

CARING · COLLABORATION · EQUITY · INCLUSION · INSPIRE



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



CARING · COLLABORATION · EQUITY · INCLUSION · INSPIRE

CITY OF TOLLESON, ARIZONA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	v
List of Principal Officials	vi
Organizational Chart	vii
II. FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion & Analysis	7
A. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual	29
Public Safety Tax Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	30
Proprietary Fund Financial Statements	
Statement of Net Position	33
Statement of Revenues, Expenses and Changes in Fund Net Position	34
Statement of Cash Flows	36
Notes to Financial Statements	
1. Summary of Significant Accounting Policies	41
2. Cash and Investments	50
3. Receivables	56
4. Capital Assets	57
5. Long-Term Debt	59
6. Interfund Receivables, Payables and Transfers	61
7. Pensions and Other Postemployment Benefits	61
8. Construction Commitments	78
9. Risk Management	78

	<u>Page</u>
B. Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability	
Cost-Sharing Pension Plan	81
Schedule of Changes in the City's Net Pension Liability and Related Ratios	
Agent Pension Plan	82
Schedule of the City Pension Contributions	84
Notes to Pension Plan Schedules	85
Schedule of Agent OPEB Plans' Funding Progress	87
C. Other Supplementary Information	
Budgetary Comparison Schedules – Major Funds	
Capital Improvements Fund	91
Debt Service Fund	92
Non-major Government Funds Financial Statements	
Combining Balance Sheet	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
Budgetary Comparison Schedules – Non-major Funds	
Highway User Revenue Fund	99
Grants Fund	100
III. STATISTICAL SECTION	<u>Page</u>
1 Net Position by Component	102
2 Changes in Net Position	104
3 Fund Balances of Governmental Funds	108
4 Changes in Fund Balances of Governmental Funds	110
5 General Government Tax Revenues By Source	114
6 Assess Value and Estimated Actual Value of Taxable Property	116
7 Property Tax Rates Direct and Overlapping Governments	118
8 Principal Property Taxpayers	119
9 Property Tax Levies and Collections	120
10 Taxable Sales by Category	121
11 Direct and Overlapping Sales Tax Rates	122
12 Ratio of Outstanding Debt by Type	124
13 Ratios of General Bonded Debt Outstanding	126
14 Direct and Overlapping Governmental Activities Debt	127
15 Calculation of Legal Debt Margin	128
16 Legal Debt Margin Information	130
17 Pledged-Revenue Coverage	132
18 Demographic and Economic Statistics	134
19 Principal Employers	135
20 Full-Time Equivalent Employee by Function	136
21 Operating Indicators by Function	138
22 Capital Asset Statistics by Function	140
23 Property Valuations	142
24 Secondary Valuations as a Percentage of Estimated Valuations	143
25 Secondary Valuations by Legal Class	144
26 Secondary Valuations by Major Taxpayer	145

IV. COMPLIANCE SECTION

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*

149

Introductory Section





CITY OF TOLLESON

9555 West Van Buren • Tolleson, AZ 85353 • 623.936.7111 • fax 623.907.2629

November 13, 2018

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Tolleson, Arizona:

The comprehensive annual financial report of the City of Tolleson, Arizona (the City), for the year ended June 30, 2018, is hereby submitted. The City is required to issue annually a report on its financial position and activity, and be audited by an independent certified public accountant. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City.

Henry & Horne LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2018. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America (GAAP) 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). MD&A complements this Letter of Transmittal and should be read in conjunction with it. The City of Tolleson's MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Not for Profit Organizations. A separate single audit report includes the schedule of expenditures of federal awards, auditors report on internal controls, and compliance with applicable laws and regulations.

THE FINANCIAL REPORTING ENTITY

The City of Tolleson, founded in 1929, operates under a Council-Manager form of government as provided by its Charter. The Mayor and six City Council members are elected at large on a non-partisan ballot and serve overlapping four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances; adopting the budget; appointing commission board members; and appointing the positions of City Manager, City Attorney, and Presiding Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 6 square miles. Although small, Tolleson is in the middle of it all, with Phoenix International Raceway 10 minutes south and entertainment venues in Glendale, Peoria, Goodyear and Phoenix 10 minutes north and east. Tolleson is the west valley's industrial employment center hosting over 20 Fortune 500 companies employing more than 20,000 resulting in one of the most impressive jobs to resident's ratios in the nation.

The City provides a full range of municipal services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities including libraries and cultural events, public transportation, planning and zoning services, and general administrative services.

This report includes financial statements on both a government-wide and fund basis for the primary government as well as its component units. Component units are separate legal entities included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and the City of Tolleson Municipal Facilities Corporation (MFC) as discussed further in Note 1 of the notes to the financial statements.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The unemployment rate in Tolleson went down to 3.8% as compared to 4.4% statewide. Consumer spending remained healthy in fiscal year 2018. The City's sales and use tax collections in fiscal year 2018 totaled \$21.4 million, a 2.5% increase from the \$20.9 million in the prior year.

During Fiscal Year 2017-2018 the City has continued to see steady growth and is strategically increasing resources to maintain current levels of service to our residents.

Economic Outlook

The overall economic outlook for 2019 looks stronger than 2018 with population growth to pick up slightly. The tax-reform package enacted in December has boosted the economy, partly in increased capital investment. There is improved consumer and business confidence, more hiring and still moderate inflation. Likewise, the overall economic outlook for the State of Arizona and the City of Tolleson is expected to mirror the nation's growth.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Tolleson is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to be adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Tolleson, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. Every four years the voters are asked to approve an alternative expenditure limitation which has passed each time the voters have been asked. The City may utilize the additional expenditure authority for any local budgetary purposes.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated operating budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. Encumbered appropriations lapse at fiscal year-end and are re-budgeted as needed in the next fiscal year.

Financial Policies

The City has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The City needs to ensure that it is capable of adequately funding and providing those government services desired by the community. Ultimately the City's reputation and success depends on the public's awareness and acceptability of the management and delivery of those services.

STRATEGIC GOALS

The Council gives careful consideration to all projects and initiatives during the budget process each year to ensure investments of public funds achieve Council objectives and provide a long term sustainable benefit to the community. Listed below are the Council priorities for FY 2018-19 to further the City's commitment to provide quality service, economic development and improved quality of life for the citizens of Tolleson.

- Beautify Segments of the Community
 - Human Services / C.A.P. Assistance
 - Fill Empty Buildings on Van Buren
- Increase Community Outreach
- Fill Empty Buildings on Van Buren
- Begin Construction of a New City Hall
- Reduce the Public Safety Unfunded Liability

Financial Awards

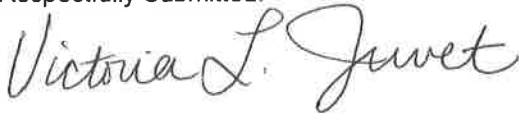
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tolleson for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I wish to express my sincere thanks to the entire staff of the Finance Department without whose assistance this report could not have been prepared. I would also like to express thanks to all of the members of the departments who assisted in and contributed to the preparation of this report. Finally, I wish to thank the Mayor, Vice Mayor, Council Members, City Manager, and Assistant City Manager for their continued support in promoting sound financial policies and internal controls.

Respectfully Submitted:

A handwritten signature in cursive script that reads "Victoria L. Juvet". The signature is written in dark ink and is positioned above the printed name.

Victoria L. Juvet, CPA, CFE, CGFM, MPA

Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tolleson
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

CITY OF TOLLESON, ARIZONA
PRINCIPAL OFFICIALS OF THE CITY
YEAR ENDED JUNE 30, 2018

MAYOR AND COUNCIL

Anna Tovar, Mayor

Juan F Rodriguez, Vice Mayor

Clorinda Erives, Councilmember

John Carnero, Councilmember

Lupe Leyva Bandin, Councilmember

Albert P. Mendoza, Councilmember

Linda Laborin, Councilmember



MANAGEMENT STAFF

Reyes, Medrano, City Manager

John Paul Lopez, Assistant City Manager

DEPARTMENT HEADS

Diana T. Quezada, Magistrate

Wendy Jackson, Human Resources Director

Paul Gilmore, City Engineer

Steve Holliday, IT Director

Jamie McCracken, Field Operations Director

Wayne Booher, Police Chief

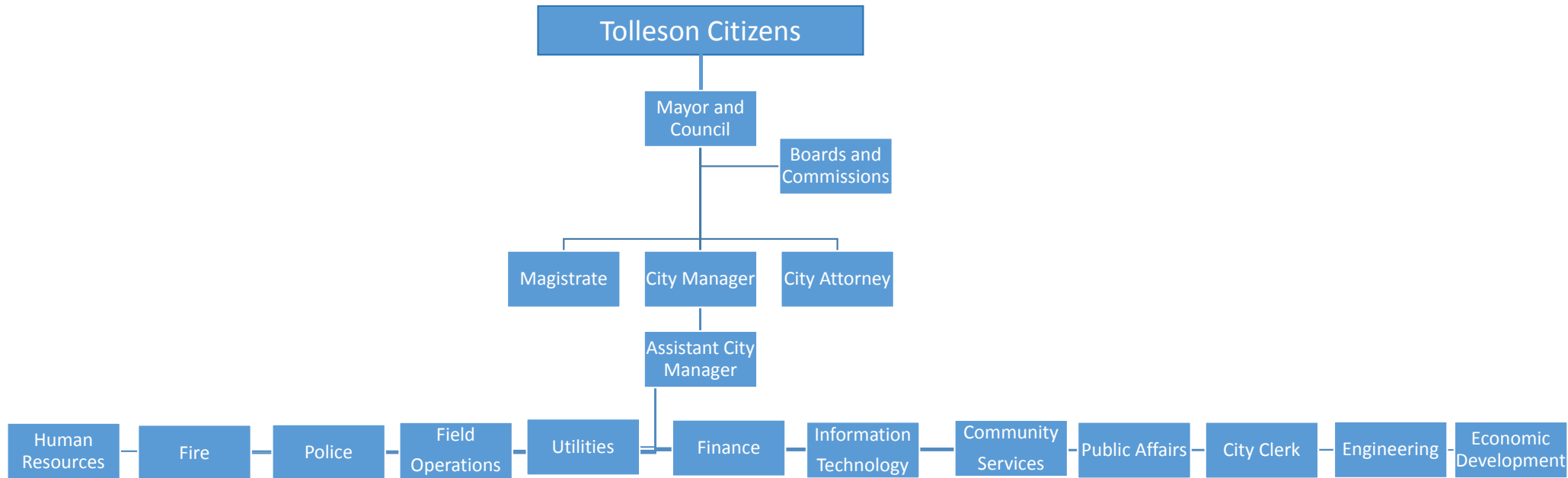
Victoria L. Juvet, Chief Financial Officer

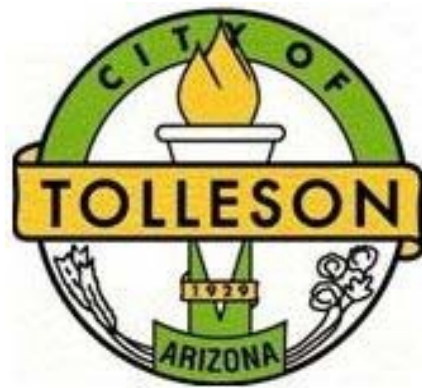
Mark Berrelez, Utilities Director

George Good, Fire Chief

Jason Earp, Economic Development Director

City of Tolleson Organizational Chart





Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Tolleson
Tolleson, 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 City of Tolleson, Arizona, as of and for the year ended June 30, 2018, 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 Tolleson, Arizona, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Public Safety Tax Special Revenue Fund 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, and the required supplementary 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 Tolleson, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial information listed as other supplementary information in the financial section is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as other supplementary information in the financial section, 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.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the City of Tolleson, Arizona failed to use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Tolleson solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Tolleson's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the City and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of the City's internal control over financial reporting and 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 the City of Tolleson, Arizona's, internal control over financial reporting and compliance.

Henry & Horne LLP

Casa Grande, Arizona
November 13, 2018

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



**CITY OF TOLLESON, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018**

As management of the City of Tolleson, 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, 2018. 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 on page i of this report.

FINANCIAL ANALYSIS

- The assets of the City of Tolleson, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$121,022,648 (net position).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,303,394 or 96% of total General Fund expenditures.
- The General Fund revenues (on a budgetary basis) were more than budgeted revenues by \$1,652,218 for the fiscal year ending June 30, 2018.
- General Fund revenues exceeded expenditures by \$2,048,972; a positive variance of \$6,024,282 from the original budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City of Tolleson's basic financial statements. The City of Tolleson's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Tolleson's finances, in a manner similar to a private-sector business. The *statement of net position* presents financial information on all of the City of Tolleson's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Tolleson is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Tolleson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tolleson include general government, public safety, highways and streets, culture and recreation, economic development, and health and welfare. The business-type activities of the City of Tolleson include water, sewer, and sanitation.

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

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

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

The City of Tolleson maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other ten governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Tolleson adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The City of Tolleson maintains three different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Tolleson uses enterprise funds to account for its water, sewer, and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, sewer fund, and sanitation fund, all of which are considered to be major funds of the City of Tolleson.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The City did not have any fiduciary funds to report at year end.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Tolleson's progress in funding its obligation to provide pension and OPEB benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds and non-major governmental fund budgetary comparisons are presented immediately following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by \$121,022,648 as of June 30, 2018 as shown in the following condensed statement of net position. The City has chosen to account for its water, sewer and sanitation operations in an enterprise fund which is shown as Business Activities.

City of Tolleson, Arizona Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Current and other assets	\$ 30,363,118	\$ 28,963,055	\$ 28,864,146	\$ 25,766,030	\$ 59,227,264	\$ 54,729,085
Capital assets	50,117,879	47,894,383	61,949,097	63,923,494	112,066,976	111,817,877
Total assets	80,480,997	76,857,438	90,813,243	89,689,524	171,294,240	166,546,962
Deferred outflows of resources	7,243,516	7,034,718	656,704	893,690	7,900,220	7,928,408
Long-term liabilities outstanding	33,350,448	36,394,945	18,135,992	21,237,112	51,486,440	57,632,057
Other liabilities	3,335,758	1,954,004	1,024,174	992,771	4,359,932	2,946,775
Total liabilities	36,686,206	38,348,949	19,160,166	22,229,883	55,846,372	60,578,832
Deferred inflows of resources	2,064,028	1,424,270	261,412	514,498	2,325,440	1,938,768
Net position:						
Net investment in capital assets	35,872,282	32,215,631	48,568,972	47,446,347	84,441,254	79,661,978
Restricted	3,652,102	5,684,881	506,163	499,179	4,158,265	6,184,060
Unrestricted	9,449,895	6,218,425	22,973,234	19,893,307	32,423,129	26,111,732
Total net position	\$ 48,974,279	\$ 44,118,937	\$ 72,048,369	\$ 67,838,833	\$ 121,022,648	\$ 111,957,770

Governmental Activities

The City has \$171,294,240 in total assets, with \$84,441,254 invested in capital assets, net of related debt. Funds included in the Business-type activities column are the City's enterprise funds operation, which are Wastewater, Water, and Sanitation. These operations are capital intensive, using a large portion of their resources to maintain and replace major equipment and facilities.

