



City of
EL MIRAGE
ARIZONA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR
JULY 1, 2019 – JUNE 30, 2020**



CITY OF EL MIRAGE, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Issued by:
Finance Department

CITY OF EL MIRAGE, ARIZONA

Table of Contents

Introductory Section:	<u>Page</u>
Letter of Transmittal.....	i
Organizational Chart	vii
List of Principal Officials	viii
GFOA Certificate of Achievement.....	xii
 Financial Section:	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	22
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Activities.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Net Position - Proprietary Funds.....	26
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Notes to the Financial Statements.....	29
 Required Supplemental Information:	
Schedule of the Proportionate Share of the Net Pension Liability.....	64
Schedule of the Proportionate Share of the Net OPEB Liability	65
Schedule of Changes in the Net Pension Liability and Related Ratios.....	66
Schedule of Changes in the Net OPEB Liability and Related Ratios	68
Schedule of Pension/OPEB Contributions.....	70
Notes to Pension/OPEB Plan Schedules.....	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	78
Notes to General Fund Budget and Actual Schedules	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Projects Fund.....	81

Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Streets (Capital Project Fund)	84
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Combining and Individual Fund Financial Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Court Enhance	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Photo Enforcement.....	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Dial-A-Ride (LTAF)	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Police Towing	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Streets (HURF)	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –Debt Service.....	96

Statistical Section:

Financial Trends:

Net Position by Component	99
Governmental and Business-Type Activities Expense	100
Program Revenues and Net (Expense)/Revenue	102
General Revenues, Transfers, and Total Changes in Net Position	104
Fund Balances - Governmental Funds	106
Governmental Funds Revenues	108
Governmental Funds Expenditures and Debt Service Ratio.....	110
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds.....	112

Revenue Capacity:

Taxable Sales by Category.....	113
Transaction Privilege (Sales) Tax Revenue Payers by Industry	114
Direct and Overlapping Property Tax Rates	115
Property Tax Levies and Collections	116
Assessed Value and Full Cash Value of Taxable Property.....	117
Principal Property Tax Payers	118

Debt Capacity:

Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding.....	120
Direct and Overlapping Governmental Activities Debt.....	121
Legal Debt Margin Information Unrestricted and Restricted	122

Demographic and Economic Information:

County-Wide Demographic and Economic Statistics.....	123
Principal Employers.....	124

Operating Information:

Full-Time Equivalent City Government Employees by Function	125
Capital Asset Information	126
Operating Indicators by Function	127

Other Communications From Independent Auditors:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters	131
Report on Compliance with State Laws and Regulations	133

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INTRODUCTORY SECTION

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October 20, 2020

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, 2020.

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 Hinton Burdick CPAs and Advisors, 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, 2020, 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, 2020, 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 35,000.



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, Cives, Microsoft, and Contech Engineered Solutions are also among the firms representing the City’s industrial and technology 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 renowned Pueblo El Mirage Golf Resort, situated on 310 acres in the City, boasts an 18-hole professional golf course and has home choices, as well as a host of indoor and outdoor activities for active seniors.



In November 2011, El Mirage voters authorized \$2.5 million in bonds to construct a recreation facility with swimming pool operated by the YMCA and \$6.0 million for a new police facility. The police facility was completed in December 2013, while the recreational facility opened for business in July 2014.



Governing Structure. Like most Arizona cities and towns, El Mirage operates under a council-manager form of government. Under this system, the City Council hires a City Manager to implement policy, as well as oversee the daily administration and management of all City departments. The City Manager is responsible for developing a balanced budget (\$85.8 million for FY 21) 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. The City Manager is responsible for the activities of seven City departments and approximately 200 employees.

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, City Clerk, and Judge in addition to the City Manager.

Types and Levels of Services. The City of El Mirage provides a full range of services including police and fire protection, roadway maintenance and construction, recreational and cultural activities, health and social services, as well as general administrative services. The City provides sewer and water services to its residents, along with water services to residents in a portion of the 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 become the legal levels of control for the City Council. Council must authorize all budget adjustments at these levels.

Factors Affecting Economic Conditions

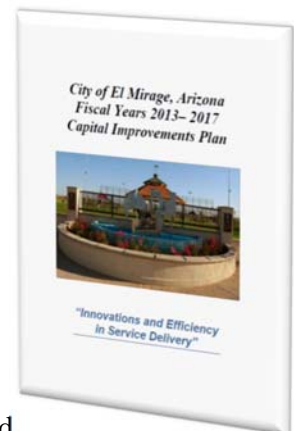
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.



Local Economy. The El Mirage economy was primarily dependent on housing construction for many years. In 2004 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, Cives Steel, Burger King, Subway, Family Dollar, Microsoft, and others in recent years. In addition, the number of local businesses currently stands at 1,671 according to the American Community Survey. The lack of retail growth within the City boundaries is a challenge that manifests in the City's reliance on state shared revenues as much as local sales and property taxes to remain financially balanced. State shared revenues are distributions of sales, income, vehicle, and gasoline taxes based on a statewide formula that was implemented as a result of limitations placed on the ability of cities and towns to collect local revenues. Further information on the history of City revenues may be found in the MD&A, page 5, and the statistical section that begins on page 97 of this financial statement.

Long-term Financial Planning. In 2011, the Council adopted the City's first-ever, five-year Capital Improvements Plan (CIP) which is updated annually. The CIP is based in part on a series of goals 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 retail base, the CIP will be revised upward each year.



The presence of Luke Air Force Base provides a significant employment and economic engine for the community. However, Luke's presence has placed significant land use restrictions on large tracks of City property. Although such property is primarily zoned 'agricultural' at present, the City and the primary property owner have begun to convert this property to commercial and industrial uses. Recent industries that have purchased property at this site include Cavco Homes, Cives Steel, and Microsoft. While the property develops, the City continues to concentrate on infill properties ranging in size from a few acres to more than 80 acres.

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 \$8.0 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, 2020, 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.

Dysart Road was identified as a “Road of Regional Significance” back in the 1999 Maricopa Associations of Governments (MAG) study and currently has one lane in each direction between Northern and Peoria Avenues. The City is widening this corridor to two 12 foot through lanes, a 14 foot median, bike lanes and curb and gutter. This project will include the design, land acquisition and construction. The total project cost estimate was originally \$11.1 million but has now increased to \$14.8 million.



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, 2019. 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, 2020 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,

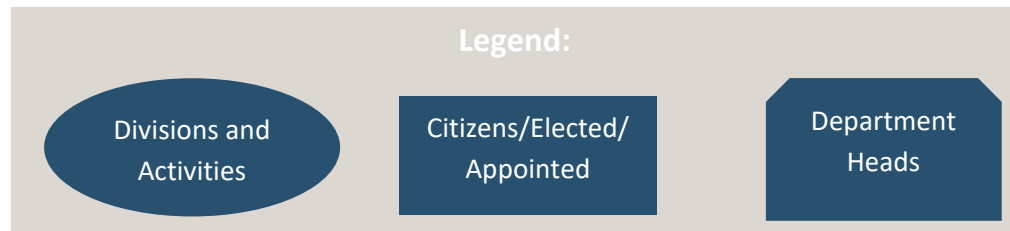
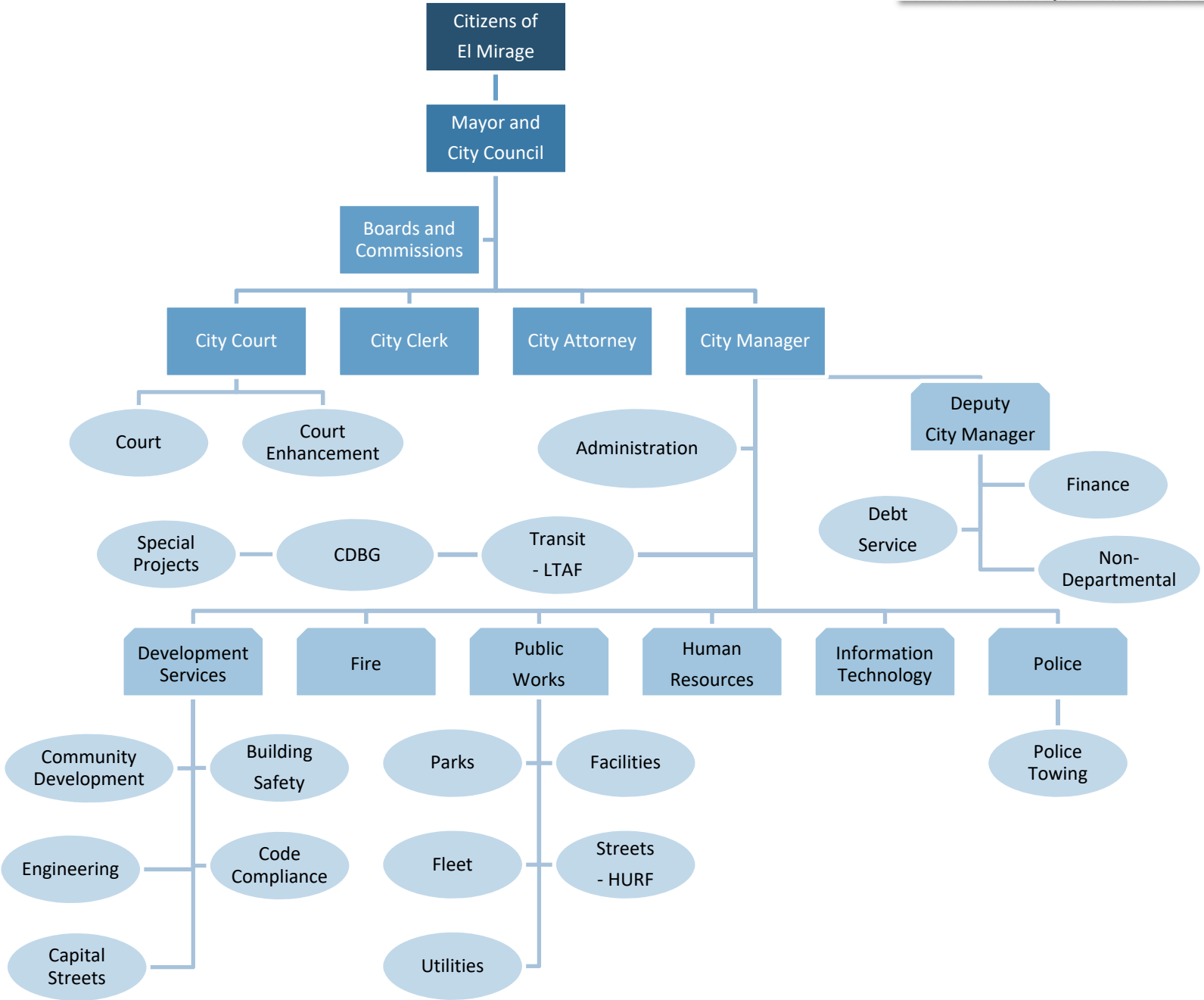


J. Crystal Dyches
City Manager



Robert Nilles
Deputy City Manager/Finance Director

Organizational Chart
Effective July 1, 2020



City of El Mirage, Arizona

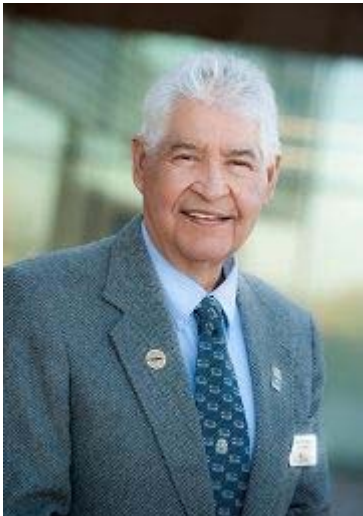
List of Elected City Officials



Mayor Alexis Hermosillo

Alexis Hermosillo is the Mayor of the City of El Mirage. As a proud fourth-generation El Mirage resident, Alexis is passionate about her community. Through her commitment to serve the public, she has worked for the largest public transportation company in Maricopa County, was the manager of a radio network under the Cesar Chavez Foundation, and worked for the U.S. House of Representatives as a District Representative for Arizona Congressional District 3. Alexis holds a Master's degree in Journalism and a Bachelor's degree in Interdisciplinary Arts and Performance, both from Arizona State University. Alexis is currently pursuing her Doctoral degree in Organizational Leadership from Grand Canyon University.

Alexis is committed to the empowerment of women. She has served on the Board of the YWCA of Metropolitan Phoenix, and has worked with the Hispanic Women's Corporation, supporting their national youth initiatives. Alexis also believes that investing in today's youth is an investment in our future. She has dedicated herself to engaging and motivating Latino youth through leadership development programs with various organizations, such as UnidosUS (National Council of La Raza).



Vice Mayor Roy Delgado

Roy Delgado was raised in New Mexico by a single Mom who taught him the importance of hard work and helping others. He is the oldest of 6 children. Roy joined the Military (US Army) and served his country for 21 years. He is the proud father of 2 sons, 4 grandchildren and 4 great-grandchildren.

As a young man with a family, he moved to Northern California where he worked in the oil industry for Union Oil. That job brought him to Arizona where he eventually met and married his wife, Suzie.

Roy's first experience with politics was in the late 1970's when he became involved with Labor Leader and Farm Worker Advocate Cesar Chavez's fight to improve the treatment of farm workers.

The Delgado's moved to El Mirage in 1997. They were looking for property with acreage in order to have their horse on site. Shortly after settling in, Roy was approached about serving his community by running for El Mirage City Council. Roy was also selected to serve as El Mirage's Mayor for a short time. He has had the pleasure to sit on the El Mirage City Council for 19 years. Roy currently serves as the City's representative for the Community Development Advisory Committee (CDAC) of Maricopa County Human Services Division. The Community Development Advisory Committee has brought in millions of Federal dollars for City improvements.



Councilmember Monica Dorcey

Monica Dorcey was born and raised in rural Wayne, Nebraska, one of nine siblings. After graduating from Briar Cliff University in Sioux City, IA, she worked in the independent adjusting business for 27 years, and in 2003 she went to work as a Senior Claim Representative for Farmers Insurance Group, moving to El Mirage with her daughter, Ashley. Monica is a member of Santa Teresita parish and has served in several ministries over the years.

Monica is now retired but continues to be involved in a number of non-profit organizations with a primary emphasis on children and their education, but also fostering the growth and development of El Mirage. She has served in a number of roles as a volunteer for the City of El Mirage. This work includes:

- Served on the Planning and Zoning Commission since 2013 and is currently the Chairperson.
- Served on the Judicial Review Committee from 2012—2017.
- Named El Mirage Citizen of the Year in 2012.
- Served on the planning committee for the El Mirage HOA training presented in 2016-2017.
- President of the Northwest Valley YMCA Advisory Board, serving on the Board since 2014.
- Treasurer of the Dysart Education Foundation Board and Scholarship Committee, active
- Treasurer of Arizona Career Pathways, 2011—present.
- President of the West Valley Neighborhoods Coalition.



Councilman Michael D. Hutchinson

Councilman Michael D. Hutchinson was recently elected to his first term on the El Mirage City Council.

Michael has lived in El Mirage for more than six years, and has been very active in the community.

He earned an Associates Degree in Administration of Justice. He has worked as a theft and fraud investigator, as well as an Armed Responder at Palo Verde

Nuclear Generating Station. He started his own security firm in 2012, providing security, compliance, loss and liability protection to commercial entities.

As a businessman, Michael wants to help keep El Mirage safe, prosperous and business-friendly so that all of our families can continue to grow and thrive. His goal is to attract commercial business as well as good paying manufacturing jobs. Michael will work to keep taxes reasonable while continuing to be a full-service community.

Michael is also a very strong supporter of public safety and education.



Councilmember Anita Norton

Council member Anita Norton has resided in Arizona most of her life and has a background in sales management and law enforcement. She moved from Peoria to El Mirage in 2004. Council member Norton has served on the City Council since being appointed to fill a vacancy in November of 2017, and then was elected in August 2018. Anita has been a champion supporter of public safety, helping to bring about positive and progressive changes in our Police and Fire Departments. Council member Norton is a member of the MAG Regional Domestic Violence Council and an alternate to the Community Development Advisory Committee of Maricopa County Human Services Division (CDAC), which has brought in millions of Federal dollars for City improvements.

While serving with the Phoenix Police Department, Anita received a commendation for her investigative ability and recognition for composure in particularly high stress situations. Her confidence, fearlessness, and thoroughness resulted in a high number of solved cases.

A certified riding instructor for western and English horsemanship, as well as an instructor for riders with disabilities, for the last 18 years, Anita has had a positive impact on the lives of hundreds of students helping them to grow in confidence and helping them to overcome fears while learning to ride.

After concerns were raised regarding a major incident involving local teens, Anita established El Mirage Cares, a program the City provides to inform families and local residents about the many dangers and obstacles that challenge the health and welfare of our young children, teens, and adults through free forums open to the public. With the involvement of members of the Maricopa County Attorney's office and other professionals, as well as the participation of the Dysart Unified School District, some of the topics covered thus far have included the dangers of drugs and vaping, teen dating and domestic violence, suicide prevention and awareness, sex trafficking, and bullying and depression. Our goal in this program is to save lives and promote healthy families. Anita is thankful for the opportunity to serve the citizens of El Mirage and to be part of a growing City with the goal of enhancing the lives of all who live, work in, and visit our great community.



Councilman David Shapera

Councilmember David M. Shapera was recently re-elected to a fourth four-year term on the El Mirage City Council. He was a past member and Chairperson of the El Mirage Planning and Zoning Commission. He has more than 46 years in elected and appointed positions in government.

He and his wife of 44 years, Linda, moved to El Mirage in 2002. They have four adult children, Dr. Daniel Shapera, Rikki Castro, Charles Shapera and Kristy Reid. They have eight grandchildren.

David is a retired Connecticut police officer and was a corporate security and safety executive. He was a Nevada police officer and a Clark County medical examiner investigator. He taught high school in Clark County. He also taught for the Dysart Unified School District and recently retired.

He is a 42-year member of the Benevolent and Protective Order of Elks (BPOE) and a lifetime member of the Italian Social Club in Connecticut. During his terms on the El Mirage City Council he initiated numerous items to make the city an enjoyable and affordable place to live.



Councilmember Donna Winston

Donna is a native Arizonan and grew up on the west side. She graduated from ASU, Magna Cum Laude and double majored in Criminal Psychology and Communication. She is married to Dr. Joshua Winston, DVM, has four children, two granddaughters and a grandson. She bought her first brand new home in Rancho El Mirage and has lived here for 20 years.

Donna has worked for Maricopa Community Colleges since 1996 and is currently a Senior Administrative Assistant at the District Office. Along with her duties there, she has been an employee advocate leader for the last 20 years which included writing employee policy along with helping Maricopa Community College employees.

Through this advocacy work for employees, Donna was asked to start the public employee sector of AZ Conference of Police and Sherriff (AZCOPS), called “Maricopa Employees”. She is currently the President of this non-profit group and proudly leads her board by navigating public employees through processes and policies of their organization.

Donna and her husband Dr. Winston own two animal hospitals, in Sun City West and in Glendale. Their two eldest sons are Veterans in the U.S. Military and are very dedicated to military personnel and their families. Because of this, they do not charge office visit fees at either of the animal hospitals. Donna is also a wedding planner and owns her business “By Invitation Only”.

Donna believes in giving back to her community and has been extremely involved in volunteerism since she was a very young girl. She was the Family Readiness Group Leader for almost five years for her youngest son’s Army Battalion. She served on the Executive Board of “The Single Mom Foundation” and taught a ten week course called “The Road to Self Reliance”. She currently sits on the Executive Board of “Don’t Leave Me.org” which started off as a civic engagement project for college students which brings awareness to the dangers of leaving pets in hot cars.

