	858
2011	13,738,373		28,120				15,216,844	28,983,337	0.02	912
2010	14,235,000						16,335,810	30,570,810	0.02	953
2009	14,740,000						16,244,887	30,984,887	0.02	960
2008	5,370,000						15,636,439	21,006,439	0.01	648
2007	4,435,000						15,949,696	20,384,696	0.01	644

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2016	\$ 26,825,808	\$ 477,058	\$ 26,348,750	2.049 %	\$ 776
2015	25,899,465	542,227	25,357,238	2.504	772
2014	26,943,122	643,861	25,476,139	3.141	775
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

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

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

CITY OF EL MIRAGE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to City</u>	<u>Estimated Amount Applicable to City</u>
Debt repaid with property taxes:			
Dysart Unified School District No. 89	\$ 160,327,000	10.0000 %	<u>\$ 16,032,700</u>
Subtotal, Overlapping Debt			<u>16,032,700</u>
Direct:			
City of El Mirage			<u>38,361,878</u>
Total Direct and Overlapping Debt			<u><u>\$ 54,394,578</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

	Unrestricted									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit 6%	8,049,641	6,540,468	6,540,468	5,762,741	6,483,550	8,261,491	11,757,479	12,754,025	11,102,578	7,618,653
Total net debt applicable to limit	6,093,600	4,097,905	5,762,741	5,762,741						
Unrestricted legal debt margin	1,956,041	2,442,563	777,727	-	6,483,550	8,261,491	11,757,479	12,754,025	11,102,578	7,618,653
Total net debt applicable to the 6% limit as a percentage of 6% debt limit	75.70%	62.65%	88.11%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Restricted									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit 20%	26,832,138	21,801,560	21,804,560	19,209,136	21,611,833	27,538,305	39,191,596	42,513,415	37,008,592	25,395,509
Total net debt applicable to limit	19,986,400	21,801,560	21,180,381	22,236,272	22,236,272	27,999,013	14,740,000	5,370,000	5,370,000	4,435,000
Restricted legal debt margin	6,845,738	-	624,179	(3,027,136)	(624,439)	(460,708)	24,451,596	37,143,415	31,638,592	20,960,509
Total net debt applicable to the 20% limit as a percentage of 20% debt limit	74.49%	100.00%	97.14%	115.76%	102.89%	101.67%	37.61%	12.63%	14.51%	17.46%

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

Note: A decrease in the 2013 assessed valuation resulted in the debt margin exceeding the restricted debt limit. The City is prohibited from issuing new debt until there is a positive debt margin.

**CITY OF EL MIRAGE, ARIZONA
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN 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>
2016	33,935	4,167,947	\$ N/A	\$ N/A	5.2 %
2015	32,857	4,008,651	N/A	N/A	6.1
2014	32,472	3,944,859	168,483,421	41,222	7.4
2013	32,067	3,884,705	160,498,000	40,030	8.8
2012	31,862	3,843,370	156,763,000	39,781	9.6
2011	31,797	3,817,117	148,687,000	38,431	11.5
2010	32,076	3,821,136	142,091,618	35,319	9.3
2009	32,280	3,808,829	146,898,132	37,112	13.9
2008	32,396	3,753,413	145,880,680	37,666	8.1
2007	31,629	3,663,915	139,069,591	35,046	4.9

Source: The source of this information is the Arizona Department of Administration, the U.S. Department of Commerce, and the U.S. Department of Labor.

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 TEN YEARS PRIOR**

<u>Employer</u>	<u>2015</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	554	19.89 %	522	29.41 %
Walmart	219	7.86		
City Of El Mirage	170	6.10	63	3.55
DVC Construction Company Inc.	160	5.75		
Parks & Sons Sanitation Service	120	4.31		
Bnsf Railway Co	112	4.02		
Southwest Steel Inc	100	3.59		
Sutter Masonry Inc	78	2.80	90	5.07
Look Trailers	66	2.37		
Bashas	62	2.23		
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>1,641</u>	<u>58.92 %</u>	<u>1,005</u>	<u>56.63 %</u>
Total employment	<u>2,785</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.

There is no information available for 2006.