The City's programs include: General Government, Public Safety, Highways and Streets, Economic Development, Culture and Recreation, and Health and Welfare. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

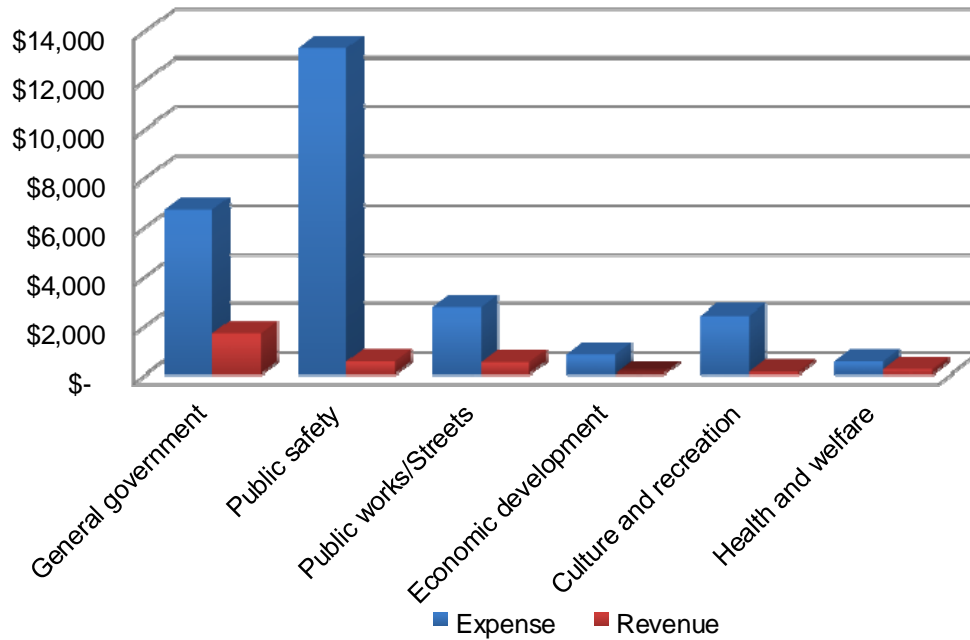
City of Tolleson, Arizona
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,885,949	\$ 1,431,784	\$ 13,615,460	\$ 12,588,627	\$ 15,501,409	\$ 14,020,411
Operating grants and contributions	972,700	973,563	-	-	972,700	973,563
Capital grants and contributions	69,939	18,472	-	49,811	69,939	68,283
General revenues:						
Taxes	27,706,214	27,943,818	3,224,893	2,157,082	30,931,107	30,100,900
Urban revenue sharing	889,064	857,378	-	-	889,064	857,378
Other revenue/(expense)	449,458	282,915	169,839	157,028	619,297	439,943
Total revenues	<u>31,973,324</u>	<u>31,507,930</u>	<u>17,010,192</u>	<u>14,952,548</u>	<u>48,983,516</u>	<u>46,460,478</u>
Expenses:						
General government	6,699,834	6,057,979	-	-	6,699,834	6,057,979
Public safety	13,256,375	13,703,866	-	-	13,256,375	13,703,866
Public works/Streets	2,702,277	2,158,993	-	-	2,702,277	2,158,993
Health and welfare	506,590	455,278	-	-	506,590	455,278
Culture and recreation	2,382,861	2,438,231	-	-	2,382,861	2,438,231
Economic development	794,512	1,196,079	-	-	794,512	1,196,079
Interest on long-term debt	636,533	717,956	-	-	636,533	717,956
Water	-	-	5,926,382	5,294,611	5,926,382	5,294,611
Wastewater treatment/sewer	-	-	6,639,875	6,720,582	6,639,875	6,720,582
Sanitation	-	-	373,399	418,557	373,399	418,557
Total expenses	<u>26,978,982</u>	<u>26,728,382</u>	<u>12,939,656</u>	<u>12,433,750</u>	<u>39,918,638</u>	<u>39,162,132</u>
Increase / (decrease) in net position before special items and transfers	4,994,342	4,779,548	4,070,536	2,518,798	9,064,878	7,298,346
Transfers in (out)	(139,000)	(420,000)	139,000	420,000	-	-
Change in net position	<u>4,855,342</u>	<u>4,359,548</u>	<u>4,209,536</u>	<u>2,938,798</u>	<u>9,064,878</u>	<u>7,298,346</u>
Net position, beginning	44,118,937	39,759,389	67,838,833	64,900,035	111,957,770	104,659,424
Ending net position	<u>\$ 48,974,279</u>	<u>\$ 44,118,937</u>	<u>\$ 72,048,369</u>	<u>\$ 67,838,833</u>	<u>\$ 121,022,648</u>	<u>\$ 111,957,770</u>

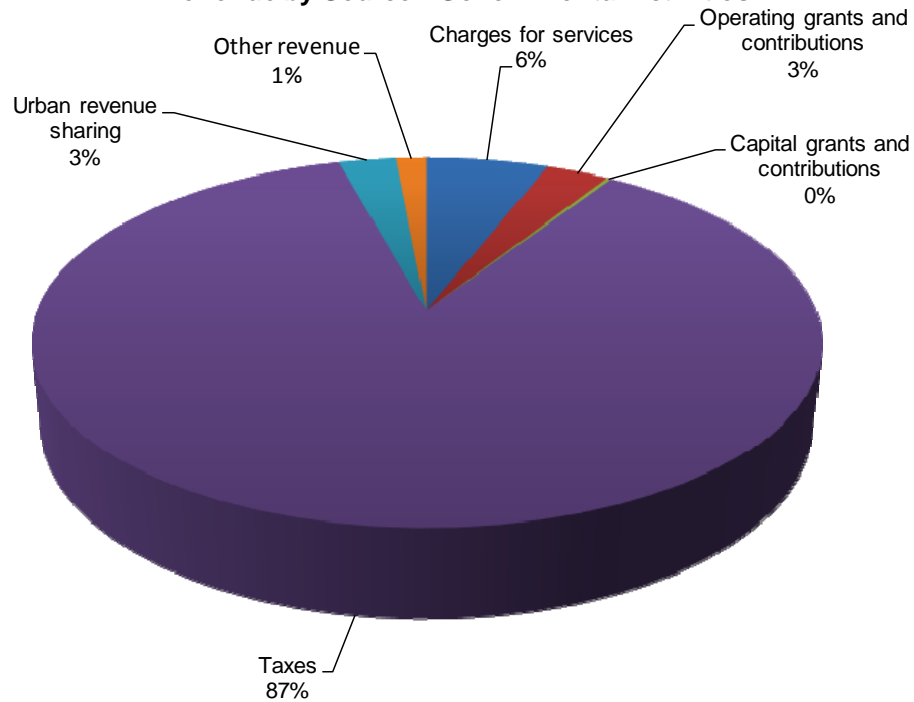
Total resources available during the year to finance governmental operations were \$75.9 million consisting of net position at July 1, 2017 of \$44.1 million, program revenues of \$2.9 million and General Revenues of \$29 million. Total Governmental Activities during the year were \$27 million; thus Governmental Net position was increased by \$5 million to \$49.1 million before transfers.

The following graph compares program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

**Expense and Program Revenues - Governmental Activities
(in Thousands)**

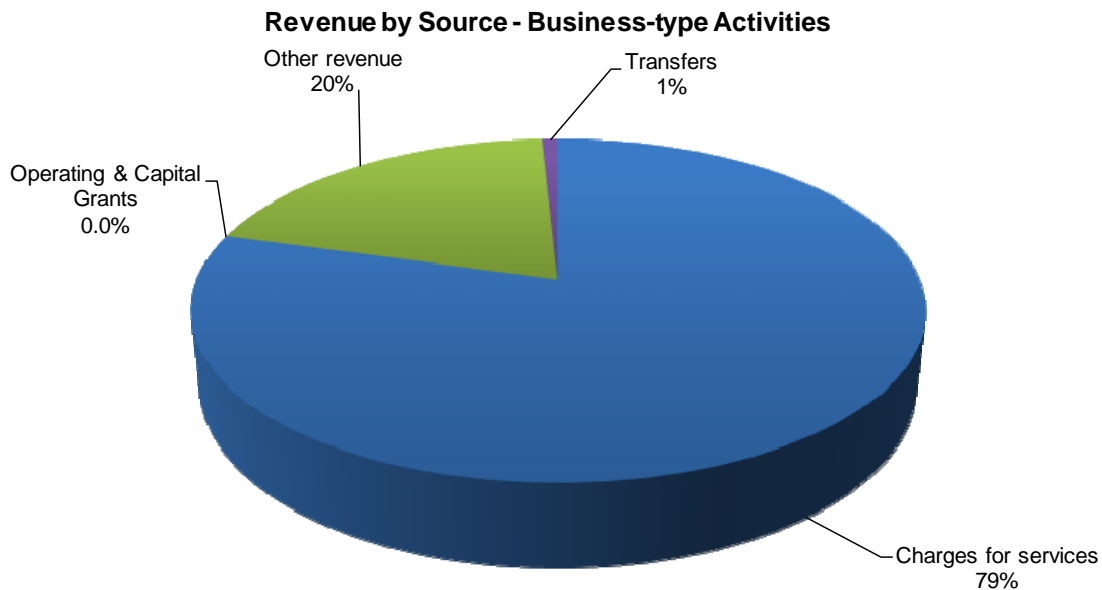
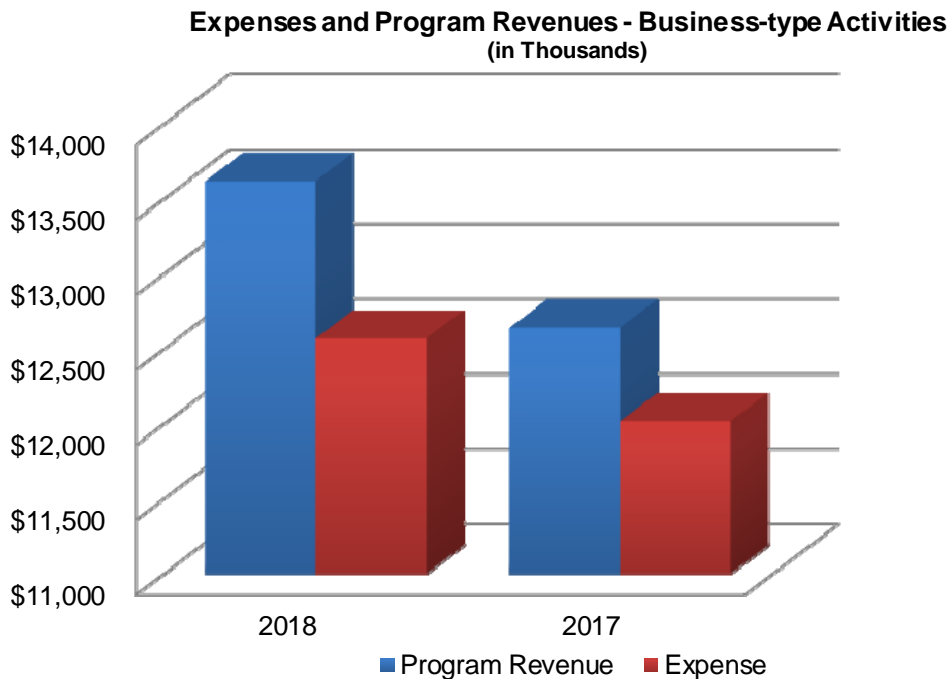


Revenue by Source - Governmental Activities



Business Type Activities

Net position of the Business Type activities at June 30, 2018, as reflected in the Statement of Net Position was \$72 million. The cost of providing all Proprietary (Business Type) activities this year was \$12.9 million. As shown in the statement of Changes in Net position, the amounts paid by users of the system were \$13.6 million. Capital contributions were \$0, property tax revenues were \$3,224,893 and interest earnings and other revenues totaled \$169,839. The net position increased by \$4,070,536 before transfers.



Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the City of Tolleson's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the City of Tolleson'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.

As of the end of the current fiscal year, the City of Tolleson's governmental funds reported combined ending fund balances of \$26,960,001 an increase of \$53,469 in comparison with the prior year. Approximately, 86% of this total amount, \$23,303,394, constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the 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 Tolleson. At the end of the current fiscal year, unassigned fund balance in the general fund was \$23,303,394, while total fund balance is \$23,817,481. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 98% of total general fund expenditures, while total fund balance represents 111% of the same amount.

During the year, the City of Tolleson's general fund balance increased by \$1,766,182. The increase was due to sales tax, licenses and permits, and charges for services revenues in excess of projected amounts.

The Public Safety Tax Fund balance decreased by \$569,408. The key factor to the decrease was the budgeted spending of reserves to help pay down the public safety unfunded liability.

The Capital Projects Fund balance decreased by \$143,574 during the fiscal year as a result of a transfer into the Impact Fee Capital Project Fund to make the debt service payment.

The Debt Service Fund balance decreased by \$283,901 during the fiscal year as a result of a transfer into other funds.

Proprietary Funds: The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown directly on the fund statements.

Net position of the proprietary funds was \$72,048,369 as of June 30, 2018. Operating revenues in fiscal year 2018 were \$6,873,286 for water, \$6,293,079 for sewer, and \$449,095 for sanitation while operating expenses were \$5,902,902 for water, \$6,179,913 for sewer, and \$373,399 for sanitation, resulting in operating income of \$970,384 for water, \$113,166 for sewer, and \$75,696 for sanitation. The water, sewer, and sanitation operating expenses increased from the prior year mainly due to additional salary and benefit cost allocations and maintenance and repair costs.

General Fund Budgetary Highlights

Actual general fund revenues exceeded budgeted amounts by \$1,652,218 primarily due to sales tax revenues in excess of projections. The City's total expenditures in the general fund were less than the budgeted amounts by \$4,372,064. There were amendments made during the year between general fund departments to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

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 infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2018, net capital assets of the government activities totaled \$50.1 million and the net capital assets of the business-type activities totaled \$61.9 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 4 to the financial statements.)

Debt

At year-end, the City had \$33.3 million in governmental type debt, and \$18.1 million in business-type debt. During the current fiscal year, the City's total debt decreased by \$6,145,618. (See note 5 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Many factors were considered by the City's Officials during the process of developing the Fiscal Year 2018-2019 budget. The primary factors include:

The overall economy continues to improve in Tolleson. Sales tax revenues are expected to increase by 2%. Building Permits and Building Plan Review Fees are expected to increase by 50% and 78% respectively. Primary Property tax is projected to remain flat.

The City has budgeted for a New City Hall construction project in Fiscal Year 2018-19.

An average 3% increase in wages and related costs were included.

Overall, the financial condition of the City is improving and the actions of the City Council will help to ensure this continues.

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 money it receives. If you have questions about this report or need additional financial information, contact the City's Chief Financial Officer, City of Tolleson, 9555 West Van Buren, Tolleson, Arizona, 85252 or visit our website at www.tollesonaz.org.