One of Donna’s goals for the City of El Mirage is to partner with not only our local businesses but with our sister cities around us to build a stronger economy throughout our community. She would like to utilize these connections to support Education, Police and Fire in our own neighborhoods to secure a safer, better future for El Mirage citizens.

LIST OF APPOINTED CITY OFFICIALS

City Manager – J. Crystal Dyches

City Attorney – Pierce Coleman PLLC

City Clerk – Sharon Antes

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, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditors' Report

The Honorable Mayor and
City Council
El Mirage, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona, as of and for the fiscal year ended June 30, 2020, 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.

Auditors' 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 auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension/OPEB liability, the schedule of changes in the net pension/OPEB liability and related ratios, the schedule of pension/OPEB contributions, and budgetary comparison 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 of El Mirage, Arizona's basic financial statements. The introductory section, supplementary budgetary comparison information for major funds, combining nonmajor fund financial statements, nonmajor fund budget and actual schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary budgetary comparison information for major funds, combining nonmajor fund financial statements, and nonmajor fund budget and actual schedules 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 supplementary budgetary comparison information for major funds, combining nonmajor fund financial statements and nonmajor fund budget and actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of the City of El Mirage, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



HintonBurdick, PLLC
Gilbert, Arizona
October 20, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Required Supplementary Information)

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**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

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, 2020. 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 \$12.2 million to \$93.1 million and business-type activities increased \$3.3 million to \$58.3 million representing an increase of 15 percent and 6 percent, respectively. The total net position is \$151.4 million.
- General revenues before transfers from governmental activities accounted for \$27.2 million in revenue, or 71 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11.2 million or 29 percent of total governmental activities revenues. The City had \$16.7 million of program revenues and \$0.3 million in general revenues related to business-type activities.
- The City had \$29.4 million in expenses related to governmental activities, an increase of 6 percent from the prior fiscal year. The City had \$9.8 million in expenses related to business-type activities, an increase of 5 percent from the prior fiscal year.
- Among major funds, the General Fund had \$27.8 million in revenues, which primarily consisted of taxes and intergovernmental revenues. The total expenditures of the General Fund were \$21.9 million. The General Fund's fund balance decreased from \$33.5 million to \$32.2 million, due primarily to transfers to other funds.
- The Special Projects (Special Revenue) Fund had \$3.3 million in revenues. The total expenditures of the fund were \$3.2 million. The Special Projects Fund's fund balance increased from \$43,478 to \$0.2 million, at the end of the current fiscal year due to Intergovernmental revenue.
- The Streets (Capital Projects) Fund had \$2.3 million in revenues. The total expenditures of the Streets Fund were \$8.6 million. The Streets Fund's fund balance increased from \$10.8 million to \$14.5 million, at the end of the current fiscal year due to increases in Transfers in.
- The Water Fund net position decreased \$0.1 million due primarily to a Prior period adjustment. The Water Fund had operating revenues of \$9.1 million and operating expenses of \$5.7 million. The Water Fund is in the process of establishing council adopted reserve funds.
- The Sewer Fund net position increased \$3.2 million. Operating expenses of \$2.7 million were exceeded by operating revenues of \$3.3 million. The Sewer Fund is in the process of establishing council adopted reserve funds

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-Wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Government activities** – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works/streets, culture and recreation, and interest on long-term debt. Sales tax, property tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- **Proprietary activities/Business type activities** – The City charges a fee to customers that is intended to cover all of the cost of the services provided for water, sewer and sanitation.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in the reconciliation included with the Basic Financial Statements and in footnote 2.
- **Proprietary funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on the accrual basis of accounting in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- **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
For the Year Ended June 30, 2020**

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 \$151.4 million at the end of the current fiscal year.

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Governmental activities		Business-type activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current and other assets	\$ 51,924,927	\$ 49,374,622	\$ 33,787,890	\$ 30,650,969	\$ 85,712,817	\$ 80,025,591
Capital assets	78,706,329	79,973,787	39,040,172	39,313,927	117,746,501	119,287,714
Total assets	<u>130,631,256</u>	<u>129,348,409</u>	<u>72,828,062</u>	<u>69,964,896</u>	<u>203,459,318</u>	<u>199,313,305</u>
Deferred outflows of resources	6,760,679	7,317,901	296,925	374,701	7,057,604	7,692,602
Long-term liabilities outstanding	40,490,166	50,893,599	12,113,427	12,187,340	52,603,593	63,080,939
Other liabilities	1,492,390	2,011,476	2,519,174	2,825,508	4,011,564	4,836,984
Total liabilities	<u>41,982,556</u>	<u>52,905,075</u>	<u>14,632,601</u>	<u>15,012,848</u>	<u>56,615,157</u>	<u>67,917,923</u>
Deferred inflows of resources	2,267,789	2,863,883	188,721	331,315	2,456,510	3,195,198
Net position:						
Net investment in capital assets	56,667,278	46,624,411	29,392,545	29,457,397	86,059,823	76,081,808
Restricted	16,923,724	12,133,608	-	-	16,923,724	12,133,608
Unrestricted	19,550,588	22,139,333	28,911,120	25,538,037	48,461,708	47,677,370
Total net position	<u>\$ 93,141,590</u>	<u>\$ 80,897,352</u>	<u>\$ 58,303,665</u>	<u>\$ 54,995,434</u>	<u>\$ 151,445,255</u>	<u>\$ 135,892,786</u>

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. See Note 5, Capital Assets, for more information about the City's capital assets.

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 \$2.5 million in governmental activities current and other assets, primarily Receivables (net of allowance).

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

Changes in Net Position

The City's programs include: General Government, Public Safety, Public Works/Streets, Culture and Recreation, Water, Sewer, and Sanitation. Each programs' net cost (total cost less revenues generated by the activities) is presented below.

	Governmental activities		Business-type activities		Total	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,289,299	\$ 3,410,037	\$ 13,946,169	\$ 14,145,583	\$ 19,235,468	\$ 17,555,620
Operating grants and contributions	5,939,482	3,314,161	-	-	5,939,482	3,314,161
Capital grants and contributions	15,530	5,137,683	2,709,000	887,861	2,724,530	6,025,544
General revenues:						
Property taxes	4,169,021	4,341,108	-	-	4,169,021	4,341,108
City sales taxes	11,673,068	8,538,740	-	-	11,673,068	8,538,740
Franchise taxes	696,912	742,741	-	-	696,912	742,741
Unrestricted state revenues	9,811,695	9,330,082	-	-	9,811,695	9,330,082
Investment income	798,697	1,433,459	305,058	43,681	1,103,755	1,477,140
Total revenues	<u>38,393,704</u>	<u>36,248,011</u>	<u>16,960,227</u>	<u>15,077,125</u>	<u>55,353,931</u>	<u>51,325,136</u>
Expenses:						
General government	8,185,259	7,193,712	-	-	8,185,259	7,193,712
Public safety	15,777,067	13,367,955	-	-	15,777,067	13,367,955
Highways and streets	4,465,392	4,464,599	-	-	4,465,392	4,464,599
Culture and recreation	443,385	1,265,719	-	-	443,385	1,265,719
Interest on long-term debt	483,363	1,299,795	-	-	483,363	1,299,795
Water	-	-	6,005,567	5,711,196	6,005,567	5,711,196
Sewer	-	-	2,684,309	2,482,493	2,684,309	2,482,493
Sanitation	-	-	1,075,446	1,086,988	1,075,446	1,086,988
Total expenses	<u>29,354,466</u>	<u>27,591,780</u>	<u>9,765,322</u>	<u>9,280,677</u>	<u>39,119,788</u>	<u>36,872,457</u>
Increase (decrease) in net position before transfers	9,039,238	8,656,231	7,194,905	5,796,448	16,234,143	14,452,679
Transfers	3,205,000	2,010,500	(3,205,000)	(2,010,500)	-	-
Change in net position	12,244,238	10,666,731	3,989,905	3,785,948	16,234,143	14,452,679
Net position, beginning	80,897,352	70,230,621	54,995,434	51,209,486	135,892,786	121,440,107
Prior period adjustment	-	-	(681,674)	-	(681,674)	-
Net position, ending	<u>\$ 93,141,590</u>	<u>\$ 80,897,352</u>	<u>\$ 58,303,665</u>	<u>\$ 54,995,434</u>	<u>\$ 151,445,255</u>	<u>\$ 135,892,786</u>

- Capital grants and contributions related to governmental activities decreased by \$5.1 million related to one-time reimbursements from Maricopa Association of Governments for the construction of El Mirage Road in the prior year.
- Operating grants and contributions related to governmental activities increased \$2.6 million due to Federal funding related to COVID 19.
- Governmental activities expense increased \$1.8 million or 6 percent primarily due to increases in public safety.
- Business-type activities revenues increased by \$1.9 million or 12 percent primarily due to sewer fund capital grants and contributions related to treatment plant improvements.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

Governmental and Business-type activities

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

	Year ended June 30, 2020		Year ended June 30, 2019	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 8,185,259	\$ (5,997,918)	\$ 7,193,712	\$ (4,821,601)
Public safety	15,777,067	(11,466,214)	13,367,955	(11,557,365)
Highways and streets	4,465,392	223,239	4,464,599	3,143,107
Culture and recreation	443,385	(385,899)	1,265,719	(1,194,245)
Interest on long-term debt	483,363	(483,363)	1,299,795	(1,299,795)
Total	<u>\$ 29,354,466</u>	<u>\$ (18,110,155)</u>	<u>\$ 27,591,780</u>	<u>\$ (15,729,899)</u>
Business-type Activities				
Water	\$ 6,005,567	\$ 3,049,894	\$ 5,711,196	\$ 4,422,196
Sewer	2,684,309	3,289,183	2,482,493	815,995
Sanitation	1,075,446	550,770	1,086,988	514,576
Total	<u>\$ 9,765,322</u>	<u>\$ 6,889,847</u>	<u>\$ 9,280,677</u>	<u>\$ 5,752,767</u>

- Federal and State grants and charges for services subsidized certain governmental programs with revenues of \$11.2 million.
- Net cost of governmental activities of \$18.1 million was financed by general revenues, which are primarily property tax, local sales taxes, and unrestricted revenues totaling \$27.2 million.
- The cost of providing all Proprietary (Business Type) activities this year was \$9.8 million. The amounts paid by users of the system were \$13.9 million. Interest earnings and capital grants and contributions were \$3.0 million.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

Financial Analysis of the Government's Funds

As noted earlier, the City of El Mirage uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of El Mirage'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 of El Mirage's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. See the Balance Sheet for Governmental Funds statement for information about components of the fiscal year's ending fund balance for governmental funds. As of the end of the current fiscal year, the City of El Mirage's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$3.0 million or 6 percent, compared to the prior fiscal year. The change is primarily due to an increase in Intergovernmental Receivables related to Federal COVID 19 funds.

Approximately 62 percent of the combined ending fund balances of \$50.2 million, or \$30.9 million, constitutes unassigned fund balance which is available for new spending at the government's discretion. The \$30.9 million combined unassigned fund balance includes \$8.0 million established as a General Fund reserve. The remaining combined fund balance is non-spendable, restricted, committed or assigned in accordance with GASB 54.

The General Fund is the chief operating fund of the City of El Mirage. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$30.9 million, while total General Fund balance was \$32.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. The General Fund unassigned fund balance represents 141 percent of total General Fund expenditures while total fund balance represents 147 percent of the same amount. During the year the City of El Mirage's General Fund balance decreased by \$1.4 million. This decrease in fund balance is primarily attributable to increased Transfers out.

The Special Projects (Special Revenue) Fund has a total fund balance of \$0.2 million, all of which is restricted for special projects and grants per state and federal directives.

The Streets (Capital Projects) Fund has a total fund balance of \$14.5 million, all of which is assigned for road and street construction and improvements. The construction of El Mirage Road, Northern Parkway, and related debt were offset by Transfers in, resulting in a \$3.8 million increase in fund balance.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

General Fund Budgetary Highlights

Tax revenues have a positive variance of \$3.4 million due to stronger than budgeted City sales tax collections. Charges for services and Interest earning revenues each have a positive variance of \$0.2 million due to better than anticipated local construction activity. Total revenues have a positive variance of 20 percent or \$4.6 million. General Fund expenditures were \$4.9 million or 19 percent less than budgeted with the most significant positive variances in the following areas:

- In the General Government category, total spending was \$1.4 million or 15 percent less than budget. Most notable in this category was Non-departmental spending \$0.4 million less than budget due to Personnel savings.
- In the Public Safety department, spending was \$2.7 million or 20 percent less than budget due primarily to personnel-related savings.
- Capital Outlay spending was \$1.0 million or 53 percent less than budget as major capital projects were under construction but not complete and some vehicle purchases were delayed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including land, construction in progress, system improvements, buildings, improvements, machinery, vehicles, equipment and infrastructure/roads. Depreciation expense of \$3.4 million on capital assets is recognized in the Government-Wide financial statements. The following schedule presents capital asset balances for the fiscal years ended June 30, 2020 and 2019.

	06/30/20 Governmental Activities	06/30/19 Governmental Activities	06/30/20 Business-type Activities	06/30/19 Business-type Activities
Non-depreciable assets	\$ 10,543,552	\$ 10,064,994	\$ 1,437,239	\$ 1,942,339
Depreciable assets	96,472,198	94,795,741	78,560,383	75,788,722
Less: Accumulated depreciation	<u>(28,309,421)</u>	<u>(24,886,948)</u>	<u>(40,957,450)</u>	<u>(38,417,134)</u>
Total capital assets, net	<u>\$ 78,706,329</u>	<u>\$ 79,973,787</u>	<u>\$ 39,040,172</u>	<u>\$ 39,313,927</u>

- The most significant increase in governmental capital assets \$0.8 million is related to infrastructure improvements.
- The most significant increase in business type capital assets \$1.9 million is related to water mains and lines.

Additional information regarding the City's capital assets can be found at Note 5.

**CITY OF EL MIRAGE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

Long-Term Debt

At year-end, the City had \$22.5 million in governmental-type bond debt, and \$9.7 million in business-type direct borrowing debt. The debt is a liability of the government and amounts to approximately \$899 per capita (population estimated at 35,753). During the current fiscal year, the City's total debt had a net decrease of \$11.5 million. The following schedule presents outstanding long-term debt for the fiscal years ended June 30, 2020 and 2019.

	As of June 30, 2020	As of June 30, 2019
General obligation bonds	\$ 22,475,911	\$ 23,780,971
Revenue bonds	-	10,065,663
WIFA loans	9,665,210	9,821,366
Total	\$ 32,141,121	\$ 43,668,000

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 6 percent of its net full cash assessed valuation. The City's debt limit at year-end was \$12.7 million in the 6 percent capacity and \$42.3 million in the 20 percent capacity. The City has \$1.3 million of G.O. debt applicable to the 6 percent limit and \$20.9 million of debt applicable to the 20 percent limit.

Additional information regarding the City's long-term debt can be found in Note 6.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The City of El Mirage is experiencing continued, steady economic growth and expects to see similar growth in the coming fiscal year. The City's proximity to Phoenix and major road and rail networks provides tremendous opportunity for commercial growth.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, City of El Mirage, 10000 N. El Mirage Road, El Mirage, Arizona 85335.

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BASIC FINANCIAL STATEMENTS

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CITY OF EL MIRAGE, ARIZONA
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 47,890,482	\$ 19,009,131	\$ 66,899,613
Receivables (net of allowance)	3,798,596	1,440,267	5,238,863
Prepaid items	89,069	9,709	98,778
Inventory	-	13,324,382	13,324,382
Net pension/OPEB asset	146,780	4,401	151,181
Capital assets (net of accumulated depreciation)			
Land	9,701,487	921,620	10,623,107
Construction in progress	842,065	515,619	1,357,684
System improvements	-	33,144,184	33,144,184
Buildings	22,250,699	1,090,065	23,340,764
Improvements	1,227,315	1,090,582	2,317,897
Machinery, vehicles, and equipment	3,328,069	2,278,102	5,606,171
Infrastructure/Roads	41,356,694	-	41,356,694
Total assets	<u>130,631,256</u>	<u>72,828,062</u>	<u>203,459,318</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions/OPEB	6,323,819	279,342	6,603,161
Deferred charge on refunding	436,860	17,583	454,443
Total deferred outflows	<u>6,760,679</u>	<u>296,925</u>	<u>7,057,604</u>
Liabilities			
Accounts payable and other current liabilities	1,323,584	2,384,772	3,708,356
Interest payable	-	134,402	134,402
Unearned revenues	82,907	-	82,907
Due to other governments	85,899	-	85,899
Noncurrent liabilities:			
Due within one year	1,479,771	1,185,271	2,665,042
Due in more than one year	22,002,792	8,605,290	30,608,082
Net pension/OPEB liabilities	17,007,603	2,322,866	19,330,469
Total liabilities	<u>41,982,556</u>	<u>14,632,601</u>	<u>56,615,157</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions/OPEB	<u>2,267,789</u>	<u>188,721</u>	<u>2,456,510</u>
Net Position			
Net investment in capital assets	56,667,278	29,392,545	86,059,823
Restricted for:			
Debt service	479,261	-	479,261
Streets projects	16,001,947	-	16,001,947
Court and police programs	226,002	-	226,002
Other purposes	216,514	-	216,514
Unrestricted	19,550,588	28,911,120	48,461,708
Total net position	<u>\$ 93,141,590</u>	<u>\$ 58,303,665</u>	<u>\$ 151,445,255</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Statement of Activities
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Governmental activities:				
General government	\$ 8,185,259	\$ 2,183,952	\$ 3,389	\$ -
Public safety	15,777,067	976,983	3,318,340	15,530
Highways and streets	4,465,392	2,070,878	2,617,753	-
Culture and recreation	443,385	57,486	-	-
Interest on long-term debt	483,363	-	-	-
Total governmental activities	29,354,466	5,289,299	5,939,482	15,530
Business-type activities:				
Water	6,005,567	9,055,461	-	-
Sewer	2,684,309	3,264,492	-	2,709,000
Sanitation	1,075,446	1,626,216	-	-
Total business-type activities	9,765,322	13,946,169	-	2,709,000
Total primary government	\$ 39,119,788	\$ 19,235,468	\$ 5,939,482	\$ 2,724,530

General Revenues:

Taxes:

City sales tax

Franchise tax

Property tax, levied for general purposes

Property tax, levied for debt purposes

Unrestricted state revenues

Unrestricted investment earnings

Transfers

Total general revenues & transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

The accompanying notes are an integral part of the financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (5,997,918)	\$ -	\$ (5,997,918)
(11,466,214)	-	(11,466,214)
223,239	-	223,239
(385,899)	-	(385,899)
(483,363)	-	(483,363)
<u>(18,110,155)</u>	<u>-</u>	<u>(18,110,155)</u>
-	3,049,894	3,049,894
-	3,289,183	3,289,183
-	550,770	550,770
<u>-</u>	<u>6,889,847</u>	<u>6,889,847</u>
11,673,068	-	11,673,068
696,912	-	696,912
2,202,414	-	2,202,414
1,966,607	-	1,966,607
9,811,695	-	9,811,695
798,697	305,058	1,103,755
3,205,000	(3,205,000)	-
<u>30,354,393</u>	<u>(2,899,942)</u>	<u>27,454,451</u>
12,244,238	3,989,905	16,234,143
80,897,352	54,995,434	135,892,786
-	(681,674)	(681,674)
<u>\$ 93,141,590</u>	<u>\$ 58,303,665</u>	<u>\$ 151,445,255</u>