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

	Full-time Equivalent Employees as of June 30									
	<u>2016</u>	<u>2015</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>
General Government	31.20	31.20	29.30	23.50	24.50	26.00	26.00	26.00	24.00	24.00
Public Safety										
Police	61.20	60.20	58.50	56.00	48.50	53.50	59.00	53.00	54.00	49.00
Fire	29.00	29.00	29.00	28.00	25.00	27.00	21.00	21.00	22.00	18.00
Court	13.10	13.10	12.20	13.10	10.10	9.10	9.00	6.50	6.50	6.50
Public Works				4.00	3.00	10.00	10.00	10.00	13.00	10.00
Streets	6.00	6.00	6.00	6.00	6.00	7.00	8.00	8.00	9.00	12.00
Development Services	4.00	4.00	3.00	3.00	10.25	12.75	13.50	13.50	13.00	10.00
Parks and Recreation	4.80	4.80	4.80	4.80	6.00	5.50	9.50	10.00	10.50	8.50
Health and Welfare							1.50	2.00	4.00	3.00
Water	16.70	16.70	18.00	18.00	18.00	11.00	11.00	11.00	13.00	14.00
Sewer	8.00	8.00	9.00	10.00	10.00	10.00	11.00	11.00	10.00	9.00
Customer Service	5.40	4.50	4.50	4.50	4.00	5.00	4.00	4.00	3.00	4.00
	<u>179.40</u>	<u>177.50</u>	<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>

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

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

Fiscal Year Ended June 30

	<u>2016</u>	<u>2015</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>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	43	43	43	43	41	41	41	38	36	28
Fire										
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	3	3
Other Public Works										
Street miles	240	240	240	240	240	240	240	240	240	240
Traffic signals	11	11	11	10	10	10	10	10	9	6
Community Development										
Inspection vehicles	8	8	8	8	8	8	8	8	6	8
Culture and recreation										
Parks acreage	52.3	52.3	52.3	44.8	44.8	9.5	9.5	9.5	9.5	1.5
Parks	13	13	13	12	12	2	2	2	2	1
Softball fields	2	2	2	2	2	3	3	3	3	1
Baseball fields	3	3	3	3	3	3	3	3	3	1
Libraries	1	1	1	1	1	1	1	1	1	1
Water										
Maximum pump capacity (MGD)(1)	11.58	11.58	11.58	11.58	25.07	25.07	25.07	25.07	25.07	25.07
Total Storage (MGD)	7.36	7.36	7.36	7.36						
Wells	10	10	10	10						
Miles of water lines	120	120	120	120						
Valves	2,626	2,514	2,501	2,501						
Hydrants	1,171	1,171	1,160	1,160						
Sewer										
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	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>2015</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>
Public Safety										
Police										
Calls/incidents responded to	28,597	29,530	29,587	29,884	32,412	37,347	38,121	30,141		
Citations issued	2,241	2,246	1,807	1,825	1,785	2,549	3,050	2,994		
Fire										
Number of responses	4,513	4,054	4,564	3,685	3,372	2,997	3,312	2,989	3,089	2,254
Inspections	302	267	214	295	298	244	429	30	14	4
Public Works and Streets										
Square feet of buildings to maintain	87,654	87,654	87,654	76,425	63,425	63,425	63,425	63,425	63,425	60,737
Vehicles/equipment maintained per month	125	123	119	113	108	108	108	108	108	91
Street miles maintained	240	240	240	240	240	240	240	240	240	240
Community Development										
Building safety inspections performed	3,143	3,919	3,978	2,681	1,989	2,533	2,447			
Annual new residential starts	48	58	77	47	18		1	15	21	261
Water										
Water accounts billed										
Residential	10,308	10,447	10,630	10,015	12,787	12,029	12,498			
Commercial	634	611	512	584	652	573	579			
Acre feet of water delivered	4,543	4,612	4,415	4,426	4,460	4,246	4,777			
Sewer										
Sewage treated (million gallons per day)	1.93	1.87	1.87	1.87	1.87	1.77	1.79	1.77	1.69	1.60
Sewer service connections	10,614	10,606	9,077	9,077	11,754	11,284	11,963			

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

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