Financial Section

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements



CITY OF TOLLESON, ARIZONA
STATEMENT OF NET POSITION
June 30, 2018

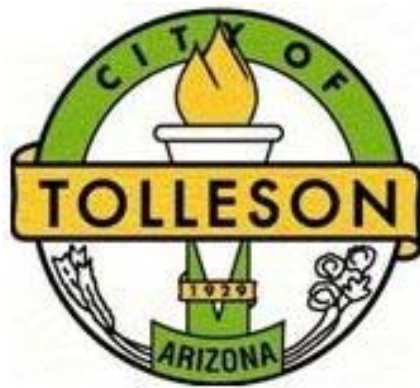
	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,656,946	\$ 16,041,800	\$ 30,698,746
Investments	12,756,190	9,378,620	22,134,810
Receivables (net of allowances)	2,945,477	2,937,563	5,883,040
Restricted assets	-	506,163	506,163
Prepaid items	4,505	-	4,505
Capital assets:			
Nondepreciable capital assets	6,239,872	3,933,202	10,173,074
Depreciable capital assets (net of accumulated depreciation)	43,878,007	58,015,895	101,893,902
Total assets	<u>80,480,997</u>	<u>90,813,243</u>	<u>171,294,240</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	3,556,893	374,667	3,931,560
Deferred outflows of employer contributions to pensions	3,686,623	282,037	3,968,660
Total deferred outflows of resources	<u>7,243,516</u>	<u>656,704</u>	<u>7,900,220</u>
LIABILITIES			
Accounts payable and other current liabilities	2,546,701	761,898	3,308,599
Accrued wages and benefits	698,409	151,979	850,388
Interest payable	-	107,160	107,160
Unearned revenue	90,648	3,137	93,785
Noncurrent liabilities:			
Due within one year:			
Compensated absences	485,910	249,691	735,601
Loans payable	-	449,225	449,225
Bonds payable	958,100	2,976,900	3,935,000
Due in more than one year:			
Compensated absences	1,943,639	281,567	2,225,206
Loans payable	-	6,037,410	6,037,410
Bonds payable	13,287,497	3,916,590	17,204,087
Net pension liability	16,675,302	4,224,609	20,899,911
Total liabilities	<u>36,686,206</u>	<u>19,160,166</u>	<u>55,846,372</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,064,028	261,412	2,325,440
Total deferred inflows of resources	<u>2,064,028</u>	<u>261,412</u>	<u>2,325,440</u>
NET POSITION			
Net investment in capital assets	35,872,282	48,568,972	84,441,254
Restricted for:			
General government	385,037	-	385,037
Public safety	2,365,745	-	2,365,745
Highways and streets	283,631	-	283,631
Debt service	325,667	506,163	831,830
Capital projects and other	25,447	-	25,447
Other purposes	266,575	-	266,575
Unrestricted (deficit)	<u>9,449,895</u>	<u>22,973,234</u>	<u>32,423,129</u>
Total net position	<u>\$ 48,974,279</u>	<u>\$ 72,048,369</u>	<u>\$121,022,648</u>

CITY OF TOLLESON, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 6,699,834	\$ 1,527,499	\$ 127,763	\$ 13,256
Public safety	13,256,375	321,968	174,355	15,787
Highways and streets	2,702,277	-	472,432	-
Economic development	794,512	-	-	-
Culture and recreation	2,382,861	36,482	9,240	40,896
Health and welfare	506,590	-	188,910	-
Interest on long-term debt	636,533	-	-	-
Total governmental activities	26,978,982	1,885,949	972,700	69,939
Business-type activities				
Water	5,926,382	6,873,286	-	-
Sewer	6,639,875	6,293,079	-	-
Sanitation and Trash	373,399	449,095	-	-
Total business-type activities	12,939,656	13,615,460	-	-
Total primary government	\$ 39,918,638	\$ 15,501,409	\$ 972,700	\$ 69,939
General revenues				
Taxes:				
Sales tax				
Property tax				
Auto lieu tax				
Franchise tax				
State revenue sharing				
Urban revenue sharing (unrestricted)				
Unrestricted investment earnings				
Miscellaneous				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,031,316)	\$ -	\$ (5,031,316)
(12,744,265)	-	(12,744,265)
(2,229,845)	-	(2,229,845)
(794,512)	-	(794,512)
(2,296,243)	-	(2,296,243)
(317,680)	-	(317,680)
(636,533)	-	(636,533)
<u>(24,050,394)</u>	<u>-</u>	<u>(24,050,394)</u>
-	946,904	946,904
-	(346,796)	(346,796)
-	75,696	75,696
<u>-</u>	<u>675,804</u>	<u>675,804</u>
(24,050,394)	675,804	(23,374,590)
21,434,225	-	21,434,225
4,955,918	3,224,893	8,180,811
583,704	-	583,704
42,647	-	42,647
689,720	-	689,720
889,064	-	889,064
285,082	169,839	454,921
164,376	-	164,376
<u>(139,000)</u>	<u>139,000</u>	<u>-</u>
<u>28,905,736</u>	<u>3,533,732</u>	<u>32,439,468</u>
4,855,342	4,209,536	9,064,878
<u>44,118,937</u>	<u>67,838,833</u>	<u>111,957,770</u>
<u>\$ 48,974,279</u>	<u>\$ 72,048,369</u>	<u>\$ 121,022,648</u>



Government Funds Financial Statements

Major Funds

General Fund

This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

Public Safety Tax Fund

This fund accounts for the ½ cent sales tax collected to provide for police and fire services.

Capital Projects Fund

This fund accounts for the government's major capital improvements projects including the expenditure of impact fees.

Debt Service Fund

This fund accounts for the government's accumulation of resources for and the payment of long-term debt principal, interest and related costs.

Non - Major Funds

Other governmental funds are the non-major funds and are special revenue and capital project funds.

CITY OF TOLLESON, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Public Safety Tax	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 11,422,605	\$ 2,278,147	\$ 25,447
Investments	12,756,190	-	-
Receivables, net:			
Accounts receivable	8,287	-	-
Interest receivable	55,972	-	-
Taxes receivable	97,771	-	-
Intergovernmental receivable	2,565,034	-	-
Prepays	4,505	-	-
Total assets	\$ 26,910,364	\$ 2,278,147	\$ 25,447
LIABILITIES			
Accounts payable	\$ 2,404,375	\$ 36,947	\$ -
Accrued wages and benefits	656,213	-	-
Interest payable	-	-	-
Intergovernmental payable	1,015	-	-
Unearned revenue	-	-	-
Total liabilities	3,061,603	36,947	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	31,280	-	-
Total deferred inflow of resources	31,280	-	-
FUND BALANCES			
Nonspendable			
Prepaid items	4,505	-	-
Restricted			
General government	385,037	-	-
Highways and streets	-	-	-
Debt service	-	-	-
Capital projects	-	-	25,447
Public safety	124,545	2,241,200	-
Other purposes	-	-	-
Unassigned	23,303,394	-	-
Total fund balances	23,817,481	2,241,200	25,447
Total liabilities, deferred inflow of resources, and fund balances	\$ 26,910,364	\$ 2,278,147	\$ 25,447

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 253,674	\$ 677,073	\$ 14,656,946
-	-	12,756,190
-	-	8,287
-	-	55,972
108,072	-	205,843
-	110,341	2,675,375
-	-	4,505
<u>\$ 361,746</u>	<u>\$ 787,414</u>	<u>\$ 30,363,118</u>
\$ -	\$ 104,364	\$ 2,545,686
-	42,196	698,409
-	-	-
-	-	1,015
-	90,648	90,648
<u>-</u>	<u>237,208</u>	<u>3,335,758</u>
<u>36,079</u>	<u>-</u>	<u>67,359</u>
<u>36,079</u>	<u>-</u>	<u>67,359</u>
-	-	4,505
-	-	385,037
-	283,631	283,631
325,667	-	325,667
-	-	25,447
-	-	2,365,745
-	266,575	266,575
-	-	23,303,394
<u>325,667</u>	<u>550,206</u>	<u>26,960,001</u>
<u>\$ 361,746</u>	<u>\$ 787,414</u>	<u>\$ 30,363,118</u>

CITY OF TOLLESON, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2018

Total governmental funds balances		\$ 26,960,001
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	\$ 91,847,197	
Accumulated depreciation	<u>(41,729,318)</u>	50,117,879
Some revenues are unavailable in the governmental fund financial statements but recognized when earned in the statement of activities		67,359
Some liabilities, including net pension liabilities, capital leases, loans payable, and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(16,675,302)	
Bonds payable	(14,245,597)	
Compensated absences	<u>(2,429,549)</u>	(33,350,448)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,556,893	
Deferred outflows of employer contributions	3,686,623	
Deferred inflows of resources related to pensions	<u>(2,064,028)</u>	5,179,488
Total net position of governmental activities		<u><u>\$ 48,974,279</u></u>



CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

REVENUES	General	Public Safety Tax	Capital Projects
Taxes:			
Sales taxes	\$ 17,587,274	\$ 2,910,951	\$ -
Property taxes	3,907,917	-	-
Franchise taxes	42,647	-	-
Intergovernmental revenues	1,911,827	-	-
Fines and forfeitures	292,883	-	-
Licenses and permits	650,962	-	-
Charges for services	1,295,365	24,549	-
Rents and royalties	62,525	-	-
Other revenues:			
Contributions and donations	40,437	-	-
Interest	242,609	13,458	325
Other revenues	254,617	-	-
Total revenues	<u>26,289,063</u>	<u>2,948,958</u>	<u>325</u>
EXPENDITURES			
Current:			
General government	6,688,536	-	-
Public safety	9,886,657	3,210,214	-
Highways and streets	278,368	-	-
Culture and recreation	2,032,198	-	-
Economic development	1,006,559	-	-
Health and welfare	-	-	-
Capital outlay	4,347,773	508,152	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>24,240,091</u>	<u>3,718,366</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,048,972</u>	<u>(769,408)</u>	<u>325</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	9,520	-	-
Transfers in	1,021,000	200,000	-
Transfers out	(1,313,310)	-	(143,899)
Total other financing sources and (uses)	<u>(282,790)</u>	<u>200,000</u>	<u>(143,899)</u>
Net change in fund balances	1,766,182	(569,408)	(143,574)
Fund balances - beginning of year	<u>22,051,299</u>	<u>2,810,608</u>	<u>169,021</u>
Fund balances - end of year	<u>\$ 23,817,481</u>	<u>\$ 2,241,200</u>	<u>\$ 25,447</u>

Debt Service	Non-Major Governmental Funds	Total Governmental Funds
\$ 936,000	\$ -	\$ 21,434,225
1,021,891	-	4,929,808
-	-	42,647
-	1,183,183	3,095,010
-	-	292,883
-	-	650,962
-	-	1,319,914
-	-	62,525
-	-	40,437
22,996	5,694	285,082
-	-	254,617
<u>1,980,887</u>	<u>1,188,877</u>	<u>32,408,110</u>
-	-	6,688,536
-	160,670	13,257,541
-	1,416,008	1,694,376
-	-	2,032,198
-	-	1,006,559
-	481,220	481,220
-	139,118	4,995,043
1,406,500	-	1,406,500
663,188	-	663,188
<u>2,069,688</u>	<u>2,197,016</u>	<u>32,225,161</u>
<u>(88,801)</u>	<u>(1,008,139)</u>	<u>182,949</u>
-	-	9,520
4,900	292,309	1,518,209
<u>(200,000)</u>	<u>-</u>	<u>(1,657,209)</u>
<u>(195,100)</u>	<u>292,309</u>	<u>(129,480)</u>
(283,901)	(715,830)	53,469
<u>609,568</u>	<u>1,266,036</u>	<u>26,906,532</u>
<u>\$ 325,667</u>	<u>\$ 550,206</u>	<u>\$ 26,960,001</u>

CITY OF TOLLESON, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds \$ 53,469

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is 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.

Capital outlay	\$ 4,478,850	
Depreciation expense	<u>(2,255,354)</u>	2,223,496

Governmental funds report the effect of premiums, discounts and similar
items when debt is first issued, whereas these amounts are deferred
and amortized in the Statement of Activities.

Amortization of bond premiums and discounts - net		26,655
---	--	--------

City pension 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 reported net
pension liability is measured a year before the City's report date. Pension
expense, which is the change in the net pension liability adjusted for
changes in deferred outflows and inflows of resources related to pensions,
is reported in the Statement of Activities.

City pension contributions	3,686,623	
Pension expense	<u>(2,219,822)</u>	1,466,801

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.

	1,406,500
--	-----------

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. This the change in
deferred inflows in the statement of activities.

(35,160)

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.

<u>(286,419)</u>

Change in net position of governmental activities

<u>\$ 4,855,342</u>

CITY OF TOLLESON, ARIZONA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes				
Sales taxes	\$ 17,250,000	\$ 17,250,000	\$ 17,587,274	\$ 337,274
Property taxes	3,916,751	3,916,751	3,907,917	(8,834)
Franchise taxes	35,000	35,000	42,647	7,647
Intergovernmental revenues	1,701,946	1,701,946	1,911,827	209,881
Fines and forfeitures	250,200	250,200	292,883	42,683
Licenses and permits	335,000	335,000	650,962	315,962
Charges for services	974,808	974,808	1,295,365	320,557
Rents and royalties	11,340	11,340	62,525	51,185
Other Revenues				
Contributions and donations	65,000	65,000	40,437	(24,563)
Interest	51,600	51,600	242,609	191,009
Other revenues	45,200	45,200	254,617	209,417
TOTAL REVENUES	24,636,845	24,636,845	26,289,063	1,652,218
EXPENDITURES				
General Government	7,440,576	7,440,576	6,688,536	752,040
Public Safety	10,528,592	10,528,592	9,886,657	641,935
Highway & streets	335,000	335,000	278,368	56,632
Culture & recreation	2,501,071	2,426,071	2,032,198	393,873
Economic development	1,411,616	1,511,616	1,006,559	505,057
Capital outlay	6,395,300	6,370,300	4,347,773	2,022,527
TOTAL EXPENDITURES	28,612,155	28,612,155	24,240,091	4,372,064
Excess (deficiency) of revenues over (under) expenditures	(3,975,310)	(3,975,310)	2,048,972	6,024,282
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	9,520	4,520
Transfers out	(2,143,193)	(2,143,193)	(1,313,310)	829,883
Transfers in	1,021,000	1,021,000	1,021,000	-
Total other financing sources (uses)	(1,117,193)	(1,117,193)	(282,790)	834,403
Net change in fund balance	(5,092,503)	(5,092,503)	1,766,182	6,858,685
Fund balance - beginning of year	22,051,299	22,051,299	22,051,299	-
Fund balance - end of year	\$ 16,958,796	\$ 16,958,796	\$ 23,817,481	\$ 6,858,685

CITY OF TOLLESON, ARIZONA
PUBLIC SAFETY TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales taxes	\$ 2,900,000	\$ 2,900,000	\$ 2,910,951	\$ 10,951
Charges for services	40,000	40,000	24,549	(15,451)
Interest income	4,800	4,800	13,458	8,658
Total revenues	2,944,800	2,944,800	2,948,958	4,158
EXPENDITURES				
Public safety				
Services, supplies and other	3,314,800	3,314,800	3,210,214	104,586
Capital outlay	1,163,700	1,163,700	508,152	655,548
Total expenditures	4,478,500	4,478,500	3,718,366	760,134
Excess (deficiency) of revenues over (under) expenditures	(1,533,700)	(1,533,700)	(769,408)	764,292
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	200,000	200,000
Total other financing sources (uses)	-	-	200,000	200,000
Net change in fund balance	(1,533,700)	(1,533,700)	(569,408)	964,292
Fund balance - beginning of year	2,810,608	2,810,608	2,810,608	-
Fund balance - end of year	\$ 1,276,908	\$ 1,276,908	\$ 2,241,200	\$ 964,292

Proprietary Fund Financial Statements

Enterprise Fund

Water Fund

This fund is used to account for the activities of the City's water utility operations.

Wastewater & Sewer Fund

This fund is used to account for the activities of the City's sewer utility operations.

Sanitation & Trash Fund

This fund is used to account for the activities of the City's sanitation & trash utility operations.