CITY OF EL MIRAGE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Projects (Special Revenue)	Streets (Capital Projects)	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 30,188,305	\$ -	\$ 14,555,110	\$ 3,147,067	\$ 47,890,482
Receivables:					
Taxes	75,688	-	-	69,122	144,810
Other	169,681	475	-	-	170,156
Intergovernmental	521,781	2,781,568	-	180,281	3,483,630
Due from other funds	2,438,732	-	-	5,930	2,444,662
Prepaid items	89,069	-	-	-	89,069
Total assets	<u>\$ 33,483,256</u>	<u>\$ 2,782,043</u>	<u>\$ 14,555,110</u>	<u>\$ 3,402,400</u>	<u>\$ 54,222,809</u>
LIABILITIES					
Accounts payable	\$ 380,874	\$ 126,446	\$ 6,992	\$ 77,134	\$ 591,446
Accrued wages and benefits	720,886	-	-	11,052	731,938
Deposits held	200	-	-	-	200
Due to other governments	79,754	6,145	-	-	85,899
Due to other funds	5,930	2,432,938	-	5,794	2,444,662
Unearned revenue	82,907	-	-	-	82,907
Total liabilities	<u>1,270,551</u>	<u>2,565,529</u>	<u>6,992</u>	<u>93,980</u>	<u>3,937,052</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	47,531	-	-	45,699	93,230
Total deferred inflows of resources	<u>47,531</u>	<u>-</u>	<u>-</u>	<u>45,699</u>	<u>93,230</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	89,069	-	-	-	89,069
Restricted:					
Public safety	-	-	-	226,002	226,002
Public works/streets	-	-	14,548,118	1,453,829	16,001,947
Special projects	-	216,514	-	-	216,514
Debt service	-	-	-	479,261	479,261
Committed:					
Court and police programs	-	-	-	1,103,629	1,103,629
Other purposes	720,886	-	-	-	720,886
Assigned:					
Court and police programs	426,359	-	-	-	426,359
Unassigned	30,928,860	-	-	-	30,928,860
Total fund balances	<u>32,165,174</u>	<u>216,514</u>	<u>14,548,118</u>	<u>3,262,721</u>	<u>50,192,527</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,483,256</u>	<u>\$ 2,782,043</u>	<u>\$ 14,555,110</u>	<u>\$ 3,402,400</u>	<u>\$ 54,222,809</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020

Total governmental fund balances	\$	50,192,527
<p>Amounts reported for governmental activities 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	\$	107,015,750
Less accumulated depreciation		<u>(28,309,421)</u>
		78,706,329
<p>Net OPEB asset is not an available resource and, therefore is not reported in the funds.</p>		
		146,780
<p>Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	\$	(1,006,652)
Net pension/OPEB liability		(17,007,603)
Bonds payable		<u>(22,475,911)</u>
		(40,490,166)
<p>Property tax receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds</p>		
		93,230
<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>		
		436,860
<p>Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred outflows	\$	6,323,819
Deferred inflows		<u>(2,267,789)</u>
		4,056,030
Total net position of governmental activities	<u>\$</u>	<u>93,141,590</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

REVENUES	General	Special Projects (Special Revenue)	Streets (Capital Projects)	Non-major Governmental Funds	Total Governmental Funds
Property taxes	\$ 2,216,903	\$ -	\$ -	\$ 1,975,585	\$ 4,192,488
City sales taxes	11,673,068	-	-	-	11,673,068
Franchise taxes	696,912	-	-	-	696,912
Licenses, permits and fees	837,063	-	-	-	837,063
Intergovernmental revenue	9,857,849	3,287,716	-	2,617,753	15,763,318
Charges for services	277,748	-	-	-	277,748
Fees	1,040,871	-	-	-	1,040,871
Fines and forfeitures	479,266	-	-	385,703	864,969
Investment earnings	515,501	1,497	230,608	51,091	798,697
Other revenues	201,077	-	2,070,878	82	2,272,037
Total revenues	<u>27,796,258</u>	<u>3,289,213</u>	<u>2,301,486</u>	<u>5,030,214</u>	<u>38,417,171</u>
EXPENDITURES					
Current:					
General government	7,386,048	13,829	-	-	7,399,877
Public safety	11,197,805	3,017,348	-	180,684	14,395,837
Public works/streets	-	-	500,000	2,204,575	2,704,575
Capital outlay	845,749	185,000	861,995	460,772	2,353,516
Debt service					
Principal	2,308,750	-	6,926,250	1,190,000	10,425,000
Interest and fiscal charges	114,100	-	342,300	912,288	1,368,688
Total expenditures	<u>21,852,452</u>	<u>3,216,177</u>	<u>8,630,545</u>	<u>4,948,319</u>	<u>38,647,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,943,806</u>	<u>73,036</u>	<u>(6,329,059)</u>	<u>81,895</u>	<u>(230,322)</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	31,307	-	-	-	31,307
Transfers out	(11,095,500)	-	-	(638,642)	(11,734,142)
Transfers in	3,768,642	100,000	10,114,000	956,500	14,939,142
Total other financing sources (uses)	<u>(7,295,551)</u>	<u>100,000</u>	<u>10,114,000</u>	<u>317,858</u>	<u>3,236,307</u>
Net change in fund balances	(1,351,745)	173,036	3,784,941	399,753	3,005,985
Fund balances, beginning of year	<u>33,516,919</u>	<u>43,478</u>	<u>10,763,177</u>	<u>2,862,968</u>	<u>47,186,542</u>
Fund balances, end of year	<u>\$ 32,165,174</u>	<u>\$ 216,514</u>	<u>\$ 14,548,118</u>	<u>\$ 3,262,721</u>	<u>\$ 50,192,527</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 3,005,985
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	\$ 2,353,516	
Depreciation expense	<u>(3,581,550)</u>	(1,228,034)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net position.</p>		
		(39,425)
<p>Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(23,467)
<p>Governmental funds report the effect of premiums, discounts, and other similar items when debt is first issued, whereas these items are deferred and amortized over the term of the long-term debt in the Statement of Activities.</p>		
Amortization of bond premium	\$ 945,723	
Amortization of deferred charge on refunding	<u>(60,398)</u>	885,325
<p>Repayment of long-term debt (e.g., bonds, leases) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Bond principal retirement	<u>\$ 10,425,000</u>	10,425,000
<p>Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension/OPEB liability is measured a year before the City's report date. Pension/OPEB expense, which is the change in the net pension liability/OPEB adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension/OPEB contributions	\$ 2,386,769	
Pension/OPEB expense	<u>(2,886,344)</u>	(499,575)
<p>Compensated absences 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.</p>		
		(281,571)
Change in net position of governmental activities		<u><u>\$ 12,244,238</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	(Nonmajor) Sanitation	Totals
ASSETS				
Current Assets:				
Cash	\$ 8,872,264	\$ 8,844,201	\$ 1,292,666	\$ 19,009,131
Receivables (net of allowance)	1,004,656	302,026	133,585	1,440,267
Prepaid items	9,709	-	-	9,709
Inventories	13,324,382	-	-	13,324,382
Total current assets	<u>23,211,011</u>	<u>9,146,227</u>	<u>1,426,251</u>	<u>33,783,489</u>
Noncurrent Assets:				
Net pension/OPEB asset	3,252	1,149	-	4,401
Land	129,768	791,852	-	921,620
Construction in progress	515,619	-	-	515,619
System improvements	36,709,604	29,922,941	-	66,632,545
Land improvements	3,746,656	1,807,671	-	5,554,327
Buildings and improvements	911,946	781,311	-	1,693,257
Equipment and vehicles	2,254,343	2,425,911	-	4,680,254
Accumulated depreciation	(23,898,180)	(17,059,270)	-	(40,957,450)
Total noncurrent assets	<u>20,373,008</u>	<u>18,671,565</u>	<u>-</u>	<u>39,044,573</u>
Total Assets	<u>43,584,019</u>	<u>27,817,792</u>	<u>1,426,251</u>	<u>72,828,062</u>
Deferred Outflows of Resources				
Deferred charge on refunding	17,583	-	-	17,583
Deferred outflows related to pensions/OPEB	206,395	72,947	-	279,342
Total deferred outflows of resources	<u>223,978</u>	<u>72,947</u>	<u>-</u>	<u>296,925</u>
LIABILITIES				
Current liabilities:				
Accounts payable	215,683	55,098	83,081	353,862
Accrued wages and benefits	54,810	24,400	-	79,210
Compensated absences	20,843	10,259	-	31,102
Interest payable	129,246	5,156	-	134,402
Customer deposits	1,951,700	-	-	1,951,700
Loans payable - current portion	1,130,291	23,878	-	1,154,169
Total current liabilities	<u>3,502,573</u>	<u>118,791</u>	<u>83,081</u>	<u>3,704,445</u>
Noncurrent liabilities:				
Compensated absences	63,160	31,089	-	94,249
Net pension/OPEB liabilities	1,716,273	606,593	-	2,322,866
Loans payable, net of current portion	8,166,603	344,438	-	8,511,041
Total noncurrent liabilities	<u>9,946,036</u>	<u>982,120</u>	<u>-</u>	<u>10,928,156</u>
Total liabilities	<u>13,448,609</u>	<u>1,100,911</u>	<u>83,081</u>	<u>14,632,601</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions/OPEB	139,438	49,283	-	188,721
NET POSITION				
Net investment in capital assets	11,090,445	18,302,100	-	29,392,545
Unrestricted	19,129,505	8,438,445	1,343,170	28,911,120
Total net position	<u>\$ 30,219,950</u>	<u>\$ 26,740,545</u>	<u>\$ 1,343,170</u>	<u>\$ 58,303,665</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Statement Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			Totals
	Water	Sewer	(Nonmajor) Sanitation	
Operating Revenues				
Charges for services	\$ 8,932,478	\$ 3,264,372	\$ 1,626,216	\$ 13,823,066
Other revenues	122,983	120	-	123,103
Total operating revenues	<u>9,055,461</u>	<u>3,264,492</u>	<u>1,626,216</u>	<u>13,946,169</u>
Operating Expenses				
Cost of sales and services	2,539,231	981,519	1,045,446	4,566,196
Salaries and benefits	1,729,002	600,965	30,000	2,359,967
Depreciation	1,465,203	1,091,512	-	2,556,715
Total operating expenses	<u>5,733,436</u>	<u>2,673,996</u>	<u>1,075,446</u>	<u>9,482,878</u>
Operating income	<u>3,322,025</u>	<u>590,496</u>	<u>550,770</u>	<u>4,463,291</u>
Non-operating Revenues (Expenses)				
Interest income	205,134	82,441	17,483	305,058
Interest expense and fiscal charges	(272,131)	(10,313)	-	(282,444)
Total non-operating revenue (expense)	<u>(66,997)</u>	<u>72,128</u>	<u>17,483</u>	<u>22,614</u>
Income (loss) before contributions and transfers	3,255,028	662,624	568,253	4,485,905
Capital contributions	-	2,709,000	-	2,709,000
Transfers out	(2,820,000)	(1,582,000)	(357,000)	(4,759,000)
Transfers in	160,000	1,394,000	-	1,554,000
Change in net position	595,028	3,183,624	211,253	3,989,905
Total net position, beginning of year	30,306,596	23,556,921	1,131,917	54,995,434
Prior period adjustment	(681,674)	-	-	(681,674)
Total net position, end of year	<u>\$ 30,219,950</u>	<u>\$ 26,740,545</u>	<u>\$ 1,343,170</u>	<u>\$ 58,303,665</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	(Nonmajor) Sanitation	Totals
Cash Flows From Operating Activities:				
Cash received from customers, service fees	\$ 9,793,598	\$ 3,248,997	\$ 1,617,947	\$ 14,660,542
Cash received from customers, other	183,588	120	-	183,708
Cash paid to suppliers	(10,783,574)	(985,822)	(1,040,890)	(12,810,286)
Cash paid to employees	(1,752,151)	(583,166)	(30,000)	(2,365,317)
Cash flows from operating activities	<u>(2,558,539)</u>	<u>1,680,129</u>	<u>547,057</u>	<u>(331,353)</u>
Cash Flows From Noncapital Financing Activities:				
Transfers to other funds	(2,820,000)	(1,582,000)	(357,000)	(4,759,000)
Transfers from other funds	160,000	1,394,000	-	1,554,000
Cash flows from noncapital financing activities	<u>(2,660,000)</u>	<u>(188,000)</u>	<u>(357,000)</u>	<u>(3,205,000)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(1,612,795)	(729,693)	-	(2,342,488)
Proceeds from capital contributions and grants	-	2,709,000	-	2,709,000
Proceeds from loans	965,809	-	-	965,809
Principal paid on loans	(1,098,738)	(23,228)	-	(1,121,966)
Interest paid	(260,135)	(10,639)	-	(270,774)
Cash flows from capital and related financing activities	<u>(2,005,859)</u>	<u>1,945,440</u>	<u>-</u>	<u>(60,419)</u>
Cash Flows From Investing Activities:				
Interest on investments	205,134	82,441	17,483	305,058
Net change in cash and cash equivalents	(7,019,264)	3,520,010	207,540	(3,291,714)
Cash and cash equivalents, including temporarily restricted cash, beginning of year	15,891,528	5,324,191	1,085,126	22,300,845
Cash and cash equivalents, including temporarily restricted cash, end of year	<u>\$ 8,872,264</u>	<u>\$ 8,844,201</u>	<u>\$ 1,292,666</u>	<u>\$ 19,009,131</u>
Reconciliation of operating income to net cash flows from operating activities:				
Net operating income	\$ 3,322,025	\$ 590,496	\$ 550,770	\$ 4,463,291
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	1,465,203	1,091,512	-	2,556,715
Pension/OPEB expense	107,385	49,196	-	156,581
Employer pension/OPEB contributions	(159,860)	(56,500)	-	(216,360)
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	861,120	(15,375)	(8,269)	837,476
(Increase) decrease in prepaids	(9,709)	-	-	(9,709)
(Increase) decrease in inventory	(7,939,612)	-	-	(7,939,612)
Increase (decrease) in accounts payable	(295,022)	(4,303)	4,556	(294,769)
Increase (decrease) in accrued payroll and employee benefits	(54,677)	(16,245)	-	(70,922)
Increase (decrease) in compensated absences	84,003	41,348	-	125,351
Increase (decrease) in customer deposits	60,605	-	-	60,605
Net cash flows from operating activities	<u>\$ (2,558,539)</u>	<u>\$ 1,680,129</u>	<u>\$ 547,057</u>	<u>\$ (331,353)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

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.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.

The **Special Projects Fund** is used to account for the funding for various City special projects.

The **Streets (Capital Projects) Fund** is used to account for the City's construction and acquisition of streets and street department facilities.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the activities of pumping, treating and distribution of water.

The **Sewer Fund** account for the activities of sewer collection and treatment.

The Sanitation Fund is a nonmajor enterprise fund and it accounts for the collection of solid waste and related services.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. 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 provider have been met.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, state shared revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Deposits and investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Arizona State Statutes.

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.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the General Fund and proprietary funds are shown net of an allowance for doubtful accounts.

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for the proprietary funds consist of water credits purchased and held for future consumption. Inventories of materials used in the repair of the distribution, collection and treatment systems and are not deemed material and have not been reported.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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. General government infrastructure capital assets include only those assets acquired or constructed since July 1, 2003.

Land and construction in progress are not depreciated. Depreciation for other property, plant, equipment, and infrastructure is computed using the straight-line method over the following estimated useful lives:

Building and improvements	10 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	5 to 15 years
Streets, sidewalks & other infrastructure	7 to 30 years
Land improvements	10 to 25 years
Sewer plant	20 to 50 years
Sewer collection system	15 to 25 years
Water infrastructure	10 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes 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(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting in this category. It is pension/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 8 for more information.

In addition to liabilities, the statement of financial position will sometimes 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Pension/OPEB related items reported on the government-wide and proprietary fund financial statements. See footnote 8 for more information. Another item, which arises only under a modified accrual basis of accounting, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position of the Arizona State Retirement System (ASRS) and the Arizona Public Safety Personnel Retirement System (PSPRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. 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.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

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 committed. The council has authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Revenues and expenditures/expenses

Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Maricopa County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date.

The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

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. For governmental funds, amounts of vested or accumulated paid time off leave that is not expected to be liquidated with expendable available financial resources is reported as a liability in the government-wide statement of net position and as an expense in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated paid time off leave in the proprietary fund is recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

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 water fund, wastewater fund, refuse fund, and internal service funds are charges to customers for sales and services. The water and wastewater funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax abatements

The City has not entered into any tax abatement agreements and the City is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the City's tax revenues.

Use of estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 23.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 25.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

Budgets and budgetary accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 3. Stewardship, Compliance, and Accountability, Continued

4. State law requires that, prior to April 1, the Economic Estimates Commission provide the City with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Capital Projects, Debt Service, and Enterprise funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted expenses. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were made during the year ended June 30, 2020.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is employed by the City

Expenditures over appropriations

Arizona state law stipulates that no expenditures may be made for a purpose not authorized in the annual budget. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2020, if any.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 4. Deposits and Investments

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the City’s deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. At year end, the carrying amount of the City’s deposits was \$7,652,502 and the bank balance was \$7,953,855. The bank balance was fully covered by FDIC coverage or collateral held by the pledging financial institution in the City’s name.