CITY OF TOLLESON, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities-Enterprise Funds			
ASSETS	Water	Wastewater and Sewer	Sanitation and Trash	Total
Current assets				
Cash and cash equivalents	\$ 4,982,772	\$10,731,503	\$ 327,525	\$16,041,800
Investments	4,555,767	4,822,853	-	9,378,620
Receivables (net of allowance):				
Accounts receivable	1,158,898	1,630,912	62,988	2,852,798
Taxes receivable	75,367	9,398	-	84,765
Restricted assets	-	506,163	-	506,163
Total current assets	10,772,804	17,700,829	390,513	28,864,146
Noncurrent assets				
Capital assets:				
Non-depreciable	1,126,798	2,806,404	-	3,933,202
Depreciable, net	9,083,729	48,911,876	20,290	58,015,895
Total noncurrent assets	10,210,527	51,718,280	20,290	61,949,097
Total assets	20,983,331	69,419,109	410,803	90,813,243
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	96,572	236,967	41,128	374,667
Deferred outflows of employer contributions to pensions	90,511	189,179	2,347	282,037
Total deferred outflows of resources	187,083	426,146	43,475	656,704
LIABILITIES				
Current liabilities				
Accounts payable	312,241	248,134	18,181	578,556
Accrued wages and benefits	49,328	101,359	1,292	151,979
Interest payable	-	107,160	-	107,160
Intergovernmental payable	63,930	-	-	63,930
Customer deposits payable	119,411	1.00	-	119,412
Unearned revenue	-	3,137	-	3,137
Bonds payable - current portion	-	2,976,900	-	2,976,900
Loans payable - current portion	-	449,225	-	449,225
Compensated absences	59,356	190,335	-	249,691
Total current liabilities	604,266	4,076,251	19,473	4,699,990
Noncurrent liabilities				
Compensated absences, net of current portion	66,933	214,634	-	281,567
Bonds payable, net of deferred amounts	1,977,660	1,938,930	-	3,916,590
Loans payable, net of current portion	-	6,037,410	-	6,037,410
Net pension liability	1,181,399	2,701,890	341,320	4,224,609
Total noncurrent liabilities	3,225,992	10,892,864	341,320	14,460,176
Total liabilities	3,830,258	14,969,115	360,793	19,160,166
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	62,750	164,660	34,002	261,412
NET POSITION				
Net investment in capital assets	8,232,867	40,315,815	20,290	48,568,972
Restricted for debt service	-	506,163	-	506,163
Unrestricted	9,044,539	13,889,502	39,193	22,973,234
Total net position	\$17,277,406	\$54,711,480	\$ 59,483	\$72,048,369

CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Operating revenues				
Charges for services	\$ 6,873,286	\$ 6,293,079	\$ 449,095	\$13,615,460
Total operating revenue	<u>6,873,286</u>	<u>6,293,079</u>	<u>449,095</u>	<u>13,615,460</u>
Operating expenses				
Salaries, wages and benefits	1,177,163	2,625,079	37,006	3,839,248
Contractual services, materials and supplies	4,172,724	1,772,560	330,742	6,276,026
Depreciation	508,636	1,735,309	5,651	2,249,596
Miscellaneous	44,379	46,965	-	91,344
Total operating expenses	<u>5,902,902</u>	<u>6,179,913</u>	<u>373,399</u>	<u>12,456,214</u>
Operating income (loss)	<u>970,384</u>	<u>113,166</u>	<u>75,696</u>	<u>1,159,246</u>
Non-operating Revenues (Expenses)				
Property taxes	-	3,224,893	-	3,224,893
Investment earnings	95,356	164,017	1,810	261,183
Interest expense	(67,859)	(506,927)	-	(574,786)
Total nonoperating revenue (expense)	<u>27,497</u>	<u>2,881,983</u>	<u>1,810</u>	<u>2,911,290</u>
Income (loss) before transfers	997,881	2,995,149	77,506	4,070,536
Transfer out	-	-	-	-
Transfers in	<u>139,000</u>	<u>-</u>	<u>-</u>	<u>139,000</u>
Change in net position	<u>1,136,881</u>	<u>2,995,149</u>	<u>77,506</u>	<u>4,209,536</u>
Net position, beginning of year	<u>16,140,525</u>	<u>51,716,331</u>	<u>(18,023)</u>	<u>67,838,833</u>
Total net position-end of year	<u>\$17,277,406</u>	<u>\$54,711,480</u>	<u>\$ 59,483</u>	<u>\$72,048,369</u>

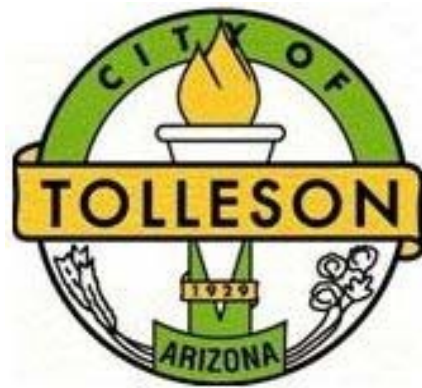


CITY OF TOLLESON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers, service fees	\$ 6,732,378	\$ 6,047,093	\$ 450,643	\$13,230,114
Payments for employee wages and benefits	(1,223,440)	(2,614,520)	(34,505)	(3,872,465)
Payments to suppliers	(4,273,401)	(1,717,351)	(335,053)	(6,325,805)
Net cash provided by (used for) operating activities	1,235,537	1,715,222	81,085	3,031,844
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from property taxes	-	3,224,893	-	3,224,893
Cash transferred from other funds	139,000	-	-	139,000
Net cash provided by (used for) noncapital financing activities	139,000	3,224,893	-	3,363,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	(275,199)	-	(275,199)
Principal paid on long term debt	(63,500)	(3,019,857)	-	(3,083,357)
Interest paid on long-term debt	(74,733)	(520,901)	-	(595,634)
Net cash provided by (used for) capital and related financing activities	(138,233)	(3,815,957)	-	(3,954,190)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	95,356	164,017	1,810	261,183
Net cash provided by (used for) investing activities	95,356	164,017	1,810	261,183
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,331,660	1,288,175	82,895	2,702,730
Cash and cash equivalents at beginning of year	8,206,879	14,772,344	244,630	23,223,853
Cash and cash equivalents at end of year	<u>\$ 9,538,539</u>	<u>\$16,060,519</u>	<u>\$ 327,525</u>	<u>\$25,926,583</u>

CITY OF TOLLESON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Net operating income (loss)	\$ 970,384	\$ 113,166	\$ 75,696	\$ 1,159,246
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	508,636	1,735,309	5,651	2,249,596
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	(150,846)	(246,088)	1,548	(395,386)
Deferred outflows of resources related to pensions	80,774	147,146	9,066	236,986
Increase/(decrease) in:				
Accounts payable	(64,429)	102,174	(4,311)	33,434
Accrued wages and benefits	(1,980)	(9,609)	(1,430)	(13,019)
Accrued liabilities	8,131	-	-	8,131
Customer deposits	9,938	-	-	9,938
Unearned revenue	-	102	-	102
Compensated absences	(48,006)	24,342	-	(23,664)
Net pension liability	6,457	12,679	430	19,566
Deferred inflows of resources related to pensions	(83,522)	(163,999)	(5,565)	(253,086)
Net cash provided by (used for) operating activities:	<u>\$ 1,235,537</u>	<u>\$ 1,715,222</u>	<u>\$ 81,085</u>	<u>\$ 3,031,844</u>
Noncash investing, capital, and financing activities:				
Amortization of bond premium	\$ 6,874	\$ 6,791	\$ -	\$ 13,665
Reconciliation of cash, cash equivalents, and investments to the statement of net position				
Cash and cash equivalents	\$ 4,982,772	\$10,731,503	\$ 327,525	\$16,041,800
Investments	4,555,767	4,822,853	-	9,378,620
Restricted assets	-	506,163	-	506,163
Total cash, cash equivalents, and investments	<u>\$ 9,538,539</u>	<u>\$16,060,519</u>	<u>\$ 327,525</u>	<u>\$25,926,583</u>



Notes to the Financial Statements



CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City of Tolleson, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

A. Reporting Entity

The City of Tolleson, Arizona is a municipal government that is governed by an elected mayor, vice-mayor, and five-member governing council (council). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The following is a brief review of the component units included in defining the City's reporting entity. There are no discretely presented component units and one blended component unit.

Individual Component Units – Blended

The City of Tolleson, Arizona Municipal Facilities Corporation (MFC) is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a board of directors which is responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the corporation is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and or construction of public facilities for the City. Separate financial statements for the corporation are not prepared.

Related Organizations

The City is also responsible for appointing a majority of the members of the boards of the Industrial Development Authority of the City of Tolleson, Arizona but the City's accountability for these organizations does not extend beyond making appointments.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – 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. *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.

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

Interfund services provided and used are not eliminated in the process of consolidation for the government-wide financial statements.

C. 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 required to be accounted for in another fund.

The Public Safety Tax Special Revenue Fund accounts for the government's sales tax revenues set aside for public safety purposes and related expenditures.

The Capital Projects Fund is used to account for major capital projects of the government and includes proceeds and expenditures of impact fees.

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

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

The Wastewater and Sewer Fund accounts for the activities of wastewater collection and treatment.

The Sanitation and Trash Fund is used to account for the activities of the City's sanitation operations.

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 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.

D. 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Sales taxes, franchise taxes, intergovernmental grants and aid, 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.

E. 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.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of the deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns, or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 proprietary funds are shown net of an allowance for doubtful accounts.

G. Inventories and Prepaid Items

Purchases of inventory items are recorded at the time of purchase as expenditures in the funds from which the purchases were made; and because the amounts on hand at June 30, 2018, were immaterial, they are not included in the balance sheet.

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.

H. Restricted Assets

Certain proceeds of the City's bonds and loans are classified as restricted assets on the statement of net position because their use is limited by applicable bond or loan covenants.

I. 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 and in the proprietary fund 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 historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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. Land, construction in progress, and water rights are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Water plant	50 years
Sewer plant	50 years
Furniture, equipment, and vehicles	5 to 20 years
Infrastructure	50 years

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Arizona State Retirement System (ASRS) and the 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.

L. 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.

M. 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

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 City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. 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.

O. 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.

P. Property taxes

Property taxes are levied by the City and collected by the Maricopa County Treasurer. 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 TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination. For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses 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 vacation and sick leave in the proprietary fund are 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.

R. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 proprietary funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

S. 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 TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. 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 an ordinance. 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).
4. State law requires that, each year, prior to April 1, the Economic Estimates Commission provides the government 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 Manager, subject to City Council approval, may at any time, transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
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, Debt Service and Capital Projects 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 revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were necessary during the year.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Budgets and Budgetary Accounting (Continued)

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, is not employed by the City.

U. Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary and supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2018, if any.

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the City's cash and investments at June 30, 2018:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 14,656,946	\$ 16,041,800	\$ 30,698,746
Restricted cash and cash equivalents	-	506,163	506,163
Investments	12,756,190	9,378,620	22,134,810
Total	<u>\$ 27,413,136</u>	<u>\$ 25,926,583</u>	<u>\$ 53,339,719</u>

Deposits

Cash in bank - At June 30, 2018, the City had \$3,700 of cash on hand. The carrying amount of the City's cash in bank totaled \$7,890,101 and the bank balance was \$8,864,192. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$8,614,192 was covered by collateral held in the pledging bank's trust department not in the City's name.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments

The City invests in the Local Government Investment Pool 5 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The State Board of Investment provides oversight for the State Treasurer's investment pools. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. The LGIP is registered with the Securities Exchange Commission under the 1940 Investment Advisors Act and is rated by Standard & Poors with AAAf/S1+. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the City's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2018, the City's funds invested with the State Treasurer totaled \$23,311,108.

Restricted cash and cash equivalents - At June 30, 2018, the City had restricted cash and cash equivalents of \$506,163 which was restricted for debt payments.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of City's investments by maturity:

2018 Investment Type	Amount	Remaining Maturity (In Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 11,168,105	\$ 810,320	\$ 6,372,880	\$ 3,984,904	\$ -
International Bank of Recon	439,936	-	220,527	219,409	-
Inter-American Development Bank Note	480,725	-	-	480,725	-
Asian Development Bank Note	167,886	-	-	167,886	-
International Finance Corporation Note	346,963	-	-	346,963	-
African Development Bank Notes	662,038	-	462,867	199,170	-
Federal Agency Collateralized Mortgage Obligations	1,432,899	43,861	228,418	1,160,620	-
Federal Agency Notes	5,817,425	1,716,528	3,441,230	659,667	-
Fannie Mae Notes	320,284	-	-	320,284	-
Freddie Mac Notes	1,263,946	817,394	-	446,552	-
PFM Government Money Market Fund	34,603	34,603	-	-	-
State Investment Pool (LGIP)	23,311,108	23,311,108	-	-	-
	<u>\$ 45,445,918</u>	<u>\$ 26,733,814</u>	<u>\$ 10,725,922</u>	<u>\$ 7,986,182</u>	<u>\$ -</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal investment policy regarding credit risk. However, the City is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

2018 Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 11,168,105	Moody's	Aaa
International Bank of Recon	439,936	Moody's	Aaa
Inter-American Development Bank Note	480,725	Moody's	Aaa
Asian Development Bank Note	167,886	Moody's	Aaa
International Finance Corporation Note	346,963	Moody's	Aaa
African Development Bank Notes	662,038	Moody's	Aaa
Federal Agency Collateralized Mortgage Obligations	1,432,899	Moody's	Aaa
Federal Agency Notes	5,817,425	Moody's	Aaa
Fannie Mae Notes	320,284	Moody's	Aaa
Freddie Mac Notes	1,263,946	Moody's	Aaa
PFM Government Money Market Fund	34,603		Unrated
State Investment Pool (LGIP)	23,311,108	Standard and Poors	AAAf/S1+
	<u>\$ 45,445,918</u>		

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

At June 30, 2018, the City's investments are included as follows:

2018 Issuer	Reported Amount	Concentration
U.S. Treasury Notes	\$ 11,168,105	24.6%
International Bank of Recon	439,936	1.0%
Inter-American Development Bank Note	480,725	1.1%
Asian Development Bank Note	167,886	0.4%
International Finance Corporation Note	346,963	0.8%
African Development Bank Notes	662,038	1.5%
Federal Agency Collateralized Mortgage Obligations	1,432,899	3.2%
Federal Agency Notes	5,817,425	12.8%
Fannie Mae Notes	320,284	0.7%
Freddie Mac Notes	1,263,946	2.8%
PFM Government Money Market Fund	34,603	0.1%
State Investment Pool (LGIP)	23,311,108	51.3%
	<u>\$ 45,445,918</u>	<u>100%</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 CASH AND INVESTMENTS (Continued)

Fair value measurement

Investments are measured at fair value. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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. Investments' fair value measurements are as follows at June 30, 2018:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 11,168,105	\$ -	\$ 11,168,105	\$ -
International Bank of Recon	439,936	-	439,936	-
Inter-American Development Bank Note	480,725	-	480,725	-
Asian Development Bank Note	167,886	-	167,886	-
International Finance Corporation Note	346,963	-	346,963	-
African Development Bank Notes	662,038	-	662,038	-
Federal Agency Collateralized Mortgage Obligations	1,432,899	-	1,432,899	-
Federal Agency Notes	5,817,425	-	5,817,425	-
Fannie Mae Notes	320,284	-	320,284	-
Freddie Mac Notes	1,263,946	-	1,263,946	-
Total Investments by Fair Value Level	<u>\$ 22,100,207</u>	<u>\$ -</u>	<u>\$ 22,100,207</u>	<u>\$ -</u>
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	<u>\$ 23,311,108</u>			
Total Investments Measured at Fair Value	<u>45,411,315</u>			
Investments Measured at Amortized Costs				
PFM Government Money Market Fund	<u>34,603</u>			
Total Investments	<u>\$ 45,445,918</u>			

Investments categorized as Level 2 are valued significant other observable inputs for those investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 RECEIVABLES

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues.

Receivables, net of allowance for uncollectible as of year-end for the City's individual major governmental funds, nonmajor governmental funds in the aggregate are as follows:

	General	Public Safety Tax	Debt Service	Non-Major Gov. Funds	Total Gov. Funds
Receivables:					
Accounts receivable	\$ 8,287	\$ -	\$ -	\$ -	\$ 8,287
Interest receivable	55,972	-	-	-	55,972
Intergovernmental receivable	2,662,805	-	108,072	110,341	2,881,218
	<u>\$ 2,727,064</u>	<u>\$ -</u>	<u>\$ 108,072</u>	<u>\$ 110,341</u>	<u>\$ 2,945,477</u>

Receivables in the proprietary funds are service billings receivable and are shown net of an allowance for doubtful accounts.