Investments

The Arizona State Treasurer’s Office operates the Local Government Investment Pool (LGIP) with no regulatory oversight. The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. The State Board of Investments provides oversight for the State Treasurer’s investment pools. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated “P1” by Moody’s investors or “A1” by Standard and Poor’s rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2020, the carrying amount of the City’s deposits and investments are as follows:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Cash on deposit	\$ 7,652,502	N/A	N/A
Cash on hand	3,950	N/A	N/A
Local Governments Investment Pool 5	58,559,235	AAAF/S1+	0.13 years
Local Governments Investment Pool 700	683,926	AAA	1.21 years
	<u>\$ 66,899,613</u>		

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
(2) Interest Rate Risk is estimated using the weighted average years to maturity.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 4. Deposits and Investments, Continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

Fair value measurements

As noted above, the City holds investments that are measured at fair value on a recurring basis. 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 fair value of each participant's position in the State Treasurer's 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.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 5. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

Governmental Activities:	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Capital assets, not being depreciated:				
Land	\$ 9,701,487	\$ -	\$ -	\$ 9,701,487
Construction in progress	363,507	2,353,516	(1,874,958)	842,065
Total capital assets, not being depreciated	<u>10,064,994</u>	<u>2,353,516</u>	<u>(1,874,958)</u>	<u>10,543,552</u>
Capital assets, being depreciated:				
Buildings and improvements	25,607,799	238,930	-	25,846,729
Equipment and vehicles	8,439,105	579,657	(198,501)	8,820,261
Land improvements	1,894,493	256,112	-	2,150,605
Infrastructure	58,854,344	800,259	-	59,654,603
Total capital assets, being depreciated	<u>94,795,741</u>	<u>1,874,958</u>	<u>(198,501)</u>	<u>96,472,198</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,069,465)	(526,565)	-	(3,596,030)
Equipment and vehicles	(4,990,015)	(661,254)	159,077	(5,492,192)
Land improvements	(817,579)	(105,711)	-	(923,290)
Infrastructure	(16,009,889)	(2,288,020)	-	(18,297,909)
Total accumulated depreciation	<u>(24,886,948)</u>	<u>(3,581,550)</u>	<u>159,077</u>	<u>(28,309,421)</u>
Total capital assets, being depreciated, net	<u>69,908,793</u>	<u>(1,706,592)</u>	<u>(39,424)</u>	<u>68,162,777</u>
Governmental activities capital assets, net	<u>\$ 79,973,787</u>	<u>\$ 646,924</u>	<u>\$ (1,914,382)</u>	<u>\$ 78,706,329</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 311,234
Public safety	713,534
Public works/streets	1,729,908
Culture & recreation	443,614
Health & welfare	383,260
Total depreciation expense - governmental activities	<u>\$ 3,581,550</u>

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 5. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year:

Business-Type Activities:	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Capital assets not being depreciated:				
Land	\$ 921,620	\$ -	\$ -	\$ 921,620
Construction in progress	1,020,719	2,282,957	(2,788,057)	515,619
Total capital assets, not being depreciated	<u>1,942,339</u>	<u>2,282,957</u>	<u>(2,788,057)</u>	<u>1,437,239</u>
Capital assets being depreciated:				
Sewer Plant	20,455,101	-	-	20,455,101
Water mains and lines	34,850,791	1,858,813	-	36,709,604
Sewer collection system	9,319,883	147,957	-	9,467,840
Land improvements	5,554,327	-	-	5,554,327
Buildings and improvements	1,663,572	29,685	-	1,693,257
Equipment and vehicles	3,945,048	751,605	(16,399)	4,680,254
Total capital assets, being depreciated	<u>75,788,722</u>	<u>2,788,060</u>	<u>(16,399)</u>	<u>78,560,383</u>
Less accumulated depreciation for:				
Sewer Plant	(6,973,883)	(465,302)	-	(7,439,185)
Water mains and lines	(17,906,612)	(1,230,342)	-	(19,136,954)
Sewer collection system	(6,551,389)	(360,833)	-	(6,912,222)
Land improvements	(4,368,771)	(94,974)	-	(4,463,745)
Buildings and improvements	(499,122)	(104,070)	-	(603,192)
Equipment and vehicles	(2,117,357)	(301,194)	16,399	(2,402,152)
Total accumulated depreciation	<u>(38,417,134)</u>	<u>(2,556,715)</u>	<u>16,399</u>	<u>(40,957,450)</u>
Total capital assets, being depreciated, net	<u>37,371,588</u>	<u>231,345</u>	<u>-</u>	<u>37,602,933</u>
Business-type activities capital assets, net	<u>\$ 39,313,927</u>	<u>\$ 2,514,302</u>	<u>\$ (2,788,057)</u>	<u>\$ 39,040,172</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Water	\$ 1,465,203
Sewer	1,091,512
Total depreciation expense - business-type activities	<u>\$ 2,556,715</u>

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the current fiscal year:

	<u>Balance 06/30/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/20</u>	<u>Current Portion</u>
Governmental activities					
Bonds payable	\$ 31,675,000	\$ -	\$ (10,425,000)	\$ 21,250,000	\$ 1,230,000
Bond premium	2,171,634	-	(945,723)	1,225,911	-
Net bonds payable	<u>33,846,634</u>	<u>-</u>	<u>(11,370,723)</u>	<u>22,475,911</u>	<u>1,230,000</u>
Net pension/OPEB liabilities	16,321,884	685,719	-	17,007,603	-
Accrued compensated absences	725,081	727,598	(446,027)	1,006,652	249,771
Total governmental activities	<u>\$ 50,893,599</u>	<u>\$ 1,413,317</u>	<u>\$ (11,816,750)</u>	<u>\$ 40,490,166</u>	<u>\$ 1,479,771</u>
Business-Type activities					
Accrued compensated absences	\$ 64,190	\$ 107,362	\$ (46,200)	\$ 125,352	\$ 31,102
Loans payable from direct borrowings	9,821,366	965,809	(1,121,965)	9,665,210	1,154,169
Net pension/OPEB liabilities	<u>2,301,783</u>	<u>21,083</u>	<u>-</u>	<u>2,322,866</u>	<u>-</u>
Total business-type activities	<u>\$ 12,187,339</u>	<u>\$ 1,094,254</u>	<u>\$ (1,168,165)</u>	<u>\$ 12,113,428</u>	<u>\$ 1,185,271</u>
Total long-term liabilities	<u>\$ 63,080,938</u>	<u>\$ 2,507,571</u>	<u>\$ (12,984,915)</u>	<u>\$ 52,603,594</u>	<u>\$ 2,665,042</u>

Generally, resources from the General fund are used to liquidate net pension liabilities, OPEB liabilities, and compensated absences for governmental activities.

The City's outstanding notes from direct borrowings related to business-type activities of \$9,665,210 are secured with pledged system revenues from future water and sewer operations. The agreement contains a provision that the future net revenues will exceed 1.2 times the annual debt service. In 2005 the voters authorized the City to enter into agreements for water and sewer debt up to \$32,000,000. To date the City has issued \$25,850,720 leaving a balance of \$6,149,280 that may be issued.

In an event of default, the lender shall have the right to take action permitted in the agreement and by law to collect the amounts then due and thereafter to become due on their scheduled payment dates as well as other actions including without limitation appointment of a receiver of the System.

Nothing in this Note is intended to provide legal advice related to City issued debt. For further guidance on debt instruments and guarantees consult with a professional or review the loan documents.

Prior year defeasance of debt

In a prior year the City issued G.O. Refunding Bonds, Series 2017 for an advanced refunding of the GADA Bond, Series 2015 of \$2,000,000. The proceeds were deposited into an irrevocable trust to provide resources for all future debt service payment on the refunded bonds. The refunded debt is considered defeased and related liabilities are not included in the City's financial statements. The principal amount of defeased debt outstanding at June 30, 2020 is \$2,000,000 for the GADA Bond, Series 2015.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities, Continued

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 of \$2,171,634.

Governmental activities	Original amount issued	Interest rate	Remaining maturities	Outstanding principal June 30, 2020
G.O. Bonds 2012A	\$ 14,900,000	3.00-5.00%	7/1/19-42	\$ 12,355,000
Refunding Bonds 2012B	3,305,000	2.125-4.00%	7/1/19-24	1,330,000
G.O. Refunding Bonds, Series 2017	8,385,000	2.00-4.00%	7/1/19-29	7,565,000
Total				<u>\$ 21,250,000</u>

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

Years ending June 30:	Governmental Activities	
	Principal	Interest
2021	\$ 1,230,000	\$ 868,913
2022	1,285,000	819,713
2023	1,330,000	775,363
2024	1,365,000	741,413
2025	1,420,000	698,575
2026-2030	6,550,000	2,942,663
2031-2035	2,820,000	1,520,800
2036-2040	3,560,000	842,750
2041-2042	1,690,000	85,500
	<u>\$ 21,250,000</u>	<u>\$ 9,295,690</u>

The City has no outstanding direct borrowings related to governmental-type activities currently.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities, Continued

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.

Business-type activities	Original amount issued	Interest rate	Remaining maturities	Outstanding principal June 30, 2020
WIFA loan, DE 050-2005	\$ 16,550,000	2.93%	7/1/19-25	\$ 4,485,168
WIFA loan, DW 2008	4,040,000	2.75%	7/1/19-27	2,040,198
WIFA loan, 920227-13	4,550,000	2.80%	7/1/19-26	2,771,528
WIFA loan, 910145-13	500,000	2.80%	7/1/19-32	368,316
Total				<u>\$ 9,665,210</u>

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

Business-Type Activities Direct Borrowings		
Years ending June 30:	Principal	Interest
2021	\$ 1,154,169	\$ 231,854
2022	1,187,300	198,248
2023	1,221,380	163,677
2024	1,256,442	128,113
2025	1,292,510	91,528
2026-2030	2,804,542	111,046
2031-2033	855,850	4,128
Amount not drawn down	(106,983)	-
	<u>\$ 9,665,210</u>	<u>\$ 928,594</u>

Pledged revenues – business-type activities. The City has pledged future water and sewer revenues to repay the outstanding WIFA loans of \$9.8 million as of year-end. The agreement contains a provision that the future net revenues will exceed 1.2 times the annual debt service. In 2005 the voters authorized the City to enter into agreements for water and sewer debt up to \$32,000,000. To date the City has issued \$25,850,720 leaving a balance of \$6,149,280 that may be issued. Proceeds from the original loan issuance 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.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 6. Long-Term Liabilities, Continued

In an event of default, the lender shall have the right to take action permitted in the agreement and by law to collect the amounts then due and thereafter to become due on their scheduled payment dates as well as other actions including without limitation appointment of a receiver of the System.

Nothing in this Note is intended to provide legal advice related to City issued debt. For further guidance on debt instruments and guarantees consult with a professional or review the loan documents.

Due to reporting requirements and the timing of the July 1st WIFA payments, other City bonded indebtedness reports may not equal the amounts reported in these financial statements.

Note 7. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables for the fiscal year ended June 30, 2020 are as follows:

Due From	Due To		Total
	General	Non-major	
General	\$ -	\$ 5,930	\$ 5,930
Special Projects	2,432,938	-	2,432,938
Non-major	5,794	-	5,794
Total	\$ 2,438,732	\$ 5,930	\$ 2,444,662

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the fiscal year ended June 30, 2020 are as follows:

Transfers Out	Transfers In						Total
	General	Special Projects	Capital Street	Non-major	Water	Sewer	
General Fund	\$ -	\$ 100,000	\$ 10,039,000	\$ 956,500	\$ -	\$ -	\$ 11,095,500
Sewer	1,422,000	-	-	-	160,000	-	1,582,000
Water	1,426,000	-	-	-	-	1,394,000	2,820,000
Sanitation	357,000	-	-	-	-	-	357,000
Non-major	563,642	-	75,000	-	-	-	638,642
Total	\$ 3,768,642	\$ 100,000	\$ 10,114,000	\$ 956,500	\$ 160,000	\$ 1,394,000	\$ 16,493,142

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits

The City contributes to the Arizona State Retirements System and Public Safety Personnel Retirement System plans described below. The plans are component units of the State of Arizona. At June 30, 2020, the City reported the following aggregate amounts related to pensions and other post employment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	ASRS	PSPRS	Combined Total	Governmental Activities	Business-Type Activities
Net pension/OPEB asset	\$ 16,145	\$ 135,036	\$ 151,181	\$ 146,780	\$ 4,401
Net pension/OPEB liabilities	8,521,320	10,809,149	19,330,469	17,007,603	2,322,866
Deferred outflows of resources	1,024,754	5,578,407	6,603,161	6,323,819	279,342
Deferred inflows of resources	692,311	1,764,199	2,456,510	2,267,789	188,721
Pension/OPEB expense	730,037	2,266,363	2,996,400	2,797,396	199,004

The City reported \$2,487,224 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System (ASRS)

Plan description – City employees not covered by the other pension plans described below 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 its website at www.azasrs.gov.

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:

	Initial Membership Date Before July 1, 2011	Initial Membership Date 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 consecutive months of last 120 months	Highest 60 consecutive 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.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

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 earning. 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 member's 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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 year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill.

The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were \$750,450, \$32,115, and \$11,142, respectively.

Liability – At June 30, 2020, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB liability.

	Net pension/OPEB (asset) liability
Pension	\$ 8,483,328
Health insurance premium benefit	(16,145)
Long-term disability	37,992

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

The net asset and net liabilities were measured as of June 30, 2019. The total liability used to calculate the net asset and net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The City's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

	Proportion June 30, 2018	Proportion June 30, 2019	Increase (decrease) from June 30, 2018
Pension	0.059200%	0.058300%	-0.000900%
Health insurance premium benefit	0.059360%	0.058420%	-0.000940%
Long-term disability	0.059270%	0.058320%	-0.000950%

Expense – For the year ended June 30, 2020, the City recognized pension and OPEB expense:

	<u>Pension/OPEB Expense</u>
Pension	\$ 697,575
Health insurance premium benefit	20,229
Long-term disability	12,233

Deferred outflows/inflows of resources – At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

	Pension		Health Insurance Premium Benefit		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 153,254	\$ 1,595	\$ -	\$ 19,299	\$ 4,489	\$ -
Changes of assumptions or other inputs	35,859	337,823	31,750	-	5,684	-
Net difference between projected and actual earnings on pension plan investments	-	190,676	-	20,995	-	810
Changes in proportion and differences between contributions and proportionate share of contributions	-	120,669	-	62	10	382
Contributions subsequent to the measurement date	750,450	-	32,115	-	11,142	-
Total	<u>\$ 939,563</u>	<u>\$ 650,763</u>	<u>\$ 63,865</u>	<u>\$ 40,356</u>	<u>\$ 21,325</u>	<u>\$ 1,192</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30,	Pension	Health Insurance Premium Benefit	Long-term disability
2021	\$ (208,307)	\$ (7,006)	\$ 869
2022	(267,793)	(7,006)	869
2023	(36,618)	1,948	1,660
2024	51,068	3,914	1,805
2025	-	(456)	1,503
Thereafter	-	-	2,285

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Totals	<u>100%</u>	

Discount rate – The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

Sensitivity of the proportionate share of the net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension liability	\$ 12,073,741	\$ 8,483,328	\$ 5,482,667
Net insurance premium benefit liability (asset)	81,780	(16,145)	(99,581)
Net long-term disability liability	42,047	37,992	34,060

Plan fiduciary net position – Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System (PSPRS)

Plan description – City police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool), which are not further disclosed because of their relative insignificance to the City's financial statements.

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

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

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

	Initial Membership Date:		
	Before January 1, 2012	On or After January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Retirement and Disability			
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited of service, age 52.5	15 years of credited service, age 52.5* 15 years or more of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent			
Normal Retirement	50% less 4.0% 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%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement		50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefit			
Retired Members		80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

* With actuarially reduced benefits

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

Employees covered by benefit terms – At June 30, 2020, the following employees were covered by the agent plans’ benefit terms:

PSPRS - Police	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	14	14
Inactive employees entitled to but not yet receiving benefits	11	4
Active employees	36	36
Total	61	54

PSPRS - Fire	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	3	3
Inactive employees entitled to but not yet receiving benefits	4	0
Active employees	22	22
Total	29	25

Contributions – State Statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for 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. Contribution rates for the year ended June 30, 2020, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active member - Pension	City - Pension	City-Health insurance premium
PSPRS Police	7.65-11.65%	37.13%	0.41%
PSPRS Tier 3 risk pool	9.94%	9.68%	0.26%
PSPRS Fire	7.65-11.65%	18.88%	0.15%

In addition, statute required the City to contribute at the actuarially determined rate of 22.21% for police and 3.67% for fire of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill and employees participating in the PSPRS Tier 3 Risk Pool.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

The City's contributions to the plans for the year ended June 30, 2020, were:

PSPRS - Police	Pension	Health insurance premium benefit
PSPRS	\$ 1,331,592	\$ 14,704
PSPRS Tier 3 risk pool	56,059	1,506
PSPRS - Fire		
	Pension	Health insurance premium benefit
PSPRS	\$ 420,478	\$ 3,341
PSPRS Tier 3 risk pool	38,279	1,028

During fiscal year 2020, the City paid for PSPRS pension and OPEB contributions 100% from the general fund.

Liability – At June 30, 2020, the City reported the following assets and liabilities.

	Net pension (asset) liability	Net OPEB (asset) liability
PSPRS Police	\$ 9,734,306	\$ (64,465)
PSPRS Fire	\$ 1,074,844	\$ (70,571)

The net assets and net liabilities were measured as of June 30, 2019, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

Actuarial assumptions – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment benefit increase	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.3 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Short term investments	2.00%	0.25%
Risk parity	4.00%	4.01%
Fixed income	5.00%	3.00%
Real assets	9.00%	6.75%
GTS	12.00%	4.01%
Private credit	16.00%	5.36%
Real estate	10.00%	4.50%
Private equity	12.00%	8.40%
Non-U.S. equity	14.00%	5.00%
U.S. equity	16.00%	4.75%
Total	100.00%	

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

Discount Rate –At June 30, 2019, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.30 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate 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 actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the net pension/OPEB liability

	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
PSPRS-Police						
Balances at June 30, 2019	\$ 20,908,395	\$ 11,625,612	\$ 9,282,783	\$ 369,585	\$ 345,301	\$ 24,284
Changes for the year:						
Service cost	736,361	-	736,361	10,113	-	10,113
Interest on total pension/OPEB liability	1,577,961	-	1,577,961	27,919	-	27,919
Difference between expected and actual experience in the measurement of the pension/OPEB liability	(51,194)	-	(51,194)	(92,103)	-	(92,103)
Changes of assumptions	728,190	-	728,190	3,972	-	3,972
Contributions - employer	-	1,583,042	(1,583,042)	-	12,412	(12,412)
Contributions - employee	-	327,451	(327,451)	-	-	-
Net investment income	-	649,317	(649,317)	-	18,821	(18,821)
Benefit payments, including refunds of employee contributions	(641,925)	(641,925)	-	(4,828)	(4,828)	-
Plan administrative expenses	-	(12,273)	12,273	-	(325)	325
Net changes	2,349,393	1,905,612	443,781	(54,927)	26,080	(81,007)
Adjustment to beginning of year	-	(7,742)	7,742	-	7,742	(7,742)
Balances at June 30, 2020	<u>\$ 23,257,788</u>	<u>\$ 13,523,482</u>	<u>\$ 9,734,306</u>	<u>\$ 314,658</u>	<u>\$ 379,123</u>	<u>\$ (64,465)</u>

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

	Pension			Health insurance premium benefit		
	Increase (decrease)			Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 7,345,025	\$ 6,315,711	\$ 1,029,314	\$ 111,453	\$ 155,922	\$ (44,469)
Changes for the year:						
Service cost	443,749	-	443,749	5,801	-	5,801
Interest on total pension/OPEB liability	570,104	-	570,104	8,677	-	8,677
Difference between expected and actual experience in the measurement of the pension/OPEB liability	147,078	-	147,078	(28,153)	-	(28,153)
Changes of assumptions	194,141	-	194,141	1,352	-	1,352
Contributions - employer	-	800,812	(800,812)	-	3,492	(3,492)
Contributions - employee	-	168,004	(168,004)	-	-	-
Net investment income	-	349,715	(349,715)	-	8,519	(8,519)
Benefit payments, including refunds of employee contributions	(169,342)	(169,342)	-	-	-	-
Plan administrative expenses	-	(7,073)	7,073	-	(147)	147
Net changes	1,185,730	1,142,116	43,614	(12,323)	11,864	(24,187)
Adjustment to beginning of year	-	(1,916)	1,916	-	1,915	(1,915)
Balances at June 30, 2020	<u>\$ 8,530,755</u>	<u>\$ 7,455,911</u>	<u>\$ 1,074,844</u>	<u>\$ 99,130</u>	<u>\$ 169,701</u>	<u>\$ (70,571)</u>

Sensitivity of the City's net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the City's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.3%, as well as what the City's net pension/OPEB (assets) 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% Decrease (6.30%)	Discount Rate (7.30%)	1% Increase (8.30%)
PSPRS-Police			
Net pension (asset) / liability	\$ 13,287,040	\$ 9,734,306	\$ 6,870,867
Net OPEB (asset)/ liability	(22,991)	(64,465)	(99,102)
PSPRS-Fire			
Net pension (asset) / liability	\$ 2,565,341	\$ 1,074,844	\$ (114,834)
Net OPEB (asset)/ liability	(56,069)	(70,571)	(82,655)

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

Plan fiduciary net position – Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS financial report.

Expense – For the year ended June 30, 2020, the City recognized the following pension and OPEB expense:

	<u>Pension expense</u>	<u>OPEB expense</u>
PSPRS Police	\$ 1,846,994	\$ (15,210)
PSPRS Fire	\$ 439,752	\$ (5,173)

Deferred outflows/inflows of resources – At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Police	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,581,098	\$ 510,269	\$ -	\$ 93,148
Changes in assumptions	945,552	-	3,479	21,885
Net difference between projected and actual earnings on pension/OPEB plan investments	192,892	-	1,481	-
Contributions subsequent to the measurement date	1,331,592	-	14,704	-
Total	\$ 4,051,134	\$ 510,269	\$ 19,664	\$ 115,033

PSPRS - Fire	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 452,089	\$ 1,077,325	\$ -	\$ 49,823
Changes in assumptions	469,801	-	1,248	11,749
Net difference between projected and actual earnings on pension/OPEB plan investments	120,549	-	797	-
Contributions subsequent to the measurement date	458,757	-	4,369	-
Total	\$ 1,501,196	\$ 1,077,325	\$ 6,414	\$ 61,572

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 8. Pensions and Other Postemployment Benefits, Continued

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year Ended June 30	PSPRS - Police		PSPRS - Fire	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
2021	\$ 569,137	\$ (20,001)	\$ 46,681	\$ (6,224)
2022	357,534	(20,000)	(21,633)	(6,225)
2023	375,213	(17,536)	19,464	(5,176)
2024	469,726	(17,562)	13,845	(5,302)
2025	340,949	(12,076)	(15,548)	(5,931)
Thereafter	96,714	(22,898)	(77,695)	(30,669)

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 9. 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; and natural disasters.

The City's insurance protection is provided by the Arizona Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. The aggregate limit is also \$2,000,000. The Arizona 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 employee's 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 10. Contingent Liabilities and Significant Commitments

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of City management, such matters will not have a material adverse effect on the City's financial position at June 30, 2020.

As of June 30, 2020 the City had the following amounts encumbered for unperformed contracts to be completed after June 30, 2020: General Fund \$155,798, Streets (HURF) \$10,224, Streets (Capital Projects) \$211,601, Special Projects \$95,883, Court Enhancement \$6,530, Water \$343,032, and Sewer \$3,175.

At year end, the City had the following major construction projects/commitments open:

Project	Estimated Cost	Construction in Progress
Dysart Road Improvements	\$ 13,844,000	\$ 801,029
121st Ave. and Cheryl Dr. Improvements	230,000	3,850

The COVID-19 outbreak has caused business disruptions and has had an economic impact on most of the United States. The City may be impacted in some manner but the extent is uncertain and cannot be estimated at this time.

CITY OF EL MIRAGE, ARIZONA
Notes to the Financial Statements
June 30, 2020

Note 11. Prior Period Adjustment

The City previously recorded the value of earned and purchased water credits but did not record a value for used water credits. Beginning with this fiscal year the City is recording earned, purchased, and used water credits as changes to inventory. As a result the City is recording a prior period adjustment of \$681,674 to reduce inventory for previously used water credits.

Note 12. Subsequent Events

In December 2019 the Council authorized the purchase of water credits totaling \$8,687,500. The Council also authorized a reimbursement resolution from the Water Finance Authority of Arizona (WIFA). The City formally entered into a loan agreement with WIFA on August 5, 2020; borrowing \$8,687,500 at a weighted maturity of 13.8674 years, with a yield rate of 1.874%, and a final maturity of July 1, 2045. This loan will be repaid from water customer rates and charges.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2020

ASRS - Pension	Reporting Fiscal Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.058300%	0.059200%	0.059400%	0.061520%	0.061230%	0.0633100%
Proportionate share of the net pension liability (asset)	\$ 8,483,328	\$ 8,256,317	\$ 9,253,362	\$ 9,929,946	\$ 9,537,628	\$ 9,163,794
Covered payroll	\$ 5,982,621	\$ 5,832,827	\$ 5,699,811	\$ 5,570,055	\$ 5,677,172	\$ 5,598,748
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.80%	141.55%	162.35%	178.27%	168.00%	163.68%
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2020

ASRS - Health insurance premium benefit	Reporting Fiscal Year (Measurement Date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.058420%	0.059360%	0.059340%	0.059337%
Proportionate share of the net OPEB (asset)	\$ (16,145)	\$ (21,375)	\$ (32,305)	\$ 17,158
Covered payroll	\$ 5,982,621	\$ 5,832,827	\$ 5,699,811	\$ 5,570,055
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-0.27%	-0.37%	-0.57%	0.31%
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	102.20%	103.57%	98.02%
ASRS - Long-term disability	Reporting Fiscal Year (Measurement Date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB (asset)	0.058320%	0.059270%	0.059190%	0.059191%
Proportionate share of the net OPEB (asset)	\$ 37,992	\$ 30,969	\$ 21,455	\$ 21,271
Covered payroll	\$ 5,982,621	\$ 5,832,827	\$ 5,699,811	\$ 5,570,055
Proportionate share of the net OPEB (asset) as a percentage of its covered payroll	0.64%	0.53%	0.38%	0.38%
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%	85.17%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2020

PSPRS Police - Pension	Reporting Fiscal Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability						
Service cost	\$ 736,361	\$ 611,179	\$ 641,361	\$ 579,406	\$ 530,107	\$ 522,850
Interest on total pension liability	1,577,961	1,289,327	1,245,009	1,108,770	1,006,969	849,641
Changes of benefit terms	-	-	127,782	894,728	-	190,732
Difference between expected and actual experience of the total net pension liability	(51,194)	2,176,715	(760,486)	(247,754)	292,348	(284,861)
Changes of assumptions	728,190	-	143,402	683,819	-	1,185,003
Benefit payments, including refunds of employee contributions	(641,925)	(573,147)	(544,380)	(604,179)	(510,323)	(415,304)
Net change in total pension liability	2,349,393	3,504,074	852,688	2,414,790	1,319,101	2,048,061
Total pension liability - beginning	20,908,395	17,404,321	16,551,633	14,136,843	12,817,742	10,769,681
Total pension liability - ending (a)	\$ 23,257,788	\$ 20,908,395	\$ 17,404,321	\$ 16,551,633	\$ 14,136,843	\$ 12,817,742
Plan fiduciary net position						
Contributions - employer	\$ 1,583,042	\$ 1,365,177	\$ 798,249	\$ 809,325	\$ 593,877	\$ 531,345
Contributions - employee	327,451	364,283	454,373	346,149	321,510	326,197
Net investment income	649,317	739,044	1,044,757	47,376	273,401	839,169
Benefit payments, including refunds of employee contributions	(641,925)	(573,147)	(544,380)	(604,179)	(510,323)	(415,304)
Hall/Parker Settlement	-	(417,731)				
Administrative Expense	(12,273)	(11,948)	(9,644)	(7,217)	(7,057)	
Other (net transfer)	-	34,476	(92,977)	15,359	23,149	(340,763)
Net change in plan fiduciary net position	1,905,612	1,500,154	1,650,378	606,813	694,557	940,644
Plan fiduciary net position - beginning	11,625,612	10,125,458	8,475,080	7,868,267	7,173,710	6,233,066
Adjustment to beginning of year	(7,742)	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 13,523,482	\$ 11,625,612	\$ 10,125,458	\$ 8,475,080	\$ 7,868,267	\$ 7,173,710
Net pension liability - ending (a) - (b)	\$ 9,734,306	\$ 9,282,783	\$ 7,278,863	\$ 8,076,553	\$ 6,268,576	\$ 5,644,032
Plan fiduciary net position as a percentage of the total pension liability	58.15%	55.60%	58.18%	51.20%	55.66%	55.97%
Covered payroll	\$ 3,162,313	\$ 2,733,357	\$ 2,824,133	\$ 2,968,270	\$ 2,769,201	\$ 2,738,836
Net pension liability as a percentage of covered payroll	307.82%	339.61%	257.74%	272.10%	226.37%	206.07%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2020

PSPRS Fire - Pension	Reporting Fiscal Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Total pension liability						
Service cost	\$ 443,749	\$ 414,433	\$ 386,340	\$ 317,068	\$ 336,932	\$ 318,083
Interest on total pension liability	570,104	529,468	505,857	465,137	400,223	317,292
Changes of benefit terms	-	-	67,195	625,097	-	16,409
Difference between expected and actual experience of the total net pension liability	147,078	(423,180)	(386,730)	(757,647)	270,625	361,588
Changes of assumptions	194,141	-	20,032	278,976	-	228,856
Benefit payments, including refunds of employee contributions	(169,342)	(246,904)	(146,164)	(141,470)	(200,362)	(190,050)
Net change in total pension liability	<u>1,185,730</u>	<u>273,817</u>	<u>446,530</u>	<u>787,161</u>	<u>807,418</u>	<u>1,052,178</u>
Total pension liability - beginning	<u>7,345,025</u>	<u>7,071,208</u>	<u>6,624,678</u>	<u>5,837,517</u>	<u>5,030,099</u>	<u>3,977,921</u>
Total pension liability - ending (a)	<u><u>\$ 8,530,755</u></u>	<u><u>\$ 7,345,025</u></u>	<u><u>\$ 7,071,208</u></u>	<u><u>\$ 6,624,678</u></u>	<u><u>\$ 5,837,517</u></u>	<u><u>\$ 5,030,099</u></u>
Plan fiduciary net position						
Contributions - employer	\$ 800,812	\$ 668,971	\$ 330,799	\$ 281,360	\$ 225,909	\$ 258,272
Contributions - employee	168,004	167,731	187,125	202,337	199,018	182,336
Net investment income	349,715	397,321	572,712	27,547	159,295	464,743
Benefit payments, including refunds of employee contributions	(169,342)	(246,904)	(146,164)	(141,470)	(200,362)	(190,050)
Hall/Parker Settlement	-	(232,700)	-	-	-	-
Pension Plan Administrative Expense	(7,073)	(6,747)	(5,468)	(4,363)	(4,277)	-
Other (net transfer)	-	(11,097)	(146,642)	(223,413)	244,344	(98,445)
Net change in plan fiduciary net position	<u>1,142,116</u>	<u>736,575</u>	<u>792,362</u>	<u>141,998</u>	<u>623,927</u>	<u>616,856</u>
Plan fiduciary net position - beginning	<u>6,315,711</u>	<u>5,579,136</u>	<u>4,786,774</u>	<u>4,644,776</u>	<u>4,020,849</u>	<u>3,403,993</u>
Adjustment to beginning of year	<u>(1,916)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 7,455,911</u></u>	<u><u>\$ 6,315,711</u></u>	<u><u>\$ 5,579,136</u></u>	<u><u>\$ 4,786,774</u></u>	<u><u>\$ 4,644,776</u></u>	<u><u>\$ 4,020,849</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 1,074,844</u></u>	<u><u>\$ 1,029,314</u></u>	<u><u>\$ 1,492,072</u></u>	<u><u>\$ 1,837,904</u></u>	<u><u>\$ 1,192,741</u></u>	<u><u>\$ 1,009,250</u></u>
Plan fiduciary net position as a percentage of the total pension liability	87.40%	85.99%	78.90%	72.26%	79.57%	79.94%
Covered payroll	\$ 1,773,739	\$ 1,812,916	\$ 1,725,504	\$ 1,687,430	\$ 1,765,349	\$ 1,735,840
Net pension liability as a percentage of covered payroll	60.60%	56.78%	86.47%	108.92%	67.56%	58.14%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2020

PSPRS Police Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)		
	2020	2019	2018
	(2019)	(2018)	(2017)
Total OPEB liability			
Service cost	\$ 10,113	\$ 10,387	\$ 10,167
Interest on total OPEB liability	27,919	25,869	27,320
Changes of benefit terms	-	-	3,290
Difference between expected and actual experience of the total net OPEB liability	(92,103)	(8,286)	(11,227)
Changes of assumptions or other inputs	3,972	-	(38,439)
Benefit payments	(4,828)	(5,543)	(6,280)
Net change in total OPEB liability	(54,927)	22,427	(15,169)
Total OPEB liability - beginning	369,585	347,158	362,327
Total OPEB liability - ending (a)	\$ 314,658	\$ 369,585	\$ 347,158
 Plan fiduciary net position			
Contributions - employer	\$ 12,412	\$ 6,289	\$ 11,219
Net investment income	18,821	22,528	33,784
Benefit payments	(4,828)	(5,543)	(6,280)
Administrative expense	(325)	(343)	(298)
Net change in plan fiduciary net position	26,080	22,931	38,425
Plan fiduciary net position - beginning	345,301	322,370	283,945
Adjustment to beginning of year	7,742	-	-
Plan fiduciary net position - ending (b)	\$ 379,123	\$ 345,301	\$ 322,370
 Net OPEB liability - ending (a) - (b)	\$ (64,465)	\$ 24,284	\$ 24,788
 Plan fiduciary net position as a percentage of the total OPEB liability	120.49%	93.43%	92.86%
 Covered payroll	\$ 3,162,313	\$ 2,733,357	\$ 2,824,133
 Net OPEB (asset) liability as a percentage of covered payroll	-2.04%	0.89%	0.88%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2020

PSPRS Fire Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)		
	2020	2019	2018
	(2019)	(2018)	(2017)
Total OPEB liability			
Service cost	\$ 5,801	\$ 6,164	\$ 5,694
Interest on total OPEB liability	8,677	8,463	9,656
Changes of benefit terms	-	-	1,628
Difference between expected and actual experience of the total net OPEB liability	(28,153)	(14,462)	(15,726)
Changes of assumptions or other inputs	1,352	-	(15,859)
Benefit payments	-	-	-
Net change in total OPEB liability	(12,323)	165	(14,607)
Total OPEB liability - beginning	111,453	111,288	125,895
Total OPEB liability - ending (a)	\$ 99,130	\$ 111,453	\$ 111,288
Plan fiduciary net position			
Contributions - employer	\$ 3,492	\$ 4,208	\$ 5,693
Net investment income	8,519	10,009	14,588
Benefit payments	-	-	-
Administrative expense	(147)	(152)	(130)
Net change in plan fiduciary net position	11,864	14,065	20,151
Plan fiduciary net position - beginning	155,922	141,857	121,706
Adjustment to beginning of year	1,915	-	-
Plan fiduciary net position - ending (b)	\$ 169,701	\$ 155,922	\$ 141,857
Net OPEB (asset) liability - ending (a) - (b)	\$ (70,571)	\$ (44,469)	\$ (30,569)
Plan fiduciary net position as a percentage of the total OPEB liability	171.19%	139.90%	127.47%
Covered payroll	\$ 1,773,739	\$ 1,812,916	\$ 1,725,504
Net OPEB liability as a percentage of covered payroll	-3.98%	-2.45%	-1.77%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2020

ASRS - Pension	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 750,450	\$ 687,381	\$ 641,354	\$ 624,521	\$ 604,351	\$ 618,244
Contributions in relation to the contractually required contribution	(750,450)	(687,381)	(641,354)	(624,521)	(604,351)	(618,244)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,381,844	\$ 5,982,621	\$ 5,832,827	\$ 5,699,811	\$ 5,570,055	\$ 5,677,172
Contributions as a percentage of covered payroll	11.76%	11.49%	11.00%	10.96%	10.85%	10.89%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2020

ASRS - Health insurance premium benefit	Reporting Fiscal Year			
	2020	2019	2018	2017
Contractually required contribution	\$ 32,115	\$ 27,657	\$ 25,476	\$ 31,945
Contributions in relation to the contractually required contribution	(32,115)	(27,657)	(25,476)	(31,945)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,381,844	\$ 5,982,621	\$ 5,832,827	\$ 5,699,811
Contributions as a percentage of covered payroll	0.50%	0.46%	0.44%	0.56%

ASRS - Long-term disability	Reporting Fiscal Year			
	2020	2019	2018	2017
Contractually required contribution	\$ 11,142	\$ 9,691	\$ 9,405	\$ 8,050
Contributions in relation to the contractually required contribution	(11,142)	(9,691)	(9,405)	(8,050)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,381,844	\$ 5,982,621	\$ 5,699,811	\$ 5,570,055
Contributions as a percentage of covered payroll	0.17%	0.16%	0.17%	0.14%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedules above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2020

PSPRS Police-Pensions	Reporting Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,331,592	\$ 1,183,042	\$ 1,365,177	\$ 798,249	\$ 809,325	\$ 593,877	\$ 531,345
Contributions in relation to the actuarially determined contribution	(1,331,592)	(1,583,042)	(1,365,177)	(798,249)	(809,325)	(593,877)	(531,345)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,188,140	\$ 3,162,313	\$ 2,733,357	\$ 2,824,133	\$ 2,968,270	\$ 2,769,201	\$ 2,738,836
Contributions as a percentage of covered payroll	41.77%	50.06%	49.95%	28.27%	27.27%	21.45%	19.40%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

PSPRS Police Health Insurance Premium Benefit	Reporting Fiscal Year			
	2020	2019	2018	2017
Actuarially determined contribution	\$ 14,704	\$ 12,412	\$ 6,289	\$ 11,219
Contributions in relation to the actuarially determined contribution	(14,704)	(12,412)	(6,289)	(11,219)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,188,140	\$ 3,162,313	\$ 2,733,357	\$ 2,824,133
Contributions as a percentage of covered payroll	0.46%	0.39%	0.23%	0.40%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Schedule of Pension/OPEB Contributions
June 30, 2020

PSPRS Fire-Pensions	Reporting Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 458,757	\$ 400,812	\$ 668,971	\$ 330,799	\$ 281,360	\$ 225,909	\$ 258,272
Contributions in relation to the actuarially determined contribution	(458,757)	(800,812)	(668,971)	(330,799)	(281,360)	(225,909)	(258,272)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,898,523	\$ 1,773,739	\$ 1,812,916	\$ 1,725,504	\$ 1,687,430	\$ 1,765,349	\$ 1,735,840
Contributions as a percentage of covered payroll	24.16%	45.15%	36.90%	19.17%	16.67%	12.80%	14.88%

Note: In accordance with GASB 68, employers will need to disclose a 10-year history for the pension schedule above. Additional information will be displayed as it becomes available.

PSPRS Fire Health Insurance Premium Benefit	Reporting Fiscal Year			
	2020	2019	2018	2017
Actuarially determined contribution	\$ 4,369	\$ 3,492	\$ 4,208	\$ 5,693
Contributions in relation to the actuarially determined contribution	(4,369)	(3,492)	(4,208)	(5,693)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,898,523	\$ 1,773,739	\$ 1,812,916	\$ 1,725,504
Contributions as a percentage of covered payroll	0.23%	0.20%	0.23%	0.00%

Note: In accordance with GASB 75, employers will need to disclose a 10-year history for the OPEB schedule above. Additional information will be displayed as it becomes available.