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise
Receivables:				
Accounts receivable	\$ 1,202,718	\$ 1,623,932	\$ 74,294	\$ 2,900,944
Interest receivable	21,181	16,216	-	37,397
Taxes receivable	75,367	9,398	-	84,765
Less: Allowance for doubtful accounts	(65,001)	(9,236)	(11,306)	(85,543)
Net Receivables	<u>\$ 1,234,265</u>	<u>\$ 1,640,310</u>	<u>\$ 62,988</u>	<u>\$ 2,937,563</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,666,085	\$ 204,636	\$ -	\$ 2,870,721
Construction in progress	378,549	3,369,151	(378,549)	3,369,151
Total capital assets not being depreciated	3,044,634	3,573,787	(378,549)	6,239,872
Capital assets, being depreciated:				
Buildings	19,448,920	580,198	-	20,029,118
Furniture, equipment, and vehicles	12,279,716	589,257	(123,179)	12,745,794
Improvements	52,718,256	114,157	-	52,832,413
Total capital assets being depreciated	84,446,892	1,283,612	(123,179)	85,607,325
Less accumulated depreciation for:				
Buildings	(4,601,374)	(512,269)	-	(5,113,643)
Furniture, equipment, and vehicles	(8,912,119)	(854,025)	123,179	(9,642,965)
Improvements	(26,083,650)	(889,060)	-	(26,972,710)
Total accumulated depreciation	(39,597,143)	(2,255,354)	123,179	(41,729,318)
Total capital assets, being depreciated, net	44,849,749	(971,742)	-	43,878,007
Governmental activities capital assets, net	\$ 47,894,383	\$ 2,602,045	\$ (378,549)	\$ 50,117,879

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

Governmental activities:	
General government	\$ 216,867
Public safety	945,451
Highway and streets	795,264
Culture and recreation	264,604
Health and Welfare	25,725
Economic development	7,441
Total depreciation expense	\$ 2,255,354

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 CAPITAL ASSETS (Continued)

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

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,933,202	\$ -	\$ -	\$ 3,933,202
Capital assets, being depreciated:				
Buildings	42,489,756	-	-	42,489,756
Improvements other than buildings	17,506,115	43,566	-	17,549,681
Machinery and equipment	41,659,918	231,633	(19,452)	41,872,099
Vehicles	1,618,142	-	(21,631)	1,596,511
Total capital assets being depreciated	103,273,931	275,199	(41,083)	103,508,047
Less accumulated depreciation for:				
Buildings	(13,884,831)	(839,283)	-	(14,724,114)
Improvements other than buildings	(6,954,986)	(356,467)	-	(7,311,453)
Machinery and equipment	(21,179,438)	(1,044,980)	19,452	(22,204,966)
Vehicles	(1,264,384)	(8,866)	21,631	(1,251,619)
Total accumulated depreciation	(43,283,639)	(2,249,596)	41,083	(45,492,152)
Total capital assets, being depreciated, net	59,990,292	(1,974,397)	-	58,015,895
Business-Type activities capital assets, net	\$ 63,923,494	\$ (1,974,397)	\$ -	\$ 61,949,097

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

Business-type activities	
Wastewater & Sewer	\$ 1,735,309
Water	508,636
Sanitation	5,651
Total depreciation expense	\$ 2,249,596

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2018:

	Balance 6/30/17	Additions	Retirements	Balance 6/30/18	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 15,485,000	\$ -	\$ (1,406,500)	\$ 14,078,500	\$ 958,100
Bond premiums	193,752	-	(26,655)	167,097	-
Total bonds payable	15,678,752	-	(1,433,155)	14,245,597	958,100
Compensated absences	2,143,130	1,213,948	(927,529)	2,429,549	485,910
Net pension liability	18,573,063	-	(1,897,761)	16,675,302	-
Total other long term debt	20,716,193	1,213,948	(2,825,290)	19,104,851	485,910
Total Governmental Activities	\$ 36,394,945	\$ 1,213,948	\$ (4,258,445)	\$ 33,350,448	\$ 1,444,010
Business-type Activities:					
Bonds payable	\$ 9,485,000	\$ -	\$ (2,648,500)	\$ 6,836,500	\$ 2,976,900
Premium on bonds	70,655	-	(13,665)	56,990	-
Total bonds payable	9,555,655	-	(2,662,165)	6,893,490	2,976,900
Loans payable	6,921,493	-	(434,858)	6,486,635	449,225
Compensated absences	554,922	155,607	(179,271)	531,258	249,691
Net pension liability	4,205,043	19,566	-	4,224,609	-
Total other long term debt	11,681,458	175,173	(614,129)	11,242,502	698,916
Total Business-type Activities	\$ 21,237,113	\$ 175,173	\$ (3,276,294)	\$ 18,135,992	\$ 3,675,816
Total long-term liabilities	\$ 57,632,058	\$ 1,389,121	\$ (7,534,739)	\$ 51,486,440	\$ 5,119,826

Generally, for governmental activities, compensated absences are liquidated by the General Fund.

Debt service requirements to maturity for bonds and loans payable are as follows:

Fiscal year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 958,100	\$ 605,703	\$ 3,426,125	\$ 483,146
2020	1,598,715	571,110	2,300,352	350,497
2021	1,663,563	514,249	1,375,837	265,075
2022	1,734,604	446,557	855,634	213,379
2023	1,819,376	372,372	887,225	182,600
2024 - 2028	5,324,142	910,834	3,213,865	510,339
2029-2030	980,000	47,856	1,264,097	62,987
Total	\$ 14,078,500	\$ 3,468,681	\$ 13,323,135	\$ 2,068,023

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 LONG-TERM DEBT (Continued)

The following is a listing of loans and bonds payable outstanding as of June 30, 2018:

	Balance 6/30/18	Due Within One Year
Loans payable:		
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029.	\$ 3,783,871	\$ 262,048
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029.	2,702,764	187,177
Total loans payable	<u>\$ 6,486,635</u>	<u>\$ 449,225</u>
Bonds Payable:		
General Obligation Bonds, Series 2006, due in annual principal and semi-annual interest installments ranging from \$11,000 to \$290,200, bearing interest at 4.0%, maturing July 1, 2021.	\$ 4,900,000	\$ 2,850,000
Public Safety and Excise Tax Revenue Bonds, Series 2009, due in annual principal and semi-annual interest installments ranging from \$16,875 to \$193,505, bearing interest at 2.0% to 5.0%, maturing on July 1, 2029.	5,900,000	425,000
General Obligation Bonds, Series 2009A, due in annual principal and semi-annual installments ranging from \$7,053 to \$72,591, bearing interest at 3.0% to 5.0%, maturing July 1, 2029.	2,485,000	160,000
General Obligation Bonds, Series 2011, due in annual principal payments beginning 7/1/18 and semi-annual interest installments beginning 7/1/12 ranging from \$30,800 to \$211,023, bearing interest at 3.0% to 4.0%, maturing July 1, 2024.	7,630,000	500,000
Total bonds payable	<u>20,915,000</u>	<u>3,935,000</u>
Total loans and bonds payable	<u>\$ 27,401,635</u>	<u>\$ 4,384,225</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2018, there were no interfund receivables and payables that resulted from interfund transactions.

Interfund transfers for the fiscal year ended June 30, 2018 are as follows:

Fund	Transfers	Transfers
	Out	In
General Fund	\$ 1,313,310	\$ (1,021,000)
Public Safety Tax		(200,000)
Capital Projects	143,899	-
Debt Service	200,000	(4,900)
Non-Major Governmental Funds	-	(292,309)
Water Fund	-	(139,000)
Total	<u>\$ 1,657,209</u>	<u>\$ (1,657,209)</u>

Transfers were made to fund various capital improvements, provide funds for debt service payments due on bonds and loans, local matching requirements on various grants, and to support operations.

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2018, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liabilities	\$ 16,675,302	\$ 4,224,609	\$ 20,899,911
Deferred outflows of resources	7,243,516	656,704	7,900,220
Deferred inflows of resources	2,064,028	261,412	2,325,440
Pension expense	2,177,982	285,503	2,463,485

The City reported \$3,686,623 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System

Plan Description – City employees not covered by the other pension plan 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 Web site at www.azasrs.gov.

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

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2018, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.5 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.5 percent (10.9 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018 were \$969,526, \$39,137, and \$14,232, respectively.

During fiscal year 2018, the City paid for ASRS pension and OPEB contributions as follows: 59 percent from the General Fund, 8 percent from other non-major funds, 11 percent from the water fund, 21 percent from the sewer fund and 1 percent from the sanitation fund.

Pension Liability - At June 30, 2018, the City reported a liability of \$12,716,363 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

The City's proportion of the net pension 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, 2017. The City's proportion measured as of June 30, 2017, was 0.08163 percent, which was an increase of 0.003215 percent from its proportion measured as of June 30, 2016.

The City's reported liability at June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the City's net pension liability as a result of these changes is not known.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2018, the City recognized pension expense for ASRS of \$878,459. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 381,307
Changes of assumptions or other inputs	552,301	380,242
Net difference between projected and actual earnings on pension plan investments	91,295	-
Changes in proportion and differences between City contributions and proportionate share of contributions	454,642	-
City contributions subsequent to the measurement date	969,526	-
Total	<u>\$ 2,067,764</u>	<u>\$ 761,549</u>

The \$969,526 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Years ending June 30,	
2019	\$ (262,076.00)
2020	702,829.00
2021	188,450.00
2022	(292,514.00)
2023	-
Thereafter	-

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

ASRS	
Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 20, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.7 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 arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term
		Expected Arithmetic Real Rate of Return
Equity	58%	6.73%
Fixed Income	25%	3.70%
Commodities	2%	3.84%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Total	100%	

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.7 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 liability.

Sensitivity of City's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 8 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease	Current	1% increase
	(7%)	Discount Rate (8%)	(9%)
City's proportionate share of the net pension liability	\$ 16,321,673	\$ 12,716,363	\$ 9,703,818

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

B. Public Safety Personnel Retirement System

Plan Description – City police and fire department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. 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).

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before 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 service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	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 Benefits		
Retired Members	80% 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	

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries		
currently receiving benefits	9	5
Inactive employees entitled to		
but not yet receiving benefits	4	7
Active employees	26	29
Total	39	41

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members - Pension	7.65% - 11.65%	7.65% - 11.65%
City		
Pension	31.99%	28.37%
Health insurance permium benefit	0.43%	0.46%

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In addition, the City was required by statute to contribute at the actuarially determined rate of 31.99 percent for Police and 28.37 percent for Fire of the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City's contributions to the plans for the year ended June 30, 2018, were:

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	\$ 1,894,027	\$ 1,105,107
Health Insurance Premium Benefit		
Annual OPEB cost contributions made	25,459	17,919

During fiscal year 2018, the City paid 99 percent of the PSPRS pension and OPEB contributions from the General Fund and 1 percent from other non-major funds.

Pension Liability - At June 30, 2018, the City reported a PSPRS net pension liabilities of \$8,183,557.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2017, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pensions liabilities or PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decisions that decreased the contribution rates for employees who became members before July 20, 2011.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.

Actuarial assumptions used in the June 30, 2017, 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 pension plan investments was determined to be 7.4 percent 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:

PSPRS Asset Class	Target Allocation	Long-Term Expected Geometric Rate of Return
U.S. equity	16.00%	7.60%
Non-U.S. equity	14.00%	8.70%
Private credit	12.00%	6.75%
Fixed income	5.00%	1.25%
Credit opportunities	16.00%	5.83%
Absolute return	2.00%	3.75%
GTAA	10.00%	3.96%
Real assets	9.00%	4.52%
Real estate	10.00%	3.75%
Risk Parity	4.00%	5.00%
Short term investments	2.00%	0.25%
Total	100.00%	

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates – At June 30, 2017, the discount rate used to measure the PSPRS total pension liabilities was 7.4 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2016. 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 the actuarially determined contribution rate and the member rate. Based on those 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 liability.

Changes in the Net Pension Liability

PSPRS - Police	Pension		
	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 11,513,766	\$ 6,088,278	\$ 5,425,488
Changes for the year:			
Service Cost	473,995	-	473,995
Interest on the total liability	863,811	-	863,811
Changes of benefit terms	40,808	-	40,808
Differences between expected and actual experience in the measurement of the liability	(650,605)	-	(650,605)
Changes of assumptions or other inputs	357,571	-	357,571
Contributions - employer	-	1,513,489	(1,513,489)
Contributions - employee	-	230,920	(230,920)
Net investment income	-	753,490	(753,490)
Benefit payments, including refunds of employee contributions	(466,574)	(466,574)	-
Administrative expense	-	(7,067)	7,067
Other changes	-	78	(78)
Net changes	619,006	2,024,336	(1,405,330)
Balances at June 30, 2018	\$ 12,132,772	\$ 8,112,614	\$ 4,020,158

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

PSPRS - Fire	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 14,221,990	\$ 9,525,524	\$ 4,696,466
Changes for the year:			
Service Cost	553,129	-	553,129
Interest on the total liability	1,078,336	-	1,078,336
Changes of benefit terms	107,196	-	107,196
Differences between expected and actual experience in the measurement of the liability	(291,050)	-	(291,050)
Changes of assumptions or other inputs	336,050	-	336,050
Contributions - employer	-	833,691	(833,691)
Contributions - employee	-	286,450	(286,450)
Net investment income	-	1,157,802	(1,157,802)
Benefit payments, including refunds of employee contributions	(241,485)	(241,485)	-
Administrative expense	-	(10,645)	10,645
Other changes	-	49,430	(49,430)
Net changes	1,542,176	2,075,243	(533,067)
Balances at June 30, 2018	\$ 15,764,166	\$ 11,600,767	\$ 4,163,399

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% increase (8.40%)
PSPRS - Police			
Total pension liability	\$ 13,869,652	\$ 12,132,772	\$ 10,723,001
Plan fiduciary net position	8,112,614	8,112,614	8,112,614
Net pension liability	<u>\$ 5,757,038</u>	<u>\$ 4,020,158</u>	<u>\$ 2,610,387</u>
PSPRS - Fire			
Total pension liability	\$ 18,068,940	\$ 15,764,166	\$ 13,888,655
Plan fiduciary net position	11,600,767	11,600,767	11,600,767
Net pension liability	<u>\$ 6,468,173</u>	<u>\$ 4,163,399</u>	<u>\$ 2,287,888</u>

Pension Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense - For the year ended June 30, 2018, the City recognized \$1,660,634 of PSPRS pension expense.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,825	\$ 612,931
Changes of assumptions or other inputs	916,420	-
Net difference between projected and actual earnings on pension plan investments	325,839	246,591
City contributions subsequent to the measurement date	1,894,027	-
Total	<u>\$ 3,204,111</u>	<u>\$ 859,522</u>

PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,890	\$ 302,457
Changes of assumptions or other inputs	888,803	-
Net difference between projected and actual earnings on pension plan investments	523,545	401,913
City contributions subsequent to the measurement date	1,105,107	-
Total	<u>\$ 2,628,345</u>	<u>\$ 704,370</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS	
	Police	
2019	\$	166,711
2020		213,934
2021		128,777
2022		(13,104)
2023		(29,694)
Thereafter		(16,062)

Year ending June 30,	PSPRS	
	Fire	
2019	\$	178,907
2020		253,634
2021		187,260
2022		56,995
2023		93,628
Thereafter		48,444

Agent plan OPEB actuarial assumptions - The health insurance premium benefit contribution requirements for the year ended June 30, 2018, were established by the June 30, 2016, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Projections of benefits are based on (1) the plans as the City and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2018 contribution requirements:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

Agent plan OPEB trend information - Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

PSPRS - Police Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2018	\$ 25,459	100%	\$ -
2017	18,131	100%	-
2016	14,024	100%	-
PSPRS - Fire Year Ended June 30			
2018	\$ 17,919	100%	\$ -
2017	13,324	100%	-
2016	12,314	100%	-

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Agent plan OPEB funded status - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police
Actuarial value of assets (a)	\$ 282,464
Actuarial accrued liability (b)	257,512
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(24,952)
Funded ratio (a)/(b)	109.69%
Annual covered payroll (c)	\$ 2,044,846
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%

	PSPRS Fire
Actuarial value of assets (a)	\$ 305,987
Actuarial accrued liability (b)	308,615
Unfunded actuarial accrued liability (funded excess) (b) - (a)	2,628
Funded ratio (a)/(b)	99.15%
Annual covered payroll (c)	\$ 2,351,738
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.11%

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB Contribution Requirements	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

NOTE 8 CONSTRUCTION COMMITMENTS

The City has construction contracts relating to construction or major repairs in progress aggregated approximately \$3,962,178 that will be financed from operating funds. These contracts will be paid in future periods as work is performed.

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 Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$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. 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 Arizona Municipal Risk Retention Pool is structured such that members 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.

The City is also insured by commercial insurance for potential worker related accidents.

Required Supplementary Information



CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST-SHARING PENSION PLAN
June 30, 2018

Arizona Retirement System

	Reporting Fiscal Year (Measurement date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 - 2009
City's proportion of the net pension liability	0.081630%	0.078415%	0.077390%	0.074250%	Information not available
City's proportionate share of the net pension liability	\$ 12,716,363	\$ 12,656,162	\$ 12,054,148	\$ 10,986,414	
City's covered payroll	7,951,763	7,592,673	6,969,789	6,799,467	
City's proportionate share of the net pension liability as a percentage of its covered payroll	159.92%	166.69%	172.95%	161.58%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
AGENT PENSION PLAN
June 30, 2018

City of Tolleson Police
Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2009
Total pension liability					
Service cost	\$ 473,995	\$ 398,983	\$ 385,782	\$ 381,895	Information not available
Interest on the total pension liability	863,811	764,905	708,237	606,076	
Changes on benefit terms	40,808	530,259	-	164,727	
Differences between expected and actual experience in the measurement of the pension liability	(650,605)	28,330	91,845	(166,928)	
Changes of assumptions or other inputs	357,571	453,240	-	792,851	
Benefit payments, including refunds of employee contributions	(466,574)	(412,948)	(528,208)	(430,081)	
Net change in total pension liability	619,006	1,762,769	657,656	1,348,540	
Total pension liability - beginning	11,513,766	9,750,997	9,093,341	7,744,801	
Total pension liability - ending (a)	<u>\$ 12,132,772</u>	<u>\$ 11,513,766</u>	<u>\$ 9,750,997</u>	<u>\$ 9,093,341</u>	
Plan fiduciary net position					
Contributions - employer	\$ 1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364	
Contributions - employee	230,920	238,489	217,506	201,353	
Net investment income	753,490	31,927	179,481	577,456	
Benefit payments, including refunds of employee contributions	(466,574)	(412,948)	(528,208)	(430,081)	
Administrative expense	(7,067)	(4,993)	(4,761)	-	
Other changes	78	(34,989)	(78,507)	(4,650)	
Net change in plan fiduciary net position	2,024,336	979,230	239,820	770,442	
Plan fiduciary net position - beginning	6,088,278	5,109,048	4,869,228	4,098,786	
Plan fiduciary net position - ending (b)	<u>8,112,614</u>	<u>6,088,278</u>	<u>\$ 5,109,048</u>	<u>\$ 4,869,228</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 4,020,158</u>	<u>\$ 5,425,488</u>	<u>\$ 4,641,949</u>	<u>\$ 4,224,113</u>	
Plan fiduciary net position as a percentage of the total pension liability	66.87%	52.88%	52.40%	53.55%	
Covered payroll	\$ 4,457,959	\$ 2,158,238	\$ 2,105,501	\$ 1,057,426	
City's net pension liability as a percentage of payroll	90.18%	251.39%	220.47%	215.93%	

City of Tolleson Fire
Public Safety Personnel Retirement System

Reporting Fiscal Year
(Measurement Date)

	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2009
Total pension liability					
Service cost	\$ 553,129	\$ 434,330	\$ 437,425	\$ 416,879	Information not available
Interest on the total pension liability	1,078,336	902,804	809,086	721,067	
Changes on benefit terms	107,196	1,210,896	-	(63,500)	
Differences between expected and actual experience in the measurement of the pension liability	(291,050)	(25,025)	179,866	(67,804)	
Changes of assumptions or other inputs	336,050	530,950	-	414,674	
Benefit payments, including refunds of employee contributions	(241,485)	(230,974)	(230,974)	(389,667)	
Net change in total pension liability	1,542,176	2,822,981	1,195,403	1,031,649	
Total pension liability - beginning	14,221,990	11,399,009	10,203,606	9,171,957	
Total pension liability - ending (a)	<u>\$ 15,764,166</u>	<u>\$ 14,221,990</u>	<u>\$ 11,399,009</u>	<u>\$ 10,203,606</u>	
Plan fiduciary net position					
Contributions - employer	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	
Contributions - employee	286,450	295,993	269,101	232,876	
Net investment income	1,157,802	51,108	289,531	913,806	
Benefit payments, including refunds of employee contributions	(241,485)	(230,974)	(230,974)	(389,667)	
Administrative expense	(10,645)	(7,754)	(7,452)	-	
Other changes	49,430	243,929	1,330	(12,064)	
Net change in plan fiduciary net position	2,075,243	1,103,339	723,189	1,105,898	
Plan fiduciary net position - beginning	9,525,524	8,422,185	7,698,996	6,593,098	
Plan fiduciary net position - ending (b)	<u>\$ 11,600,767</u>	<u>\$ 9,525,524</u>	<u>\$ 8,422,185</u>	<u>\$ 7,698,996</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 4,163,399</u>	<u>\$ 4,696,466</u>	<u>\$ 2,976,824</u>	<u>\$ 2,504,610</u>	
Plan fiduciary net position as a percentage of the total pension liability	73.59%	66.98%	73.89%	75.45%	
Covered payroll	\$ 4,011,950	\$ 2,480,871	\$ 2,262,991	\$ 2,462,694	
City's net pension liability as a percentage of covered payroll	103.77%	189.31%	131.54%	110.12%	

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
June 30, 2018

Arizona Retirement System	Reporting Fiscal Year					
	2018	2017	2016	2015	2014	2013-2009
Statutorily required contribution	\$ 969,526	\$ 857,200	\$ 823,805	\$ 758,313	\$ 727,543	Information not available
City's contributions in relation to the statutorily required contribution	969,526	857,200	823,805	758,313	727,543	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$8,894,734	\$ 7,951,763	\$7,592,673	\$ 6,969,789	\$ 6,799,467	
City's contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	10.88%	10.70%	

City of Tolleson Police Public Safety Personnel Retirement System	Reporting Fiscal Year					
	2018	2017	2016	2015	2014	2013-2009
Actuarially determined contribution	\$1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364	\$ 207,044	Information not available
City's contributions in relation to the actuarially determined contribution	1,513,489	1,161,744	454,309	426,364	207,044	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$5,570,442	\$ 4,457,959	\$2,158,238	\$ 2,105,501	\$ 1,057,426	
City's contributions as a percentage of covered payroll	27.17%	26.06%	21.05%	20.25%	19.58%	

City of Tolleson Fire Public Safety Personnel Retirement System	Reporting Fiscal Year					
	2018	2017	2016	2015	2014	2013-2009
Actuarially determined contribution	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	\$ 348,225	Information not available
City's contributions in relation to the actuarially determined contribution	833,691	751,037	401,653	360,947	348,225	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$4,229,787	\$ 4,011,950	\$2,480,871	\$ 2,262,991	\$ 2,462,694	
City's contributions as a percentage of covered payroll	19.71%	18.72%	16.19%	15.95%	14.14%	

CITY OF TOLLESON
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE PENSION PLAN SCHEDULE
June 30, 2018

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial 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 2016 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method Actuarial assumptions:	7-year smoothed market value; 80%/120% market corridor
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%.
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
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	RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF TOLLESON
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE PENSION PLAN SCHEDULE
June 30, 2018

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 will increase the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the County refunded excess employee contributions to PSPRS members. PSPRS allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
June 30, 2018

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2017	\$ 282,464	\$ 257,512	\$ (24,952)	109.70%	\$ 2,044,846	0.00%
6/30/2016	264,685	276,761	12,076	95.64%	2,047,119	0.59%
6/30/2015	248,642	233,379	(15,263)	106.54%	1,965,393	0.00%
6/30/2014	225,126	213,722	(11,404)	105.34%	1,956,233	0.00%

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Fire						
6/30/2017	\$ 305,987	\$ 308,615	\$ 2,628	99.10%	\$ 2,351,738	0.11%
6/30/2016	283,294	317,789	34,495	89.15%	2,234,206	1.54%
6/30/2015	262,853	269,129	6,276	97.67%	2,425,801	0.26%
6/30/2014	234,430	253,331	18,901	92.54%	2,274,468	0.83%



Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

MAJOR GOVERNMENTAL FUND



CITY OF TOLLESON, ARIZONA
CAPITAL IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Interest	\$ -	\$ -	\$ 325	\$ 325
Total revenues	-	-	325	325
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	325	325
OTHER FINANCING SOURCES (USES)				
Transfers out	(143,900)	(143,900)	(143,899)	1
Total other financing sources (uses):	(143,900)	(143,900)	(143,899)	1
Net change in fund balance	(143,900)	(143,900)	(143,574)	326
Fund balance - beginning of year	169,021	169,021	169,021	-
Fund balance - end of year	<u>\$ 25,121</u>	<u>\$ 25,121</u>	<u>\$ 25,447</u>	<u>\$ 326</u>

CITY OF TOLLESON, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property taxes	\$ 3,805,000	\$ 3,805,000	\$ 1,021,891	\$ (2,783,109)
Sales taxes	948,000	948,000	936,000	(12,000)
Interest income	370	370	22,996	22,626
Total revenues	4,753,000	4,753,000	1,980,887	(2,772,483)
EXPENDITURES				
Debt service:				
Principal retirement	3,991,500	3,991,500	1,406,500	2,585,000
Interest and fiscal charges	965,365	965,515	663,188	302,327
Total expenditures	4,956,865	4,957,015	2,069,688	2,887,327
Excess (deficiency) of revenues over (under) expenditures	(203,865)	(204,015)	(88,801)	114,844
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(200,000)	(200,000)
Transfers in	4,900	4,900	4,900	-
Total other financing sources and uses	4,900	4,900	(195,100)	(200,000)
Net change in fund balance	(198,965)	(199,115)	(283,901)	(85,156)
Fund balance - beginning of year	609,568	609,568	609,568	-
Fund balance - end of year	\$ 410,603	\$ 410,453	\$ 325,667	\$ (85,156)

Other Supplementary Information

NON-MAJOR GOVERNMENT FUNDS

FINANCIAL STATEMENTS

Special Revenue Funds

- **Highway User Revenue Fund (HURF)** - This fund accounts for the City's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.
- **Grants Fund** - This fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use.



CITY OF TOLLESON, ARIZONA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	Special Revenue		
	Highway Revenue	User Grants	Total
ASSETS			
Cash and cash equivalents	\$ 349,756	\$ 327,317	\$ 677,073
Receivables, net:			
Intergovernmental	52,917	57,424	110,341
Total assets	<u>\$ 402,673</u>	<u>\$ 384,741</u>	<u>\$ 787,414</u>
LIABILITIES			
Accounts payable	\$ 95,979	\$ 8,385	\$ 104,364
Accrued wages and benefits	23,063	19,133	42,196
Unearned revenue	-	90,648	90,648
Total liabilities	<u>119,042</u>	<u>118,166</u>	<u>237,208</u>
FUND BALANCES			
Restricted			
Highways and streets	283,631	-	283,631
Grants	-	266,575	266,575
Total fund balances	<u>283,631</u>	<u>266,575</u>	<u>550,206</u>
Total liabilities and fund balances	<u>\$ 402,673</u>	<u>\$ 384,741</u>	<u>\$ 787,414</u>

CITY OF TOLLESON, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2018

	Special Revenue		
	Highway Revenue	User Grants	Total
REVENUES			
Intergovernmental	\$ 763,107	\$ 420,076	\$ 1,183,183
Other revenues:			
Interest	5,694	-	5,694
Total revenues	768,801	420,076	1,188,877
EXPENDITURES			
Current:			
Public safety	-	160,670	160,670
Highway and streets	1,416,008	-	1,416,008
Health & welfare	-	481,220	481,220
Capital outlay	109,649	29,469	139,118
Total expenditures	1,525,657	671,359	2,197,016
Excess of revenues over (under) expenditures	(756,856)	(251,283)	(1,008,139)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	292,309	292,309
Total other financing sources (uses)	-	292,309	292,309
Net change in fund balances	(756,856)	41,026	(715,830)
Fund balances - beginning of year	1,040,487	225,549	1,266,036
Fund balances - end of year	\$ 283,631	\$ 266,575	\$ 550,206

Other Supplementary Information

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS



CITY OF TOLLESON, ARIZONA
HIGHWAY USER REVENUE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental revenues	\$ 752,665	\$ 752,665	\$ 763,107	\$ 10,442
Interest	-	-	5,694	5,694
Total revenues	752,665	752,665	768,801	16,136
EXPENDITURES				
Current:				
Highways & streets	1,491,685	1,491,685	1,416,008	75,677
Capital outlay	80,000	80,000	109,649	(29,649)
Total expenditures	1,571,685	1,571,685	1,525,657	46,028
Excess (deficiency) of revenues over (under) expenditures	(819,020)	(819,020)	(756,856)	62,164
OTHER FINANCING SOURCES (USES)				
Transfers in	769,782	769,782	-	(769,782)
Total other financing sources and (uses)	769,782	769,782	-	(769,782)
Net change in fund balance	(49,238)	(49,238)	(756,856)	(707,618)
Fund balance - beginning of year	1,040,487	1,040,487	1,040,487	-
Fund balance - end of year	\$ 991,249	\$ 991,249	\$ 283,631	\$ (707,618)

CITY OF TOLLESON, ARIZONA
GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental revenues	\$ 721,411	\$ 721,411	\$ 420,076	\$ (301,335)
Total revenues	721,411	721,411	420,076	(301,335)
EXPENDITURES				
Current:				
Public safety	216,198	216,198	160,670	55,528
Health and welfare	541,624	541,624	481,220	60,404
Capital outlay	916,000	916,000	29,469	886,531
Total expenditures	1,673,822	1,673,822	671,359	1,002,463
Excess (deficiency) of revenues over (under) expenditures	(952,411)	(952,411)	(251,283)	701,128
OTHER FINANCING SOURCES (USES)				
Transfers in	352,411	352,411	292,309	(60,102)
Total other financing sources and (uses)	352,411	352,411	292,309	(60,102)
Net change in fund balance	(600,000)	(600,000)	41,026	641,026
Fund balance - beginning of year	225,549	225,549	225,549	-
Fund balance - end of year	\$ (374,451)	\$ (374,451)	\$ 266,575	\$ 641,026

Statistical Section

Contents

Pages

Financial Trends

102-113

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

115-122

These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.