See accompanying notes to pension/OPEB plan schedules

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2020

Note 1. Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period As of the 2018 actuarial valuation	18 years for underfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	Members with initial membership date before July 1, 2018: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5%. In the 2014 actuarial valuation, the projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2020

Note 2. Factors that Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2020 to cover members who retired or will retire after the law's effective date.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those accounted for in another fund.
- The **Special Projects Fund** is used to account for the funding for various City special projects

CITY OF EL MIRAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
City sales tax	\$ 8,150,000	\$ 8,150,000	\$ 11,673,068	\$ 3,523,068
Property taxes	2,250,000	2,250,000	2,216,903	(33,097)
Franchise taxes	780,000	780,000	696,912	(83,088)
Total taxes	<u>11,180,000</u>	<u>11,180,000</u>	<u>14,586,883</u>	<u>3,406,883</u>
Licenses and permits	290,000	290,000	837,063	547,063
Intergovernmental revenues:				
State sales tax	3,650,000	3,650,000	3,685,053	35,053
Auto lieu tax	1,575,000	1,575,000	1,513,994	(61,006)
Urban revenue sharing	4,625,000	4,625,000	4,612,648	(12,352)
Other intergovernmental revenues	45,000	45,000	46,154	1,154
Total intergovernmental	<u>9,895,000</u>	<u>9,895,000</u>	<u>9,857,849</u>	<u>(37,151)</u>
Charges for services	225,000	225,000	277,748	52,748
Fees	535,000	535,000	1,040,871	505,871
Fines and forfeitures	25,000	25,000	24,085	(915)
Interest earnings	600,000	600,000	508,643	(91,357)
Other revenues:				
Contributions and donations	-	-	3,389	3,389
Miscellaneous revenues	10,000	10,000	195,671	185,671
Total other revenues	<u>10,000</u>	<u>10,000</u>	<u>199,060</u>	<u>189,060</u>
Total revenues	<u>22,760,000</u>	<u>22,760,000</u>	<u>27,332,202</u>	<u>4,572,202</u>
EXPENDITURES				
Current:				
General government:				
Administration	1,113,500	933,500	751,621	181,879
Building safety	442,000	442,000	331,372	110,628
City clerk	217,000	217,000	205,803	11,197
Code compliance	256,500	256,500	228,323	28,177
Community development	465,000	465,000	413,511	51,489
Economic development	142,000	142,000	131,704	10,296
Engineering	426,000	426,000	413,218	12,782
Facilities maintenance	799,000	799,000	699,620	99,380
Finance	923,500	923,500	770,013	153,487
Fleet	194,000	194,000	185,090	8,910
Human resources	440,500	440,500	384,735	55,765
Information systems	800,000	800,000	755,057	44,943
Mayor and council	287,500	287,500	218,443	69,057
Nondepartmental	1,405,500	1,405,500	976,359	429,141
Parks	826,500	826,500	763,782	62,718
Senior center	-	-	2,100	(2,100)
Speical events	-	180,000	155,297	24,703
Total general government	<u>8,738,500</u>	<u>8,738,500</u>	<u>7,386,048</u>	<u>1,352,452</u>

(Continued)

See accompanying notes to budgetary comparison schedule

CITY OF EL MIRAGE, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2020

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget
	Original	Final		
Public safety:				
Police	9,217,000	9,217,000	7,205,777	2,011,223
Fire	4,030,000	4,030,000	3,300,685	729,315
Total public safety	<u>13,247,000</u>	<u>13,247,000</u>	<u>10,506,462</u>	<u>2,740,538</u>
Capital outlay	<u>1,787,000</u>	<u>1,812,000</u>	<u>845,749</u>	<u>966,251</u>
Debt Service				
Principal	164,000	2,164,000	2,308,750	(144,750)
Interest and fiscal charges	121,000	121,000	114,100	6,900
	<u>285,000</u>	<u>2,285,000</u>	<u>2,422,850</u>	<u>(137,850)</u>
Total expenditures	<u>24,057,500</u>	<u>26,082,500</u>	<u>21,161,109</u>	<u>4,921,391</u>
Excess (deficiency) of revenues over expenditures	<u>(1,297,500)</u>	<u>(3,322,500)</u>	<u>6,171,093</u>	<u>9,493,593</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	15,000	15,000	31,307	16,307
Transfers out	(11,428,000)	(11,428,000)	(11,428,000)	-
Transfers in	3,280,000	3,280,000	3,768,642	488,642
Total other financing sources and (uses)	<u>(8,133,000)</u>	<u>(8,133,000)</u>	<u>(7,628,051)</u>	<u>504,949</u>
Net change in fund balance	(9,430,500)	(11,455,500)	(1,456,958)	9,998,542
Fund balance, beginning of year	28,338,500	28,338,500	33,195,773	(4,857,273)
Fund balance, end of year	<u>\$ 18,908,000</u>	<u>\$ 16,883,000</u>	<u>\$ 31,738,815</u>	<u>\$ 5,141,269</u>

See accompanying notes to budgetary comparison schedule

CITY OF EL MIRAGE, ARIZONA
Required Supplementary Information
Notes to General Fund Budget and Actual Schedules
June 30, 2020

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 the General Fund Non-GAAP Budget and Actual report to the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund:

	General Fund		
	Total Revenues	Total Expenditures	Fund Balance End of Year
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-GAAP	\$ 27,332,202	\$ 21,161,109	\$ 31,738,815
Activity budgeted as Court Special Revenue Fund	464,056	691,343	426,359
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund - GAAP	<u>\$ 27,796,258</u>	<u>\$ 21,852,452</u>	<u>\$ 32,165,174</u>

CITY OF EL MIRAGE, ARIZONA
SPECIAL PROJECTS
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 1,511,000	\$ 1,511,000	\$ 3,287,716	\$ 1,776,716
Investment earnings	-	-	1,497	1,497
Other revenues	10,000,000	10,000,000	-	(10,000,000)
Total revenues	<u>11,511,000</u>	<u>11,511,000</u>	<u>3,289,213</u>	<u>(8,221,787)</u>
EXPENDITURES				
Current:				
General government	10,139,000	8,487,500	13,829	8,473,671
Public safety	737,000	737,000	3,017,348	(2,280,348)
Capital outlay	<u>735,000</u>	<u>735,000</u>	<u>185,000</u>	<u>550,000</u>
Total expenditures	<u>11,611,000</u>	<u>9,959,500</u>	<u>3,216,177</u>	<u>6,743,323</u>
Excess (deficiency) of revenues over (under) expenditures	(100,000)	1,551,500	73,036	(1,478,464)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	-	1,651,500	173,036	(1,478,464)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>43,478</u>	<u>43,478</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ 1,651,500</u>	<u>\$ 216,514</u>	<u>\$ (1,434,986)</u>

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SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
MAJOR GOVERNMENTAL FUNDS

Capital Project Funds

Capital Project Funds are used to account for the purchase or construction of capital assets which are not financed by the general, special revenue or enterprise funds.

- The **Streets (Capital Projects fund)** is used to account for the construction and acquisition of streets and street department facilities.

CITY OF EL MIRAGE, ARIZONA
STREETS (CAPITAL PROJECTS FUND)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment earnings	\$ 50,000	\$ 50,000	\$ 230,608	\$ 180,608
Other revenues	-	-	2,070,878	2,070,878
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>2,301,486</u>	<u>2,251,486</u>
EXPENDITURES				
Current:				
Public works/streets	500,000	500,000	500,000	-
Capital outlay	14,507,500	14,505,500	861,995	13,643,505
Debt service:				
Principal	491,500	491,500	6,926,250	(6,434,750)
Interest and fiscal charges	360,500	360,500	342,300	18,200
Total expenditures	<u>15,859,500</u>	<u>15,857,500</u>	<u>8,630,545</u>	<u>7,226,955</u>
Excess (deficiency) of revenues over (under) expenditures	(15,809,500)	(15,807,500)	(6,329,059)	9,478,441
OTHER FINANCING SOURCES (USES)				
Transfers in	10,114,000	10,114,000	10,114,000	-
Total other financing Sources (Uses)	<u>10,114,000</u>	<u>10,114,000</u>	<u>10,114,000</u>	<u>-</u>
Net change in fund balances	(5,695,500)	(5,693,500)	3,784,941	9,478,441
Fund balance, beginning of year	<u>5,695,500</u>	<u>5,695,500</u>	<u>10,763,177</u>	<u>5,067,677</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 14,548,118</u>	<u>\$ 14,546,118</u>

SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- The **Municipal Court Enhancement** fund is used to account for the technology and functional improvements of court operations.
- The **Court Photo Enforcement** fund is used to account for operations of the City's photo enforcement.
- The **Dial-A-Ride (LTAF)** fund is used to account for state funding for taxi voucher service and street construction.
- The **Police Towing** fund is used to account for charges for services to be used to enhance police department operations.
- The **Community Development Block Grant** fund is used to account for CDBG grant activities.
- The **Streets (HURF) Fund** is used to account for state shared highway use tax revenues for street improvements, maintenance, and capital additions.

Debt Service Funds

- The **Debt Service** fund is used to account for the accumulation of resources and the payment of long-term debt principal, interest, and related costs.

CITY OF EL MIRAGE, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue		
	Municipal Court Enhancement	Court Photo Enforcement	Dial-A-Ride (LTAF)
ASSETS			
Cash and cash equivalents	\$ 1,107,473	\$ -	\$ 255,961
Receivables:			
Taxes	-	-	-
Intergovernmental	-	-	-
Due from other funds	5,930	-	-
Total assets	<u>\$ 1,113,403</u>	<u>\$ -</u>	<u>\$ 255,961</u>
 LIABILITIES			
Accounts payable	\$ 3,980	\$ -	\$ 5,331
Accrued wages and salaries	-	-	-
Due to other funds	5,794	-	-
Total liabilities	<u>9,774</u>	<u>-</u>	<u>5,331</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Restricted:			
Public safety	-	-	-
Public works/streets	-	-	250,630
Debt service	-	-	-
Committed	1,103,629	-	-
Total fund balances	<u>1,103,629</u>	<u>-</u>	<u>250,630</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,113,403</u>	<u>\$ -</u>	<u>\$ 255,961</u>

Special Revenue				
Police Towing	Community Development Block Grant	Streets (HURF)	Debt Service	Total
\$ 226,002	\$ -	\$ 1,101,793	\$ 455,838	\$ 3,147,067
-	-	-	69,122	69,122
-	-	180,281	-	180,281
-	-	-	-	5,930
<u>\$ 226,002</u>	<u>\$ -</u>	<u>\$ 1,282,074</u>	<u>\$ 524,960</u>	<u>\$ 3,402,400</u>
\$ -	\$ -	\$ 67,823	\$ -	\$ 77,134
-	-	11,052	-	11,052
-	-	-	-	5,794
<u>-</u>	<u>-</u>	<u>78,875</u>	<u>-</u>	<u>93,980</u>
-	-	-	45,699	45,699
-	-	-	45,699	45,699
226,002	-	-	-	226,002
-	-	1,203,199	-	1,453,829
-	-	-	479,261	479,261
-	-	-	-	1,103,629
<u>226,002</u>	<u>-</u>	<u>1,203,199</u>	<u>479,261</u>	<u>3,262,721</u>
<u>\$ 226,002</u>	<u>\$ -</u>	<u>\$ 1,282,074</u>	<u>\$ 524,960</u>	<u>\$ 3,402,400</u>

CITY OF EL MIRAGE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Special Revenue		
	Municipal Court Enhancement	Court Photo Enforcement	Dial-A-Ride (LTAF)
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	92,467
Fines and forfeitures	101,645	240,388	-
Investment earnings	11,378	7,815	3,284
Other revenues	-	-	-
Total revenues	<u>113,023</u>	<u>248,203</u>	<u>95,751</u>
EXPENDITURES			
Current:			
Public safety	88,643	66,328	-
Public works/streets	-	-	85,404
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>88,643</u>	<u>66,328</u>	<u>85,404</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,380</u>	<u>181,875</u>	<u>10,347</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(638,642)	-
Transfers in	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>(638,642)</u>	<u>-</u>
Net change in fund balances	24,380	(456,767)	10,347
Fund balances, beginning of year	<u>1,079,249</u>	<u>456,767</u>	<u>240,283</u>
Fund balances, end of year	<u>\$ 1,103,629</u>	<u>\$ -</u>	<u>\$ 250,630</u>

Special Revenue				
Police Towing	Community Development Block Grant	Streets (HURF)	Debt Service	Total
\$ -	\$ -	\$ -	\$ 1,975,585	\$ 1,975,585
-	-	2,525,286	-	2,617,753
43,670	-	-	-	385,703
3,233	-	12,869	12,512	51,091
-	-	-	82	82
<u>46,903</u>	<u>-</u>	<u>2,538,155</u>	<u>1,988,179</u>	<u>5,030,214</u>
25,713	-	-	-	180,684
-	-	2,119,171	-	2,204,575
-	-	460,772	-	460,772
-	-	-	1,190,000	1,190,000
-	-	-	912,288	912,288
<u>25,713</u>	<u>-</u>	<u>2,579,943</u>	<u>2,102,288</u>	<u>4,948,319</u>
<u>21,190</u>	<u>-</u>	<u>(41,788)</u>	<u>(114,109)</u>	<u>81,895</u>
-	-	-	-	(638,642)
-	-	856,500	100,000	956,500
-	-	856,500	100,000	317,858
21,190	-	814,712	(14,109)	399,753
<u>204,812</u>	<u>-</u>	<u>388,487</u>	<u>493,370</u>	<u>2,862,968</u>
<u>\$ 226,002</u>	<u>\$ -</u>	<u>\$ 1,203,199</u>	<u>\$ 479,261</u>	<u>\$ 3,262,721</u>

**CITY OF EL MIRAGE, ARIZONA
MUNICIPAL COURT ENHANCEMENT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 60,000	\$ 60,000	\$ 101,645	\$ 41,645
Investment earnings	15,000	15,000	11,378	(3,622)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>113,023</u>	<u>38,023</u>
EXPENDITURES				
Current:				
Public safety	100,500	100,500	88,643	11,857
Capital outlay	<u>550,000</u>	<u>550,000</u>	-	<u>550,000</u>
Total expenditures	<u>650,500</u>	<u>650,500</u>	<u>88,643</u>	<u>561,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(575,500)</u>	<u>(575,500)</u>	<u>24,380</u>	<u>599,880</u>
Fund balance, beginning of year	<u>1,058,500</u>	<u>1,058,500</u>	<u>1,079,249</u>	<u>20,749</u>
Fund balance, end of year	<u>\$ 483,000</u>	<u>\$ 483,000</u>	<u>\$ 1,103,629</u>	<u>\$ 620,629</u>

**CITY OF EL MIRAGE, ARIZONA
COURT PHOTO ENFORCEMENT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 105,000	\$ 105,000	\$ 240,388	\$ 135,388
Investment earnings	-	-	7,815	7,815
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>248,203</u>	<u>143,203</u>
EXPENDITURES				
Current:				
Public safety	<u>122,000</u>	<u>122,000</u>	<u>66,328</u>	<u>55,672</u>
Total expenditures	<u>122,000</u>	<u>122,000</u>	<u>66,328</u>	<u>55,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,000)</u>	<u>(17,000)</u>	<u>181,875</u>	<u>198,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(638,642)</u>	<u>(488,642)</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(638,642)</u>	<u>(488,642)</u>
Net change in fund balances	(167,000)	(167,000)	(456,767)	(289,767)
Fund balance, beginning of year	<u>167,000</u>	<u>167,000</u>	<u>456,767</u>	<u>289,767</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF EL MIRAGE, ARIZONA
DIAL-A-RIDE (LTAF)
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 95,000	\$ 95,000	\$ 92,467	\$ (2,533)
Investment earnings	-	-	3,284	3,284
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>95,751</u>	<u>751</u>
EXPENDITURES				
Current:				
Public works/streets	<u>137,000</u>	<u>137,000</u>	<u>85,404</u>	<u>51,596</u>
Total expenditures	<u>137,000</u>	<u>137,000</u>	<u>85,404</u>	<u>51,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,000)</u>	<u>(42,000)</u>	<u>10,347</u>	<u>52,347</u>
Fund balance, beginning of year	<u>42,000</u>	<u>42,000</u>	<u>240,283</u>	<u>198,283</u>
Fund balance (deficit), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 250,630</u></u>	<u><u>\$ 250,630</u></u>

CITY OF EL MIRAGE, ARIZONA
POLICE TOWING
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 43,670	\$ 18,670
Investment earnings	-	-	3,233	3,233
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>46,903</u>	<u>21,903</u>
EXPENDITURES				
Current:				
Public safety	<u>54,000</u>	<u>54,000</u>	<u>25,713</u>	<u>28,287</u>
Total expenditures	<u>54,000</u>	<u>54,000</u>	<u>25,713</u>	<u>28,287</u>
Excess (deficiency) of revenues over (under) expenditures	(29,000)	(29,000)	21,190	50,190
Fund balance, beginning of year	<u>35,000</u>	<u>35,000</u>	<u>204,812</u>	<u>169,812</u>
Fund balance, end of year	<u><u>\$ 6,000</u></u>	<u><u>\$ 6,000</u></u>	<u><u>\$ 226,002</u></u>	<u><u>\$ 220,002</u></u>

CITY OF EL MIRAGE, ARIZONA
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
EXPENDITURES				
Capital outlay	<u>847,000</u>	<u>847,000</u>	<u>-</u>	<u>847,000</u>
Total expenditures	<u>847,000</u>	<u>847,000</u>	<u>-</u>	<u>847,000</u>
Excess (deficiency) of revenues over (under) expenditures	(347,000)	(347,000)	-	347,000
Fund balance, beginning of year	<u>347,000</u>	<u>347,000</u>	<u>-</u>	<u>(347,000)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF EL MIRAGE, ARIZONA
STREETS (HURF)
SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 2,350,000	\$ 2,350,000	\$ 2,525,286	\$ 175,286
Investment earnings	-	-	12,869	12,869
Total revenues	<u>2,350,000</u>	<u>2,350,000</u>	<u>2,538,155</u>	<u>175,286</u>
EXPENDITURES				
Current:				
Public works/streets	1,685,500	1,685,500	2,119,171	(433,671)
Capital outlay	<u>1,622,000</u>	<u>1,546,000</u>	<u>460,772</u>	<u>1,085,228</u>
Total expenditures	<u>3,307,500</u>	<u>3,231,500</u>	<u>2,579,943</u>	<u>651,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(957,500)</u>	<u>(881,500)</u>	<u>(41,788)</u>	<u>839,712</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>856,500</u>	<u>856,500</u>	<u>856,500</u>	<u>-</u>
Total other financing sources (uses)	<u>856,500</u>	<u>856,500</u>	<u>856,500</u>	<u>-</u>
Net change in fund balance	(101,000)	(25,000)	814,712	839,712
Fund balance, beginning of year	<u>101,000</u>	<u>101,000</u>	<u>388,487</u>	<u>287,487</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 76,000</u></u>	<u><u>\$ 1,203,199</u></u>	<u><u>\$ 1,127,199</u></u>

CITY OF EL MIRAGE, ARIZONA
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,030,000	\$ 2,030,000	\$ 1,975,585	\$ (54,415)
Investment earnings	10,000	10,000	12,512	2,512
Other revenues	-	-	82	82
Total revenues	<u>2,040,000</u>	<u>2,040,000</u>	<u>1,988,179</u>	<u>(51,821)</u>
EXPENDITURES				
Debt service				
Principal	1,190,000	1,190,000	1,190,000	-
Interest and fiscal charges	<u>976,500</u>	<u>976,500</u>	<u>912,288</u>	<u>64,212</u>
Total expenditures	<u>2,166,500</u>	<u>2,166,500</u>	<u>2,102,288</u>	<u>64,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,500)</u>	<u>(126,500)</u>	<u>(114,109)</u>	<u>12,391</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(26,500)	(26,500)	(14,109)	12,391
Fund balance, beginning of year	<u>407,000</u>	<u>407,000</u>	<u>493,370</u>	<u>86,370</u>
Fund balance, end of year	<u>\$ 380,500</u>	<u>\$ 380,500</u>	<u>\$ 479,261</u>	<u>\$ 98,761</u>