Debt Capacity

124-133

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Statistics

134-145

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF TOLLESON, ARIZONA
Table 1
Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 8,169,456	\$ 2,984,211	\$ 24,742,497	\$ 25,900,750
Restricted	2,800,689	3,474,282	4,420,658	2,971,007
Unrestricted	8,389,538	8,017,638	7,323,480	9,964,703
Total Governmental Activities Net Position	<u>\$ 19,359,683</u>	<u>\$ 14,476,131</u>	<u>\$ 36,486,635</u>	<u>\$ 38,836,460</u>
Business-Type Activities				
Net investment in capital assets	\$ 40,255,237	\$ 49,164,298	\$ 32,661,672	\$ 31,376,028
Restricted	-	55,295	276,569	492,978
Unrestricted	10,841,755	16,670,481	15,531,493	17,720,898
Total Business-Type Activities Net Position	<u>\$ 51,096,992</u>	<u>\$ 65,890,074</u>	<u>\$ 48,469,734</u>	<u>\$ 49,589,904</u>
Primary Government				
Net investment in capital assets	\$ 48,424,693	\$ 52,148,509	\$ 57,404,169	\$ 57,276,778
Restricted	2,800,689	3,529,577	4,697,227	3,463,985
Unrestricted	19,231,293	24,688,119	22,854,973	27,685,601
Total Primary Government Net Position	<u>\$ 70,456,675</u>	<u>\$ 80,366,205</u>	<u>\$ 84,956,369</u>	<u>\$ 88,426,364</u>

2013	2014	2015	2016	2017	2018
\$ 26,194,336	\$ 27,534,901	\$ 30,954,613	\$ 30,421,590	\$ 32,215,631	\$ 35,872,282
3,426,973	5,110,928	2,633,181	4,896,402	5,684,881	3,652,102
11,029,738	9,625,353	(373,945)	4,441,397	6,218,425	9,449,895
<u>\$ 40,651,047</u>	<u>\$ 42,271,182</u>	<u>\$ 33,213,849</u>	<u>\$ 39,759,389</u>	<u>\$ 44,118,937</u>	<u>\$ 48,974,279</u>
\$ 32,356,074	\$ 34,835,900	\$ 42,351,199	\$ 46,812,938	\$ 47,446,347	\$ 48,568,972
493,772	494,335	494,852	-	499,179	506,163
19,174,850	20,708,802	17,740,832	18,087,097	19,893,307	22,973,234
<u>\$ 52,024,696</u>	<u>\$ 56,039,037</u>	<u>\$ 60,586,883</u>	<u>\$ 64,900,035</u>	<u>\$ 67,838,833</u>	<u>\$ 72,048,369</u>
\$ 58,550,410	\$ 62,370,801	\$ 73,305,812	\$ 77,234,528	\$ 79,661,978	\$ 84,441,254
3,920,745	5,605,263	3,128,033	4,896,402	6,184,060	4,158,265
30,204,588	30,334,155	17,366,887	22,528,494	26,111,732	32,423,129
<u>\$ 92,675,743</u>	<u>\$ 98,310,219</u>	<u>\$ 93,800,732</u>	<u>\$ 104,659,424</u>	<u>\$111,957,770</u>	<u>\$121,022,648</u>

CITY OF TOLLESON, ARIZONA
Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General Government	\$ 3,650,530	\$ 3,931,291	\$ 3,854,836	\$ 3,554,245
Public Safety	8,104,259	8,145,407	9,227,572	9,590,713
Highways and Streets	2,368,382	3,008,843	3,587,171	2,867,554
Culture and Recreation	937,312	1,006,074	1,040,502	1,171,266
Redevelopment and Housing	84,312	45,851	-	-
Economic Development	1,158,833	473,105	459,727	545,153
Health and Welfare	463,758	516,178	868,049	547,528
Interest on Long-Term Debt	1,643,613	1,480,666	1,695,159	914,964
Total Governmental Activities	<u>18,410,999</u>	<u>18,607,415</u>	<u>20,733,016</u>	<u>19,191,423</u>
Business-Type Activities				
Water	4,598,229	4,357,407	4,314,393	6,095,971
Sanitation	871,399	705,856	642,779	491,293
Wastewater and Sewer	6,634,221	4,829,946	5,424,738	6,644,923
Total Business-Type Activities	<u>12,103,849</u>	<u>9,893,209</u>	<u>10,381,910</u>	<u>13,232,187</u>
Total Primary Government Expenses	<u>\$ 30,514,848</u>	<u>\$ 28,500,624</u>	<u>\$ 31,114,926</u>	<u>\$ 32,423,610</u>
Program Revenues				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 823,834	\$ 897,801	\$ 430,661	\$ 581,769
Public Safety	160,912	163,335	262,145	207,948
Highways and Streets	-	-	-	-
Culture and Recreation	10,401	11,284	11,542	25,690
Redevelopment and Housing	-	-	-	-
Other	-	-	-	-
Operating Grants and Contributions	1,217,159	1,235,150	825,410	878,403
Capital Grants and Contributions	1,413,167	1,059,482	868,296	235,653
Total Governmental Activities Program Revenues	<u>3,625,473</u>	<u>3,367,052</u>	<u>2,398,054</u>	<u>1,929,463</u>
Business-Type Activities				
Charges for Services:				
Water	\$ 4,644,492	\$ 4,639,765	\$ 4,994,285	\$ 6,394,604
Sanitation	401,076	409,697	401,366	347,800
Wastewater and Sewer	5,405,133	4,881,137	5,000,253	5,500,611
Capital Grants and Contributions	-	7,966,449	1,901,328	-
Total Business-Type Activities Program Revenues	<u>10,450,701</u>	<u>17,897,048</u>	<u>12,297,232</u>	<u>12,243,015</u>
Total Primary Government Revenues	<u>\$ 14,076,174</u>	<u>\$ 21,264,100</u>	<u>\$ 14,695,286</u>	<u>\$ 14,172,478</u>

2013	2014	2015	2016	2017	2018
\$ 4,160,877	\$ 4,069,698	\$ 5,415,488	\$ 5,596,149	\$ 6,057,979	\$ 6,699,834
9,921,501	9,342,079	10,820,773	11,510,678	13,703,866	13,256,375
2,497,012	4,278,584	2,155,241	2,146,277	2,158,993	2,702,277
562,374	885,714	1,691,577	1,667,220	2,438,231	2,382,861
-	-	-	-	-	-
1,175,131	1,464,624	715,207	641,130	1,196,079	794,512
343,153	378,772	426,259	510,429	455,278	506,590
864,780	812,432	776,981	750,181	717,956	636,533
19,524,828	21,231,903	22,001,526	22,822,064	26,728,382	26,978,982
5,021,689	5,446,163	5,032,519	5,379,124	5,294,611	5,926,382
614,402	630,134	502,305	475,758	418,557	373,399
6,579,691	6,238,217	6,408,153	6,434,002	6,720,582	6,639,875
12,215,782	12,314,514	11,942,977	12,288,884	12,433,750	12,939,656
\$ 31,740,610	\$ 33,546,417	\$ 33,944,503	\$ 35,110,948	\$ 39,162,132	\$ 39,918,638
\$ 554,874	\$ 795,223	\$ 888,639	\$ 883,447	\$ 1,005,417	\$ 1,527,499
226,830	302,522	273,624	598,221	404,051	321,968
-	-	-	126,794	-	-
16,825	17,292	14,458	122,954	22,316	36,482
-	10,978	-	-	-	-
-	-	9,250	-	-	-
830,814	771,285	916,333	759,072	973,563	972,700
171,515	370,799	-	21,240	18,472	69,939
1,800,858	2,268,099	2,102,304	2,511,728	2,423,819	2,928,588
\$ 6,479,996	\$ 6,666,770	\$ 6,583,969	\$ 6,596,501	\$ 6,460,671	\$ 6,873,286
360,618	324,197	355,328	352,861	384,453	449,095
5,535,850	6,713,988	5,420,273	5,899,361	5,743,503	6,293,079
-	-	4,673,401	150,584	49,811	-
12,376,464	13,704,955	17,032,971	12,999,307	12,638,438	13,615,460
\$ 14,177,322	\$ 15,973,054	\$ 19,135,275	\$ 15,511,035	\$ 15,062,257	\$ 16,544,048

CITY OF TOLLESON, ARIZONA
Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 8,339,786	\$ 8,390,330	\$ 12,209,049	\$ 13,525,808
Property Taxes	5,354,004	6,421,551	6,812,691	5,343,971
Franchise Taxes	48,936	49,523	47,098	39,871
State Revenue Sharing	970,001	838,960	632,468	567,191
State Income Tax Revenue Sharing	516,997	476,855	497,423	511,429
Auto Lieu Tax Revenue Sharing	222,573	218,427	212,480	220,391
Grants and Contributions Not Restricted	-	-	-	-
Interest	287,709	69,793	25,425	36,451
Other	116,862	115,386	-	5,491
Transfers	(1,780,581)	(6,224,014)	(235,637)	(152,748)
Total Governmental Activities:	<u>14,076,287</u>	<u>10,356,811</u>	<u>20,200,997</u>	<u>20,097,855</u>
Business-type Activities:				
Property Taxes	-	518,221	332,735	1,401,895
Impact Fees	-	-	-	-
Interest	22,143	23,957	20,363	35,712
Litigation Settlement	8,000,000	-	-	-
Other	17,359	23,051	129,072	123,917
Transfers	1,780,581	6,224,014	235,637	152,748
Total Business-Type Activities	<u>9,820,083</u>	<u>6,789,243</u>	<u>717,807</u>	<u>1,714,272</u>
Total Primary Government	<u>\$ 23,896,370</u>	<u>\$ 17,146,054</u>	<u>\$ 20,918,804</u>	<u>\$ 21,812,127</u>
Change in Net Assets				
Governmental Activities	\$ (709,239)	\$ (4,883,552)	\$ 1,866,035	\$ 2,835,895
Business-Type Activities	<u>8,166,935</u>	<u>14,793,082</u>	<u>2,633,129</u>	<u>725,100</u>
Total Primary Government	<u>\$ 7,457,696</u>	<u>\$ 9,909,530</u>	<u>\$ 4,499,164</u>	<u>\$ 3,560,995</u>

2013	2014	2015	2016	2017	2018
\$ 14,230,041	\$ 14,360,574	\$ 17,564,422	\$ 19,592,713	\$ 20,910,180	\$ 21,434,225
4,478,071	4,481,523	4,508,560	3,917,340	5,615,157	4,955,918
56,905	44,393	45,765	44,139	49,514	42,647
668,558	729,523	792,313	1,042,649	1,093,270	689,720
535,720	569,695	598,140	788,017	857,378	889,064
208,723	233,354	249,830	269,956	275,697	583,704
-	-	-	-	-	-
72,680	56,799	38,073	147,383	162,952	285,082
-	30,635	37,376	55,827	119,963	164,376
-	110,500	(282,785)	(116,962)	(420,000)	(139,000)
<u>20,250,698</u>	<u>20,616,996</u>	<u>23,551,694</u>	<u>25,741,062</u>	<u>28,664,111</u>	<u>28,905,736</u>
2,420,551	2,553,157	2,654,745	3,293,011	2,157,082	3,224,893
-	-	-	-	-	-
18,325	18,924	14,960	96,484	99,441	169,839
-	-	-	-	-	-
97,616	27,424	77,861	96,272	57,587	-
-	(110,500)	282,785	116,962	420,000	139,000
<u>2,536,492</u>	<u>2,489,005</u>	<u>3,030,351</u>	<u>3,602,729</u>	<u>2,734,110</u>	<u>3,533,732</u>
<u>\$ 22,787,190</u>	<u>\$ 23,106,001</u>	<u>\$ 26,582,045</u>	<u>\$ 29,343,791</u>	<u>\$ 31,398,221</u>	<u>\$ 32,439,468</u>
\$ 2,526,728	\$ 1,653,192	\$ 3,652,472	\$ 5,430,726	\$ 4,359,548	\$ 4,855,342
<u>2,697,174</u>	<u>3,879,446</u>	<u>8,120,345</u>	<u>4,313,152</u>	<u>2,938,798</u>	<u>4,209,536</u>
<u>\$ 5,223,902</u>	<u>\$ 5,532,638</u>	<u>\$ 11,772,817</u>	<u>\$ 9,743,878</u>	<u>\$ 7,298,346</u>	<u>\$ 9,064,878</u>

(Concluded)

CITY OF TOLLESON, ARIZONA
Table 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
General Fund				
Restricted	\$ 86,390	\$ 95,161	\$ 232,134	\$ 273,271
Committed	-	-	-	-
Nonspendable	-	-	270,698	-
Assigned	-	-	126,368	1,126,841
Unassigned	3,191,659	2,898,744	5,063,457	6,343,285
Total General Fund	<u>\$ 3,278,049</u>	<u>\$ 2,993,905</u>	<u>\$ 5,692,657</u>	<u>\$ 7,743,397</u>
All Other Governmental Funds				
Restricted:				
Highways and streets	\$ -	\$ -	\$ 24,349	\$ 309,630
Debt service	1,097,006	1,237,552	1,131,283	1,023,296
Capital projects			3,032,892	7,244,810
Public safety	5,047,024	4,740,852	1,956,348	2,901,442
Other purposes	11,362	12,794	-	-
Nonspendable:				
Prepaid items	-	-	16,590	-
Committed for:				
Capital projects	21,282,772	12,748,910	170,124	13,501
Assigned for:				
Public safety	-	-	-	-
Other purposes	-	-	83,887	91,301
Total All Other Governmental Funds	<u>\$ 27,438,164</u>	<u>\$ 18,740,108</u>	<u>\$ 6,415,473</u>	<u>\$ 11,583,980</u>

Note: The City began to report fund balance classification per GASB Statement 54 in fiscal year 2011. Prior year balances reported as reserved are reported as restricted and other balances previously reported as unreserved are reported as unassigned, restricted, committed, nonspendable or assigned as applicable.

2013	2014	2015	2016	2017	2018
\$ 376,237	\$ 336,340	\$ 485,014	\$ 563,507	\$ 829,648	\$ 509,582
-	-	-	-	-	-
141,648	5,000	4,446	-	1,017	4,505
1,126,841	-	-	-	-	-
7,405,570	7,556,991	9,879,027	16,564,021	21,220,634	23,303,394
<u>\$ 9,050,296</u>	<u>\$ 7,898,331</u>	<u>\$ 10,368,487</u>	<u>\$ 17,127,528</u>	<u>\$ 22,051,299</u>	<u>\$ 23,817,481</u>
\$ 873,739	\$ 871,385	\$ 884,657	\$ 1,030,489	\$ 1,040,487	\$ 283,631
944,792	1,133,469	938,131	879,996	609,568	325,667
6,705,563	3,718,026	474,052	242,592	169,021	25,447
3,359,496	3,118,808	3,821,797	3,773,814	2,810,608	2,241,200
-	-	-	266,943	225,549	266,575
13,117	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
330,144	382,343	306,810	-	-	-
<u>\$ 12,226,851</u>	<u>\$ 9,224,031</u>	<u>\$ 6,425,447</u>	<u>\$ 6,193,834</u>	<u>\$ 4,855,233</u>	<u>\$ 3,142,520</u>

CITY OF TOLLESON, ARIZONA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
Revenues				
Taxes	\$ 13,716,741	\$ 14,865,486	\$ 18,664,286	\$ 18,618,296
Intergovernmental	3,294,551	3,584,672	2,765,087	2,344,955
Fines and Penalties	304,939	292,923	260,534	209,436
Licenses and Permits	300,274	343,496	200,816	294,465
Charges for Services	378,435	425,500	333,963	375,380
Rents and Royalties	11,500	10,500	10,500	10,500
Contributions and Donations	48,020	71,441	61,478	83,707
Impact fees	997,327	172,761	337,312	138,117
Special assessments	-	-	-	-
Interest	287,709	69,793	25,425	36,451
Other	112,098	114,501	144,552	98,533
Total revenues	19,451,594	19,951,073	22,803,953	22,209,840
Expenditures				
General government	3,382,113	3,759,888	3,561,710	3,440,722
Public Safety	8,158,326	7,776,447	8,349,354	8,068,283
Highways and Streets	1,093,369	1,731,442	2,254,695	1,574,097
Culture and Recreation	827,972	841,414	891,109	1,017,582
Redevelopment and Housing	84,312	45,851	-	-
Economic Development	1,158,833	470,138	461,333	543,328
Health and Welfare	453,908	500,477	861,195	535,879
Capital Outlay	3,910,866	12,843,567	11,321,309	2,443,569
Debt Service				
Principal Retirement	2,150,000	2,765,000	2,925,000	2,366,550
Interest on Long-Term Debt	1,384,535	1,750,350	1,667,519	926,071
Issuance Costs	297,103	100,768	-	86,642
Total Expenditures	22,901,337	32,585,342	32,293,224	21,002,723
Excess of Revenues Over (Under) Expenditures	(3,449,743)	(12,634,269)	(9,489,271)	1,207,117