STATISTICAL SECTION

This part of the City of El Mirage’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	99
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well being have changed over time.</i>	
Revenue Capacity	113
<i>These schedules contain information to help the reader assess the government’s property taxes and the most significant local revenues source, the sales tax.</i>	
Debt Capacity	119
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	123
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	125
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Position:					
Governmental activities					
Net investment in capital assets	\$ 56,667,278	\$ 46,624,411	\$ 45,836,176	\$ 41,199,897	\$ 34,794,822
Restricted	16,923,724	12,133,608	8,409,993	9,603,813	15,546,294
Unrestricted	19,550,588	22,139,333	15,984,452	12,322,852	5,335,865
Total governmental activities net position	<u>\$ 93,141,590</u>	<u>\$ 80,897,352</u>	<u>\$ 70,230,621</u>	<u>\$ 63,126,562</u>	<u>\$ 55,676,981</u>
Business-type activities					
Net investment in capital assets	\$ 29,392,545	\$ 29,457,397	\$ 27,884,333	\$ 27,309,076	\$ 24,888,693
Restricted					
Unrestricted	28,911,120	25,538,037	23,325,153	20,063,673	19,137,165
Total business-type activities net position	<u>\$ 58,303,665</u>	<u>\$ 54,995,434</u>	<u>\$ 51,209,486</u>	<u>\$ 47,372,749</u>	<u>\$ 44,025,858</u>
Primary government					
Net investment in capital assets	\$ 86,059,823	\$ 76,081,808	\$ 73,720,509	\$ 68,508,973	\$ 59,683,515
Restricted	16,923,724	12,133,608	8,409,993	9,603,813	15,546,294
Unrestricted	48,461,708	47,677,370	39,309,605	32,386,525	24,473,030
Total primary government net position	<u>\$ 151,445,255</u>	<u>\$ 135,892,786</u>	<u>\$ 121,440,107</u>	<u>\$ 110,499,311</u>	<u>\$ 99,702,839</u>
Net Position:					
Governmental activities					
Net investment in capital assets	\$ 30,947,824	\$ 31,357,672	\$ 28,939,841	\$ 30,394,556	\$ 31,113,879
Restricted	8,155,286	9,768,498	15,870,123	3,787,197	1,640,241
Unrestricted	8,709,862	12,788,899	7,656,179	13,128,085	11,952,271
Total governmental activities net position	<u>\$ 47,812,972</u>	<u>\$ 53,915,069</u>	<u>\$ 52,466,143</u>	<u>\$ 47,309,838</u>	<u>\$ 44,706,391</u>
Business-type activities					
Net investment in capital assets	\$ 24,691,276	\$ 25,975,719	\$ 29,473,825	\$ 31,646,838	\$ 29,826,764
Restricted					
Unrestricted	15,330,216	11,634,797	5,487,935	1,010,211	2,808,527
Total business-type activities net position	<u>\$ 40,021,492</u>	<u>\$ 37,610,516</u>	<u>\$ 34,961,760</u>	<u>\$ 32,657,049</u>	<u>\$ 32,635,291</u>
Primary government					
Net investment in capital assets	\$ 55,639,100	\$ 57,333,391	\$ 58,413,666	\$ 62,041,394	\$ 60,940,643
Restricted	8,155,286	9,768,498	15,870,123	3,787,197	1,640,241
Unrestricted	24,040,078	24,423,696	13,144,114	14,138,296	14,760,798
Total primary government net position	<u>\$ 87,834,464</u>	<u>\$ 91,525,585</u>	<u>\$ 87,427,903</u>	<u>\$ 79,966,887</u>	<u>\$ 77,341,682</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 8,185,259	\$ 7,193,712	\$ 6,994,848	\$ 7,056,222	\$ 5,793,877
Public safety	15,777,067	13,367,955	11,935,458	13,162,982	11,167,283
Highways and streets	4,465,392	4,464,599	3,372,194	3,492,003	3,367,393
Culture and recreation	443,385	1,265,719	1,255,915	1,231,510	1,739,508
Redevelopment and housing					395,627
Health and welfare					1,428,706
Interest on long-term debt	483,363	1,299,795	1,242,059	1,630,076	1,428,706
Total governmental activities expenses	<u>29,354,466</u>	<u>27,591,780</u>	<u>24,800,474</u>	<u>26,572,793</u>	<u>23,892,394</u>
Business-type activities:					
Water and sewer	\$ 6,005,567	\$ 5,711,196	\$ 5,580,755	\$ 5,801,324	\$ 5,470,323
Water	2,684,309	2,482,493	2,415,160	2,434,685	2,364,833
Sewer	1,075,446	1,086,988	1,135,506	1,090,678	1,076,709
Solid waste	9,765,322	9,280,677	9,131,421	9,326,687	8,911,865
Total business-type activities expenses					
Total primary government expenses	<u>\$ 39,119,788</u>	<u>\$ 36,872,457</u>	<u>\$ 33,931,895</u>	<u>\$ 35,899,480</u>	<u>\$ 32,804,259</u>

(Continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses					
Governmental activities:					
General government	\$ 5,563,291	\$ 6,066,519	\$ 5,740,420	\$ 5,217,013	\$ 5,559,107
Public safety	11,638,718	11,083,112	10,474,809	10,207,265	9,899,205
Highways and streets	2,998,087	3,391,878	2,224,551	2,386,465	3,692,419
Culture and recreation	1,739,595	1,594,482	1,463,716	1,243,125	1,563,881
Redevelopment and housing				105,336	557,830
Health and welfare	395,627	395,851	396,127	469,933	497,956
Interest on long-term debt	1,080,786	1,111,716	1,118,359	623,167	646,132
Total governmental activities expenses	<u>23,416,104</u>	<u>23,643,558</u>	<u>21,417,982</u>	<u>20,252,304</u>	<u>22,416,530</u>
Business-type activities:					
Water and sewer	\$ 5,687,906	\$ 9,234,221	\$ 5,369,790	\$ 9,370,528	\$ 8,132,429
Water					
Sewer	2,250,655	2,242,448	2,305,425		
Solid waste	1,054,154	1,036,762	945,224	1,482,640	865,111
Total business-type activities expenses	<u>8,992,715</u>	<u>12,513,431</u>	<u>8,620,439</u>	<u>10,853,168</u>	<u>8,997,540</u>
Total primary government expenses	<u>\$ 32,408,819</u>	<u>\$ 36,156,989</u>	<u>\$ 30,038,421</u>	<u>\$ 31,105,472</u>	<u>\$ 31,414,070</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,183,952	\$ 2,372,111	\$ 1,610,087	\$ 1,268,421	\$ 2,706,401
Public safety	976,983	966,452	805,240	658,215	858,161
Highways and streets	2,070,878				
Culture and recreation	57,486	71,474	72,206	52,160	91,431
Development and housing					
Health and welfare					
Interest on long-term debt					
Operating grants and contributions	5,939,482	3,314,161	2,941,043	2,710,165	2,725,912
Capital grants and contributions	15,530	5,137,683	1,951,817	6,747,130	4,350,917
Total governmental activities program revenues	<u>11,244,311</u>	<u>11,861,881</u>	<u>7,380,393</u>	<u>11,436,091</u>	<u>10,732,822</u>
Business-type activities:					
Charges for services:					
Water	\$ 9,055,461	\$ 9,245,531	\$ 9,656,519	\$ 9,529,705	\$ 9,544,865
Sewer	3,264,492	3,298,488	3,243,532	3,361,689	3,164,369
Solid Waste	1,626,216	1,601,564	1,601,087	1,608,769	1,598,383
Capital grants and contributions		887,861	374,732		
Total business-type activities program revenues	<u>13,946,169</u>	<u>15,033,444</u>	<u>14,875,870</u>	<u>14,500,163</u>	<u>14,307,617</u>
Total primary government revenues	<u>\$ 25,190,480</u>	<u>\$ 26,895,325</u>	<u>\$ 22,256,263</u>	<u>\$ 25,936,254</u>	<u>\$ 25,040,439</u>
Net (Expense)/Revenue					
Governmental activities	\$ (18,110,155)	\$ (15,729,899)	\$ (17,420,081)	\$ (15,136,702)	\$ (13,159,572)
Business-type activities	6,889,847	5,752,767	5,744,449	5,173,476	5,395,752
Total primary government net (expense)/revenues	<u>\$ (11,220,308)</u>	<u>\$ (9,977,132)</u>	<u>\$ (11,675,632)</u>	<u>\$ (9,963,226)</u>	<u>\$ (7,763,820)</u>

(Continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,574,115	\$ 3,050,487	\$ 3,670,957	\$ 2,661,625	\$ 395,327
Public safety	884,433	759,473	634,969	435,437	1,005,833
Highways and streets		2,500	10,299	46,409	36,145
Culture and recreation	75,609	72,953	74,194	52,055	32,456
Revelopment and housing				96,066	128,438
Health and welfare				32,000	
Interest on long-term debt					
Operating grants and contributions	2,440,443	2,355,917	1,722,354	1,757,715	3,753,356
Capital grants and contributions	2,482,244	1,787,244	1,328,998	642,943	2,031,513
Total governmental activities program revenues	<u>8,456,844</u>	<u>8,028,574</u>	<u>7,441,771</u>	<u>5,724,250</u>	<u>7,383,068</u>
Business-type activities:					
Charges for services:					
Water	\$ 9,424,373	\$ 8,777,834	\$ 8,003,552	\$ -	\$ -
Sewer	3,198,445	3,127,298	3,203,962	-	-
Water and sewer				9,768,612	8,707,594
Solid Waste	1,582,522	1,558,263	1,409,148	1,267,723	1,122,709
Capital grants and contributions					
Total business-type activities program revenues	<u>14,205,340</u>	<u>13,463,395</u>	<u>12,616,662</u>	<u>11,036,335</u>	<u>9,830,303</u>
Total primary government revenues	<u>\$ 22,662,184</u>	<u>\$ 21,491,969</u>	<u>\$ 20,058,433</u>	<u>\$ 16,760,585</u>	<u>\$ 17,213,371</u>
Net (Expense)/Revenue					
Governmental activities	\$ (14,959,260)	\$ (15,614,984)	\$ (13,976,211)	\$ (14,528,054)	\$ (15,033,462)
Business-type activities	5,212,625	1,471,834	3,996,223	183,167	832,763
Total primary government net (expense)/revenues	<u>\$ (9,746,635)</u>	<u>\$ (14,143,150)</u>	<u>\$ (9,979,988)</u>	<u>\$ (14,344,887)</u>	<u>\$ (14,200,699)</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 4,169,021	\$ 4,295,776	\$ 3,678,093	\$ 3,683,700	\$ 3,663,163
City sales taxes	11,673,068	8,538,740	8,020,802	7,445,186	6,990,668
Franchise taxes	696,912	742,741	774,856	712,143	745,088
Unrestricted state shared revenues	9,811,695	9,353,989	9,157,332	8,604,293	8,086,986
Investment income	798,697	1,433,459	733,215	297,461	107,055
Development impact fees					
Miscellaneous	-	309,537	291,357		
Transfers	3,205,000	2,010,500	1,933,000	1,843,500	1,430,621
Total governmental activities	<u>\$ 30,354,393</u>	<u>\$ 26,684,742</u>	<u>\$ 24,588,655</u>	<u>\$ 22,586,283</u>	<u>\$ 21,023,581</u>
Business-type activities:					
Investment income	\$ 305,058	\$ 43,681	\$ 24,865	\$ 16,915	\$ 39,235
Development impact fees					
Miscellaneous					
Transfers	(3,205,000)	(2,010,500)	(1,933,000)	(1,843,500)	(1,430,621)
Total business-type activities	<u>\$ (2,899,942)</u>	<u>\$ (1,966,819)</u>	<u>\$ (1,908,135)</u>	<u>\$ (1,826,585)</u>	<u>\$ (1,391,386)</u>
Changes in Net Position					
Governmental activities	\$ 12,244,238	\$ 10,666,731	\$ 7,168,574	\$ 7,449,581	\$ 7,864,009
Business-type activities	3,989,905	3,785,948	3,836,314	3,346,891	4,004,366
Total primary government	<u>\$ 16,234,143</u>	<u>\$ 14,452,679</u>	<u>\$ 11,004,888</u>	<u>\$ 10,796,472</u>	<u>\$ 11,868,375</u>

(Continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues:					
Governmental activities:					
Taxes:					
Property taxes	\$ 3,505,551	\$ 3,587,541	\$ 3,738,856	\$ 3,068,722	\$ 2,998,935
City sales taxes	6,685,666	6,480,147	6,051,967	5,534,445	5,368,649
Franchise taxes	692,154	688,216	687,341	667,559	654,999
Unrestricted state shared revenues	7,970,499	7,447,112	6,914,460	6,188,822	6,620,951
Investment income	50,727	30,894	41,983	23,535	23,200
Development impact fees					49,677
Miscellaneous					
Transfers	2,000,000	(1,170,000)	1,697,909	1,648,418	1,212,788
Total governmental activities	<u>\$ 20,904,597</u>	<u>\$ 17,063,910</u>	<u>\$ 19,132,516</u>	<u>\$ 17,131,501</u>	<u>\$ 16,929,199</u>
Business-type activities:					
Investment income	\$ 5,764	\$ 6,922	\$ 6,397	\$ 5,546	\$ 5,116
Development impact fees					56,976
Miscellaneous					
Transfers	(2,000,000)	1,170,000	(1,697,909)	(1,648,418)	(1,212,788)
Total business-type activities	<u>\$ (1,994,236)</u>	<u>\$ 1,176,922</u>	<u>\$ (1,691,512)</u>	<u>\$ (1,642,872)</u>	<u>\$ (1,150,696)</u>
Changes in Net Position					
Governmental activities	\$ 5,945,337	\$ 1,448,926	\$ 5,156,305	\$ 2,603,447	\$ 1,895,737
Business-type activities	3,218,389	2,648,756	2,304,711	(1,459,705)	(317,933)
Total primary government	<u>\$ 9,163,726</u>	<u>\$ 4,097,682</u>	<u>\$ 7,461,016</u>	<u>\$ 1,143,742</u>	<u>\$ 1,577,804</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:					
Nonspendable	\$ 89,069	\$ 94,526	\$ 100,435	\$ 34,042	\$ 2,002
Restricted			-	-	2,138,430
Committed	720,886	534,313	456,968	1,048,009	388,197
Assigned	426,359	321,145	338,795	201,680	316,212
Unassigned	30,928,860	32,566,934	27,711,606	22,985,787	22,848,735
Total General Fund	<u>\$ 32,165,174</u>	<u>\$ 33,516,918</u>	<u>\$ 28,607,804</u>	<u>\$ 24,269,518</u>	<u>\$ 25,693,576</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 5,102	\$ 5,102
Restricted	16,923,724	12,133,608	8,409,993	9,598,711	13,356,982
Committed	1,103,629	1,536,016	1,742,741	2,291,094	2,870,981
Assigned					
Unassigned					
Total all other governmental funds	<u>\$ 18,027,353</u>	<u>\$ 13,669,624</u>	<u>\$ 10,152,734</u>	<u>\$ 11,894,907</u>	<u>\$ 16,233,065</u>

(Continued)

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

	<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		
General Fund:		\$	3,731	\$	2,665	\$	2,585	\$	130,827	\$	12,688
Nonspendable					158,508						
Restricted			322,037		151,041		80,500		59,267		170,634
Committed			209,007		270,978				163,436		148,381
Assigned			18,961,922		14,032,607		16,754,043		13,398,103		10,875,367
Unassigned			19,496,697		14,615,799		16,837,128		13,751,633		11,207,070
Total General Fund		\$	19,496,697	\$	14,615,799	\$	16,837,128	\$	13,751,633	\$	11,207,070
All Other Governmental Funds:											
Nonspendable		\$	400								
Restricted		\$	8,118,790	\$	9,567,702	\$	15,824,795	\$	4,395,075	\$	5,907,367
Committed			3,150,260		3,688,958		3,346,167		989,644		914,719
Assigned					26,868				(54,168)		75,651
Unassigned											(73,300)
Total all other governmental funds		\$	11,269,450	\$	13,283,528	\$	19,170,962	\$	5,330,551	\$	6,824,437

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

(Concluded)

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

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:					
Property taxes	\$ 4,192,488	\$ 4,295,776	\$ 3,683,118	\$ 3,692,071	\$ 3,647,913
City sales taxes	11,673,068	8,538,740	8,020,802	7,445,186	6,990,668
Franchise taxes	696,912	742,741	774,856	712,143	745,088
Licenses and permits	837,063	449,482	295,737	269,103	243,974
Intergovernmental	15,763,318	17,801,633	14,027,647	18,072,336	14,735,815
Charges for services	1,318,619	1,213,951	620,855	272,747	371,669
Fines and forfeits	864,969	1,417,360	1,376,994	1,220,377	2,769,074
Investment income (loss)	798,697	1,433,459	733,215	297,461	107,055
Rents					71,753
Development impact fees					41,151
Contributions and donations					158,372
Miscellaneous	2,272,037	309,537	221,632	221,746	158,372
Total revenues	<u>\$ 38,417,171</u>	<u>\$ 36,202,679</u>	<u>\$ 29,754,856</u>	<u>\$ 29,882,532</u>	<u>\$ 27,372,499</u>

(Continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:					
Property taxes	\$ 3,516,609	\$ 3,596,707	\$ 3,756,880	\$ 3,104,974	\$ 3,028,998
City sales taxes	6,685,666	6,480,147	6,051,967	5,534,445	5,368,649
Franchise taxes	692,154	688,216	687,341	667,559	654,999
Licenses and permits	344,937	333,821	369,465	193,211	190,237
Intergovernmental	12,893,186	10,862,941	10,012,341	8,503,662	12,323,411
Charges for services	441,040	300,296	224,086	208,970	190,847
Fines and forfeits	2,525,323	3,078,326	3,641,326	2,695,603	1,092,123
Investment income (loss)	50,727	30,894	41,983	23,535	23,199
Rents	67,487	61,854	49,029	34,952	29,486
Development impact fees				38,094	49,677
Contributions and donations	47,848	6,524	4,800	2,100	2,500
Miscellaneous	107,522	97,624	141,804	181,597	143,678
Total revenues	<u>\$ 27,372,499</u>	<u>\$ 25,537,350</u>	<u>\$ 24,981,022</u>	<u>\$ 21,188,702</u>	<u>\$ 23,097,804</u>

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

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

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenditures:					
Current -					
General government	\$ 7,399,877	\$ 6,617,738	\$ 6,327,081	\$ 6,493,561	\$ 5,427,402
Public safety*	14,395,837	13,684,610	10,912,583	10,757,510	10,785,548
Highways and streets	2,704,575	2,855,137	2,481,258	2,562,531	2,450,730
Culture and recreation**		854,348	840,136	794,042	1,314,039
Redevelopment and housing					
Health and welfare					
Capital outlay	2,353,516	3,044,751	5,573,151	16,507,748	11,578,785
Debt service -					
Principal retirement	10,425,000	1,785,000	1,880,000	1,075,000	1,038,074
Interest and fiscal charges	1,368,688	1,431,632	1,373,346	1,618,494	1,531,293
Bond issuance costs			186,700	-	203,349
Total expenditures	<u>\$ 38,647,493</u>	<u>\$ 30,273,216</u>	<u>\$ 29,574,255</u>	<u>\$ 39,808,886</u>	<u>\$ 34,329,220</u>
Expenditures for capitalized assets	\$ 2,353,516	\$ 3,044,751	\$ 5,581,120	\$ 16,507,750	\$ 11,636,254
Debt service as a percentage of noncapital expenditures	32%	12%	14%	12%	11%

*FY2019 Public Safety includes \$800k spent using contingency dollars to fund Public Safety Retirement System

**FY2019 Culture and recreation includes \$3,162 spent using contingency dollars to fund Council initiative " El Mirage Cares"

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenditures:					
Current -					
General government	\$ 5,285,104	\$ 5,243,949	\$ 5,461,931	\$ 4,876,034	\$ 5,407,094
Public safety	10,713,942	10,364,107	10,050,592	9,469,637	9,366,020
Highways and streets	2,057,440	2,510,736	1,121,260	1,308,612	1,084,093
Culture and recreation	1,315,472	1,283,670	1,158,665	954,131	1,292,708
Redevelopment and housing				53,003	535,952
Health and welfare				5,370	101,698
Capital outlay	5,018,031	10,979,663	5,600,612	4,201,944	3,363,750
Debt service -					
Principal retirement	1,007,829	971,329	932,252	630,868	609,599
Interest and fiscal charges	1,107,861	1,138,791	1,117,939	615,426	638,391
Bond issuance costs			380,705		
Total expenditures	<u>\$ 26,505,679</u>	<u>\$ 32,492,245</u>	<u>\$ 25,823,956</u>	<u>\$ 22,115,025</u>	<u>\$ 22,399,305</u>
Expenditures for capitalized assets	\$ 5,007,725	\$ 10,969,912	\$ 4,943,382	\$ 3,470,798	\$ 818,462
Debt service as a percentage of noncapital expenditures	10%	10%	12%	7%	6%

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

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

	Fiscal Year Ended June 30				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Excess (deficiency) of revenues over expenditures	\$ (230,322)	\$ 5,929,463	\$ 180,601	\$ (7,605,716)	\$ (4,446,688)
Other financing sources (uses):					
Issuance of bonds			8,385,000	-	12,470,000
Premium on sale of bonds			881,581	-	1,132,682
Discount on sale of bonds			(9,073,030)		
Payment to refunded bond escrow agent			288,961		
Sale of assets	31,307	486,041			
Capital lease agreements					
Transfers in	14,939,142	4,501,500	5,252,508	4,299,991	4,558,633
Transfers out	(11,734,142)	(2,491,000)	(3,319,508)	(2,456,491)	(2,554,133)
Total other financing sources (uses)	<u>3,236,307</u>	<u>2,496,541</u>	<u>2,415,512</u>	<u>1,843,500</u>	<u>15,607,182</u>
Changes in fund balances	<u>\$ 3,005,985</u>	<u>\$ 8,426,004</u>	<u>\$ 2,596,113</u>	<u>\$ (5,762,216)</u>	<u>\$ 11,160,494</u>
Excess (deficiency) of revenues over expenditures	\$ 866,820	\$ (6,954,895)	\$ (842,934)	\$ (926,323)	\$ 698,499
Other financing sources (uses):					
Issuance of bonds			18,205,000		
Premium on sale of bonds			864,326		
Discount on sale of bonds			(3,363,986)		
Payment to refunded bond escrow agent					
Sale of assets					
Capital lease agreements		16,132			
Transfers in	4,628,554	8,224,707	2,936,500	2,764,716	2,726,317
Transfers out	(2,628,554)	(9,394,707)	(873,000)	(787,716)	(931,317)
Total other financing sources (uses)	<u>2,000,000</u>	<u>(1,153,868)</u>	<u>17,768,840</u>	<u>1,977,000</u>	<u>1,795,000</u>
Changes in fund balances	<u>\$ 2,866,820</u>	<u>\$ (8,108,763)</u>	<u>\$ 16,925,906</u>	<u>\$ 1,050,677</u>	<u>\$ 2,493,499</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Construction	\$ 2,422,165	\$ 563,521	\$ 568,288	\$ 510,571	\$ 376,265	
Retail trade	5,127,687	4,123,416	3,969,173	3,756,157	3,067,046	
Communications and utilities	1,176,867	1,286,327	1,296,524	1,244,929	1,347,177	
Restaurant and bar	380,627	382,105	363,693	336,090	299,083	
Real estate, rental and leasing	2,082,355	1,835,406	1,546,723	1,326,679	973,584	
Accommodation	18,666	-	-	-	162,821	
Services	42,078	-	-	-	140,777	
Other	407,574	320,871	273,408	207,683	509,391	
Total	<u>\$ 11,658,020</u>	<u>\$ 8,511,646</u>	<u>\$ 8,017,809</u>	<u>\$ 7,382,109</u>	<u>\$ 6,876,144</u>	
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	
Construction	\$ 246,914	\$ 353,889	\$ 210,964	\$ 238,256	\$ 220,055	
Retail trade	3,082,885	2,830,200	2,765,499	2,517,612	2,518,800	
Communications and utilities	1,375,321	1,308,741	1,305,915	1,234,096	1,214,447	
Restaurant and bar	262,924	232,918	248,927	250,297	229,159	
Real estate, rental and leasing	1,048,292	1,060,021	942,324	673,735	585,101	
Accommodation	180,105	182,758	160,274	175,383	161,364	
Services	116,345	132,962	142,586	117,129	99,732	
Other	363,134	362,329	277,488	256,347	225,765	
Total	<u>\$ 6,675,920</u>	<u>\$ 6,463,818</u>	<u>\$ 6,053,977</u>	<u>\$ 5,462,855</u>	<u>\$ 5,254,423</u>	

Source: The source of this information is the Arizona Department of Revenue.
Arizona Department of Revenue changed its way of reporting number of filers and categories effective June 2016.

CITY OF EL MIRAGE, ARIZONA
TRANSACTION PRIVILEGE (SALES) TAX REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2020 AND 2011

Description of Payers Business	Fiscal Year 2020			Fiscal Year 2011			
	Number of Filers	Percentage of Total	Tax Collections	Percentage of Total	Number of Filers	Percentage of Total	Tax Collections
Construction	58	2%	\$ 2,422,165	21%	709	24%	\$ 220,055
Retail trade	1,597	51%	5,127,687	44%	649	22%	2,518,800
Communications and utilities	78	2%	1,176,867	10%	94	3%	1,214,447
Restaurant and bar	24	1%	380,628	3%	32	1%	229,159
Real estate, rental and leasing	806	26%	2,082,355	18%	667	22%	585,101
Accommodation	6	0%	18,666	0%	2	0%	161,364
Services	7	17%	42,078	3%	256	9%	99,732
Other	546	17%	407,574	3%	598	20%	225,765
Total	3,122	100%	\$ 11,658,020	100%	3,007	100%	\$ 5,254,423
Tax Collections from top ten taxpayers	10	<1%	7,245,836	62%	10	<1%	3,285,294
							63%

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
		1.98	1.76			
2020	1.98	1.76	3.74	15.68	21.74	
2019	2.06	1.90	3.96	16.15	22.51	
2018	1.63	2.00	3.63	15.56	21.95	
2017	1.70	2.08	3.78	16.00	22.42	
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	

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 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
2020	\$ 2,226,252	97.43 %	\$ 2,169,120
2019	2,257,335	96.82 %	2,185,480
2018	1,656,452	98.08	1,653,126
2017	1,659,775	97.11	1,649,996
2016	1,661,854	97.14	1,645,081
2015	1,654,937	94.88	1,600,452
2014	1,663,972	96.24	1,641,741
2013	1,784,458	96.37	1,780,839
2012	1,784,422	94.90	1,780,518
2011	1,756,305	95.46	1,744,382

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					
2020	\$ 142,385,468	\$ 59,999,475	\$ 23,971,020	\$ 178,413,923	3.7438	\$ 1,793,206,477	9.95 %
2019	129,515,106	54,520,047	23,514,110	160,521,043	3.9610	1,632,991,596	9.83 %
2018	112,870,585	52,180,577	23,551,578	141,499,584	3.6337	1,451,693,976	9.75
2017	105,602,966	48,744,113	22,985,968	131,361,111	3.7834	1,359,620,899	9.66
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

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**

2020		2011					
Taxpayer	Net Assessed Full Cash Value	Rank	Percentage of Net Assessed Full Cash Value	Taxpayer	Net Assessed Full Cash Value	Rank	Percentage of Net Assessed Full Cash Value
ARIZONA PUBLIC SERVICE COMPANY	\$ 4,567,815	1	2.85%	ARIZONA PUBLIC SERVICE COMPANY	\$ 3,859,970.00	1	2.15%
WAL MART STORES INC	3,154,752	2	1.97%	ROBERTS PROPERTIES LTD	2,822,457	2	1.58%
PUEBLO EL MIRAGE LLC	3,072,391	3	1.91%	WAL MART STORES INC	2,385,057	3	1.34%
PIPE PORTFOLIO OWNER (MULTI) LP	2,977,517	4	1.85%	HANSON PIPE & PRODUCTS INC	2,380,530	4	1.33%
CLAYTON HOMES INC	2,173,885	5	1.35%	CLAYTON HOMES INC	1,617,732	5	0.91%
BNSF RAILWAY COMPANY	1,684,439	6	1.05%	QWEST CORPORATION	1,596,759	6	0.89%
COYOTE PASS RV AND MINI STORAGE LLC	1,417,428	7	0.88%	BNSF RAILWAY COMPANY	1,588,920	7	0.89%
CIVES CORPORATION	1,353,096	8	0.84%	PREMIERE RV & MINI STORAGE LLC	993,040	8	0.56%
ARIZONA SAND & ROCK CO	1,207,227	9	0.75%	JIA CORP	784,716	9	0.44%
MICROSOFT CORPORATION	999,375	10	0.62%	EL MIRAGE DYSART INVESTORS 1 LLC	768,058	10	0.43%
UNION ROCK & MATERIAL CORP	932,274	11	0.58%	ARIZONA SAND & ROCK CO	740,027	11	0.41%
2018-1 H BORROWER LP	800,900	12	0.50%	MCS ENTERPRISES LLC	635,800	12	0.36%
JIA CORP	746,948	13	0.47%	AAWC: SUN CITY WATER DIVISION	620,066	13	0.35%
EPCOR (SUN CITY SEWER)	729,402	14	0.45%	SUMERLIN LLC	608,574	14	0.34%
SOUTHWEST GAS CORPORATION (T&D)	722,810	15	0.45%	UNION ROCK & MATERIAL CORP	599,338	15	0.34%
PREMIERE RV & MINI STORAGE LLC	702,396	16	0.44%	COYOTE PASS RV AND MINI STORAGE LLC	574,766	16	0.32%
REM PLAZA LLC	692,730	17	0.43%	T BAR C LAND AND CAMEL COMPANY LLC	535,475	17	0.30%
K & L DIRT COMPANY LC	660,402	18	0.41%	AAWC: SUN CITY SEWER DIVISION	533,987	18	0.30%
REALTY INCOME PROPERTIES 25 LLC	642,672	19	0.40%	JDL & COMPANY L L C	513,080	19	0.29%
EPCOR (SUN CITY WATER DIVISION)	630,538	20	0.39%	PARTNERSHIP FOR QUALITY AFFORD HOUS #1	500,000	20	0.28%
MCS ENTERPRISES LLC	626,238	21	0.39%	HANLEY PROPERTIES IV LLC	438,903	21	0.25%
THE ORCHARDS AT EL MIRAGE LLC	618,696	22	0.39%	MOYES CRAIG	437,940	22	0.25%
T BAR C LAND AND CAMEL COMPANY LLC	533,250	23	0.33%	EL MIRAGE MARKET PLACE LLC	434,483	23	0.24%
QWEST CORPORATION	464,187	24	0.29%	SOUTHWEST GAS CORPORATION (T&D)	428,876	24	0.24%
CPI EL MIRAGE OWNER LLC	445,240	25	0.28%	LJ VESTED HOLDINGS LLC	425,841	25	0.24%

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

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds (including 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						
2020	\$ 22,475,911	\$ -	\$ -	\$ -	\$ -	\$ 9,665,211					\$ 32,141,122	N/A	899
2019	23,780,971	10,065,663	-	-	-	9,821,367					43,668,001	N/A	1,224
2018	25,052,723	10,771,146	-	-	-	10,912,026					46,735,895	N/A	1,327
2017	25,713,367	11,451,658	-	-	-	12,059,849					49,224,874	0.03	1,405
2016	26,750,296	11,602,682	8,900	-	-	16,523,152					54,885,030	0.03	1,617
2015	25,899,465		11,974	-	-	17,679,093					43,590,532	0.02	1,327
2014	26,943,122		14,803	-	-	18,614,362					45,572,287	0.03	1,403
2013	27,999,013			7,252	-	16,716,896					44,715,909	0.03	1,373
2012	13,121,296			28,120	-	14,220,261					27,348,809	0.02	858
2011	13,738,373				-	15,216,844					28,983,337	0.02	912

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
2020	\$ 22,475,911	479,261	21,996,650	1.347	615
2019	23,780,971	493,370	23,287,601	1.604	653
2018	25,052,723	428,812	24,623,911	1.696	699
2017	25,713,367	431,298	25,282,069	1.859	721
2016	26,750,296	477,058	26,273,238	2.043	750
2015	25,899,465	542,227	25,357,238	2.504	772
2014	26,943,122	643,861	26,299,261	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

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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City	Estimated Amount Applicable to City
Debt repaid with property taxes:			
Dysart Unified School District No. 89	\$ 126,583,000	8.7250 %	\$ 11,044,367
Subtotal, Overlapping Debt			11,044,367
Direct:			
City of El Mirage			22,475,911
Total Direct and Overlapping Debt			\$ 33,520,278

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit 6%	12,683,453	11,375,002	10,117,323	8,932,155	8,049,641	6,540,468	6,540,468	5,762,741	6,483,550	8,261,491
Total net debt applicable to limit	1,374,500	1,835,000	1,900,000	5,018,600	6,093,600	4,097,905	5,762,741	5,762,741		
Unrestricted legal debt margin	11,308,953	9,540,002	8,217,323	3,913,555	1,956,041	2,442,563	777,727	-	6,483,550	8,261,491

Total net debt applicable to the 6% limit as a percentage of 6% debt limit 10.84% 16.13% 18.78% 56.19% 75.70% 62.65% 88.11% 100.00% 0.00% 0.00%

	Restricted									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit 20%	42,278,177	37,916,673	33,724,408	29,773,849	26,832,138	21,801,560	21,804,560	19,209,136	21,611,833	27,538,305
Total net debt applicable to limit	21,101,411	22,605,000	21,695,000	19,986,400	19,986,400	21,801,560	21,180,381	22,236,272	22,236,272	27,999,013
Restricted legal debt margin	21,176,766	15,311,673	12,029,408	9,787,449	6,845,738	-	624,179	(3,027,136)	(624,439)	(460,708)

Total net debt applicable to the 20% limit as a percentage of 20% debt limit 49.91% 59.62% 64.33% 67.13% 74.49% 100.00% 97.14% 115.76% 102.89% 101.67%

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

Note: Outstanding debt includes bond premium

**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>	<u>Unemployment Rate</u>
2020	35,753	4,485,414	\$ N/A	\$ N/A	9.8	%
2019	35,670	4,410,824	\$ N/A	\$ N/A	5.0	
2018	35,216	4,307,033	\$ 210,370,180	\$ 48,843	4.9	
2017	35,043	4,307,033	196,286,191	\$ 45,573	4.9	
2016	33,935	4,233,383	185,613,641	\$ 43,845	5.5	
2015	32,857	4,154,076	178,469,460	42,962	6.2	
2014	32,472	4,076,708	168,450,841	41,320	7.4	
2013	32,067	4,006,307	158,054,524	39,451	8.9	
2012	31,862	3,939,776	154,137,019	39,123	9.7	
2011	31,797	3,869,626	145,320,626	37,554	11.6	

Source: The source of this information is the U.S. Census Bureau,
U.S. Department of Commerce and Arizona Office of Employment and Population Statistics.

Note: All personal income figures and per capita income are for Maricopa County.
N/A indicates that the information is not available.

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

Employer	2019		2010	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Dysart Unified School District 89	510	13.71 %	580	17.96 %
Walmart	280	7.53	310	9.60
City of El Mirage	200	5.38	190	5.88
Dvc Construction Company Inc	160	4.30	160	4.95
CalPortland Company	150	4.03		-
Parks Sons of Sun City Inc	130	3.49		-
Bnsf Railway Co	120	3.23	100	3.10
Somerset Landscape	110	2.96		-
Southwest Steel Inc	100	2.69		-
Top Line Construction Inc	90	2.42	90	2.79
Canyon State Masonry Inc			150	4.64
Southwest Stair Inc			80	2.48
Sutter Masonry Inc			80	2.48
Littleton School District 65			80	2.48
Total	1,850	49.74 %	1,820	56.36 %
Total employment	3,720		3,230	

Source: The source of this information is the City of El Mirage and Maricopa Association of Governments
Note: Amounts presented are as of December 31.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	Full-time Equivalent Employees as of June 30									
General Government	34.10	29.10	30.10	30.10	31.20	31.20	29.30	23.50	24.50	26.00
Public Safety										
Police	72.00	68.50	59.50	59.00	61.20	60.20	58.50	56.00	48.50	53.50
Fire	31.00	34.00	27.00	27.00	29.00	29.00	29.00	28.00	25.00	27.00
Court	10.10	11.10	9.60	8.60	13.10	13.10	12.20	13.10	10.10	9.10
Public Works										
Streets	4.00	4.00	4.00	4.00	6.00	6.00	6.00	4.00	3.00	10.00
Development Services	10.30	6.00	3.00	4.00	4.00	4.00	3.00	6.00	6.00	7.00
Economic Development	1.00	1.00	1.00					3.00	10.25	12.75
Parks and Recreation	7.80	7.80	7.80	7.80	4.80	4.80	4.80	4.80	6.00	5.50
Health and Welfare										
Water	13.00	18.00	18.00	18.00	16.70	16.70	18.00	18.00	18.00	11.00
Sewer	7.00	8.00	8.00	8.00	8.00	8.00	9.00	10.00	10.00	10.00
Customer Service	6.00	6.00	5.30	5.30	5.40	4.50	4.50	4.50	4.00	5.00
	<u>196.30</u>	<u>193.50</u>	<u>173.30</u>	<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>

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**

<u>Function/Program</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	44	42	42	43	43	43	43	41	41
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines and ladder trucks	3	2	3	4	3	3	3	3	3	3
Other Public Works										
Street miles	248	248	248	242	240	240	240	240	240	240
Traffic signals	17	17	17	13	11	11	11	10	10	10
Community Development										
Inspection vehicles	5	10	10	10	8	8	8	8	8	8
Culture and recreation										
Parks acreage	52	52	52.3	52.3	52.3	52.3	52.3	44.8	44.8	9.5
Parks	13	13	13	13	13	13	13	12	12	2
Softball fields	2	2	2	2	2	2	2	2	2	3
Baseball fields	3	3	3	3	3	3	3	3	3	3
Libraries	1	1	1	1	1	1	1	1	1	1
Water										
Maximum pump capacity (MGD)(1)	11.25	11.80	11.58	11.58	11.58	11.58	11.58	11.58	25.07	25.07
Total Storage (MGD)	7.76	7.76	7.36	7.36	7.36	7.36	7.36	7.36		
Wells	10	10	10	10	10	10	10	10		
Miles of water lines	122	121	120	120	120	120	120	120		
Valves	2,750	2,636	2,621	2,626	2,626	2,514	2,501	2,501		
Hydrants	1,450	1,419	1,417	1,413	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	64	63	63	63	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Public Safety										
Police										
Calls/incidents responded to	33,629	27,771	26,362	28,611	28,597	29,530	29,587	29,884	32,412	37,347
Citations issued	3,820	2,542	2,465	2,263	2,241	2,246	1,807	1,825	1,785	2,549
Fire										
Number of responses	4,406	4,009	4,277	4,559	4,513	4,054	4,564	3,685	3,372	2,997
Inspections	430	255	131	324	302	267	214	295	298	244
Public Works and Streets										
Square feet of buildings to maintain	109,654	109,654	109,654	109,654	87,654	87,654	87,654	76,425	63,425	63,425
Vehicles/equipment maintained per month	151	149	134	125	125	123	119	113	108	108
Street miles maintained	248	248	248	242	240	240	240	240	240	240
Community Development										
Building safety inspections performed	2,005	2,208	2,558	2,825	3,143	3,919	3,978	2,681	1,989	2,533
Annual new residential starts	124	6	26	26	48	58	77	47	18	
Water										
Water accounts billed	11,728	11,517								
Residential	11,020	10,858	10,471	12,741	10,308	10,447	10,630	10,015	12,787	12,029
Commercial	708	659	606	665	634	611	512	584	652	573
Acre feet of water delivered	4,986	4,696	4,790	4,829	4,543	4,612	4,415	4,426	4,460	4,246
Sewer										
Sewage treated (million gallons per day)	2.00	2.00	1.81	1.92	1.93	1.87	1.87	1.87	1.87	1.77
Sewer service connections	10,730	10,630	10,628	10,620	10,614	10,606	9,077	9,077	11,754	11,284

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

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Honorable Mayor and
City Council
El Mirage, Arizona

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Mirage, Arizona as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of El Mirage, Arizona's basic financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of El Mirage, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of El Mirage, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City El Mirage, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of El Mirage, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
Gilbert, Arizona
October 20, 2020



**Independent Auditors' Report on
State Legal Compliance**

The Honorable Mayor and
City Council
El Mirage, Arizona

We have audited the basic financial statements of the City of El Mirage, Arizona for the year ended June 30, 2020, and have issued our report thereon dated October 20, 2020. Our audit also included test work on the City of El Mirage's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of El Mirage is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The City of El Mirage has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of El Mirage pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of El Mirage complied, in all material respects, with the requirements identified above for the year ended June 30, 2020.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC
Gilbert, Arizona
October 20, 2020

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