2013	2014	2015	2016	2017	2018
\$ 18,440,757	\$ 18,514,067	\$ 21,730,411	\$ 23,625,789	\$ 26,519,434	\$ 26,406,680
2,352,598	2,471,590	2,740,020	2,686,665	2,957,255	3,095,010
228,788	256,498	236,270	272,888	325,149	292,883
250,467	396,364	462,220	305,411	506,796	650,962
372,889	521,705	537,114	628,428	1,096,911	1,319,914
11,340	11,340	11,340	-	-	62,525
119,578	105,353	126,881	74,790	66,681	40,437
171,515	370,799	-	-	-	-
-	-	-	-	-	-
72,682	56,800	38,077	146,674	168,706	285,082
65,467	35,920	55,702	74,675	88,835	254,617
22,086,081	22,740,436	25,938,035	27,815,320	31,729,767	32,408,110
3,815,498	4,415,415	5,078,029	4,826,824	5,631,593	6,688,536
8,614,560	9,129,552	9,482,850	10,965,063	11,837,178	13,257,541
1,938,342	6,866,301	6,137,597	1,360,043	1,382,414	1,694,376
1,003,847	1,305,402	1,509,987	1,628,078	1,800,987	2,032,198
-	-	-	-	-	-
626,154	881,237	725,924	619,344	1,201,318	1,006,559
326,804	366,784	405,236	476,396	457,557	481,220
956,887	2,232,168	937,440	1,447,693	2,648,333	4,995,043
1,730,000	945,000	835,000	785,000	2,035,000	1,406,500
903,538	839,087	803,637	776,837	744,612	663,188
-	-	-	-	-	-
19,915,630	26,980,946	25,915,700	22,885,278	27,738,992	32,225,161
2,170,451	(4,240,510)	22,335	4,930,042	3,990,775	182,949

CITY OF TOLLESON, ARIZONA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2009	2010	2011	2012
Other Financing Sources (Uses)				
Transfers In	777,072	2,092,220	511,785	801,535
Transfers Out	(777,072)	(2,092,220)	(747,422)	(954,283)
Proceeds of Refunding Debt Issuance	-	-	-	-
Proceeds of Long-Term Debt Issuance	9,108,027	3,642,923	-	6,159,387
Payment to Refunded Debt Escrow Agent	-	-	-	-
Proceeds from Capital Leases	-	-	-	-
Proceeds from Sale of Capital Assets	4,764	9,146	99,025	5,491
Total other Financing Sources (Uses)	<u>9,112,791</u>	<u>3,652,069</u>	<u>(136,612)</u>	<u>6,012,130</u>
Net Change in Fund Balance	<u>\$ 5,663,048</u>	<u>\$ (8,982,200)</u>	<u>\$ (9,625,883)</u>	<u>\$ 7,219,247</u>
Debt Service as a Percentage of Noncapital Expenditures	20.2%	23.4%	21.9%	18.2%

2013	2014	2015	2016	2017	2018
1,763,792	3,751,052	3,091,764	3,134,362	2,596,590	1,518,209
(1,763,792)	(3,640,552)	(3,374,549)	(3,251,324)	(3,016,589)	(1,657,209)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,441	8,282	15,023	17,525	14,394	9,520
14,441	118,782	(267,762)	(99,437)	(405,605)	(129,480)
<u>\$ 2,184,892</u>	<u>\$ (4,121,728)</u>	<u>\$ (245,427)</u>	<u>\$ 4,830,605</u>	<u>\$ 3,585,170</u>	<u>\$ 53,469</u>
13.9%	7.2%	6.6%	7.3%	10.8%	7.5%
(Concluded)					



CITY OF TOLLESON, ARIZONA
Table 5
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property	Sales & Use	Franchise	Total
2009	5,027,539	8,339,786	48,936	13,416,261
2010	6,610,689	8,390,330	49,523	15,050,542
2011	6,383,556	12,209,049	47,098	18,639,703
2012	6,095,554	13,525,808	39,871	19,661,233
2013	6,203,478	14,230,041	56,905	20,490,424
2014	6,255,451	14,360,574	44,393	20,660,418
2015	6,340,170	17,564,422	41,385	23,945,977
2016	6,855,672	19,592,784	44,139	26,492,595
2017	7,291,580	20,910,251	49,514	28,251,345
2018	7,737,978	21,434,225	42,647	29,214,850
Change 2009-2018	53.9%	157.0%	-12.9%	117.8%

CITY OF TOLLESON, ARIZONA
Table 6
Assess Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)
(In Thousands of Dollars)

Fiscal Year	Industrial & Commercial Property	Agricultural and Vacant	Residential Property	Others	Total Taxable Assessed Value
2009	189,008	13,446	17,373	28,192	248,019
2010	231,012	15,949	17,373	3,170	264,546
2011	231,573	15,934	14,458	2,580	264,545
2012	192,440	11,383	11,455	2,064	217,342
2013	160,559	9,294	8,456	1,759	180,068
2014	143,031	8,901	8,076	2,246	162,254
2015	147,663	9,698	9,009	2,259	168,629
2016	172,787	12,297	12,619	1,958	199,661
2017	210,837	12,818	13,974	1,976	239,605
2018	239,361	13,797	15,834	2,264	271,256

<u>Total Direct Tax Rate/Thousand</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
2.2993	248,019	100.000%
2.5074	264,546	100.000%
2.4390	264,545	100.000%
2.9084	217,342	100.000%
3.4163	180,068	100.000%
3.7612	162,254	100.000%
3.7457	168,629	100.000%
3.9715	199,661	100.000%
3.9734	239,605	100.000%
3.9895	271,256	100.000%

CITY OF TOLLESON, ARIZONA
Table 7
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)
(Rate per \$1,000 of Assessed Value)

Fiscal Year	Direct Rates			Overlapping Rates			Rate Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	Flood Control and Water Conservation District	County	
2009	0.9502	1.3491	2.2993	N/A	N/A	N/A	2.2993
2010	0.9822	1.5901	2.5723	N/A	N/A	N/A	2.5723
2011	0.9742	1.4648	2.4390	N/A	N/A	N/A	2.4390
2012	1.1232	1.7852	2.9084	N/A	N/A	N/A	2.9084
2013	1.2643	2.1520	3.4163	N/A	N/A	N/A	3.4163
2014	1.7811	1.9801	3.7612	N/A	N/A	N/A	3.7612
2015	1.8309	1.9148	3.7457	N/A	N/A	N/A	3.7457
2016	1.8344	2.1371	3.9715	N/A	N/A	N/A	3.9715
2017	1.8325	2.1409	3.9734	N/A	N/A	N/A	3.9734
2018	1.8325	2.1570	3.9895	N/A	N/A	N/A	3.9895

Source: Maricopa County Finance Department

N/A - Not available at the time of printing

CITY OF TOLLESON, ARIZONA
Table 8
Principal Property Taxpayers
Current and Nine Years Ago
(Unaudited)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BPP Pacific Industrial AZ Reit Owner LLC	\$12,940,884	1	6.75%	\$ -	-	-
Smiths Food & Drug Centers Inc	12,113,949	2	6.32%	15,069,158	2	6.08%
SVC Manufacturing Inc	9,840,217	3	5.13%	12,043,414	3	4.85%
ABS SW Investor LLC (Albertson)	7,218,943	4	3.76%	8,272,777	4	3.33%
Liberty Property LP	7,170,962	5	3.74%	-	-	-
FR CAL 3 Tolleson Buckeye LLC	6,360,243	6	3.32%	-	-	-
Cam Investment 338 LLC/2601 Wilshire LLC	5,770,836	7	3.01%	-	-	-
Mach II CTRP Tolleson LLC	5,037,714	8	2.63%	-	-	-
Price Company	4,873,766	9	2.54%	4,223,310	8	1.70%
AZEJM Land Holdings/Oxnard	4,668,710	10	2.43%	5,249,991	6	2.12%
LBA Realty Fund III Company IX LLC	-	-	-	15,687,723	1	6.30%
Greater Arizona Auto Auctions Inc	-	-	-	6,273,938	5	2.53%
Sysco Continental Foods	-	-	-	4,145,149	10	1.67%
Pratte Buckeye Property LLC	-	-	-	4,273,543	7	1.72%
Tolleson 99th LLC	-	-	-	4,155,379	9	1.68%
Total	<u>\$ 75,996,224</u>			<u>\$ 79,394,382</u>		<u>31.98%</u>

Source: Maricopa County Assessor's Office

Note: The schedule should include the ten largest taxpayers, unless fewer are required to reach 50% of the revenue base.

CITY OF TOLLESON, ARIZONA
Table 9
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy				Total Collections to Date			
	Taxes Levied for the Fiscal Year	Amount	Percent of Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
2009	5,047,936	4,925,210	97.57%	102,364	5,027,574	99.60%	20,362	0.40%
2010	6,408,160	6,287,726	98.12%	119,392	6,407,118	99.98%	1,042	0.02%
2011	6,213,365	6,062,224	97.57%	151,141	6,213,365	100.00%	-	-
2012	6,260,000	6,030,900	96.34%	40,114	6,071,014	96.98%	188,986	3.02%
2013	6,121,245	6,049,524	98.83%	46,142	6,095,666	99.58%	25,579	0.42%
2014	6,063,150	6,063,150	100.00%	-	6,063,150	100.00%	-	-
2015	6,189,084	6,143,072	99.26%	-	6,143,072	99.26%	46,012	0.74%
2016	6,563,777	6,563,777	100.00%	-	6,563,777	100.00%	-	-
2017	7,074,915	7,074,915	100.00%	-	7,074,915	100.00%	-	-
2018	7,649,751	7,649,751	100.00%	-	7,649,751	100.00%	-	-

Source: Maricopa County Finance Department

CITY OF TOLLESON, ARIZONA
Table 10
Taxable Sales By Category
Last Ten Fiscal Years
(Unaudited)

	2017	2018
Sales Category		
Commercial & Utilities	\$ 1,484,711	\$ 1,478,839
Construction	907,458	1,615,343
Manufacturing	769,714	1,011,682
Wholesale	4,387,437	3,908,882
Retail	7,723,550	8,596,691
Real estate	2,150,547	2,114,053
Services	1,232,577	1,330,754
All other outlets	892,220	854,007
Total	<u>\$ 19,548,214</u>	<u>\$ 20,910,251</u>
City Sales Tax Rate	2.50%	2.50%

Source: Arizona State Revenue

Note: This schedule requires that governments present revenue information about

CITY OF TOLLESON, ARIZONA
Table 11
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City Direct Rate	County
2009		8.80%
2010	2.50%	8.80%
2011	2.50%	8.80%
2012	2.50%	8.80%
2013	2.50%	8.80%
2014	2.50%	8.80%
2015	2.50%	8.80%
2016	2.50%	8.80%
2017	2.50%	8.80%
2018	2.50%	8.80%

Source: Arizona State Revenue



CITY OF TOLLESON, ARIZONA
Table 12
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Water Revenue Bonds
2009	31,010	9,100	-	-	-	-
2010	32,155	8,780	-	-	-	-
2011	34,744	8,399	-	-	-	-
2012	13,694	8,120	-	-	20,991	-
2013	12,305	7,780	-	-	19,430	-
2014	11,710	7,430	-	-	16,930	-
2015	11,235	7,070	-	-	14,220	-
2016	10,825	6,929	-	-	11,330	-
2017	9,180	6,305	-	-	9,485	-
2018	8,346	5,900	-	-	6,893	-

* Information on personal income from these fiscal years was not available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
Capital Leases	Waste Water WIFA Loan			
-	-	40,110	*	5,864
-	6,000	46,935	*	6,862
-	3,856	46,999	*	7,181
-	8,895	51,700	*	7,712
-	8,526	48,041	*	7,166
-	8,144	44,214	*	6,544
-	7,750	40,275	*	5,961
-	7,342	36,426	*	5,257
-	6,921	31,891	*	4,443
-	6,486	27,625	*	3,834

CITY OF TOLLESON, ARIZONA
Table 13
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonds	Net General Obligation Bonded Debt	Taxable Assessed Value of Property	Percentage of Actual Taxable Value of Property	Population	Per Capita
2009	31,010	31,010	248,019	12.50%	6,840	4,534
2010	32,155	32,155	264,546	12.15%	6,840	4,701
2011	34,744	34,744	264,545	13.13%	6,545	5,308
2012	34,685	34,685	217,342	15.96%	6,704	5,174
2013	36,708	36,708	180,068	20.39%	6,704	5,476
2014	33,391	33,391	162,254	20.58%	6,756	4,942
2015	29,976	29,976	168,630	17.78%	6,756	4,437
2016	26,438	26,438	199,661	13.24%	6,929	3,816
2017	22,703	22,703	239,606	9.48%	6,929	3,277
2018	18,799	18,799	271,257	6.93%	6,929	2,713

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

a See schedule 7 for property value data.

b Population data can be found on schedule 19

CITY OF TOLLESON, ARIZONA
Table 14
Direct and Overlapping Governmental Activities Debt
June 30, 2018
(Unaudited)

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt (a)</u>
Debt repaid with property taxes			
Tolleson Elementary School District No. 17	\$ 18,785,000	71.83	\$ 13,493,266
Fowler Elementary School District No. 45	8,140,000	9.28	755,392
Littleton Elementary School District No. 65	23,705,000	18.36	4,352,238
Tolleson Union High School District No. 216	72,210,000	18.03	13,019,463
Maricopa County Community College District	380,740,000	0.50	1,903,700
Maricopa County Special Health Care District	75,000,000	0.50	375,000
Western Maricopa Education Center District No. 402 (West-Mec)	126,600,000	1.38	<u>1,747,080</u>
Subtotal, overlapping debt			\$ 35,646,139
City of Tolleson, Arizona Direct Debt	18,536,823	100.00	\$ 18,798,871
Total direct and overlapping debt			<u>\$ 54,445,010</u>

(a) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for 2017/2018
(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and City improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.

Source: Stifel, Nicolaus & Company, Inc. (Stifel)

CITY OF TOLLESON, ARIZONA
Table 15
Calculation of Legal Debt Margin
June 30, 2018
(Unaudited)

Net Assessed Valuation		<u>\$ 271,256,677</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 54,251,335
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 18,798,871	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	<u>18,798,871</u>	<u>18,798,871</u>
20% Legal Debt Margin		<u>35,452,464</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Secondary Net Assessed Valuation		16,275,401
Debt Applicable to Limit		
General Obligation Bonds Outstanding	-	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	<u>-</u>	<u>-</u>
All Other General Obligation Bonds Debt Margin		<u>16,275,401</u>
Total Legal Debt Margin		<u>\$ 51,727,865</u>

Source: Maricopa County Assessor's Office



CITY OF TOLLESON, ARIZONA
Table 16
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2009	2010	2011	2012
Net Secondary Assessed Valuation	\$ 269,602,466	\$ 264,544,909	\$ 264,544,909	\$ 217,342,534
Debt Limit	70,096,641	68,781,677	68,781,677	56,509,059
Total net debt applicable to limit	31,010,000	32,155,000	29,555,000	34,685,000
Legal debt margin	<u>\$ 39,086,641</u>	<u>\$ 36,626,677</u>	<u>\$ 39,226,677</u>	<u>\$ 21,824,059</u>
Total net debt applicable to the limit as a percentage of debt limit.	44.24%	46.75%	42.97%	61.38%

2013	2014	2015	2016	2017	2018
\$ 180,067,717	\$ 162,254,481	\$ 168,629,759	\$ 199,662,057	\$ 239,605,939	\$ 271,256,677
46,817,606	42,186,165	43,843,737	51,912,135	62,297,544	70,526,736
31,735,000	33,160,790	29,738,090	26,192,537	22,702,537	18,798,871
<u>\$ 15,082,606</u>	<u>\$ 9,025,375</u>	<u>\$ 14,105,647</u>	<u>\$ 25,719,598</u>	<u>\$ 39,595,007</u>	<u>\$ 51,727,865</u>
67.78%	78.61%	67.83%	50.46%	36.44%	26.65%

CITY OF TOLLESON, ARIZONA
Table 17
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)
(Dollars In Thousands)

Fiscal Year	Revenue Bonds*					Coverage
	Public Safety Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	
2009	-	-	-	-	-	
2010	780	-	780	320	387	1.10
2011	720	-	720	381	325	1.02
2012	720	-	720	335	374	1.02
2013	720	-	720	340	367	1.02
2014	720	-	720	350	358	1.02
2015	720	-	720	360	345	1.02
2016	720	-	720	375	332	1.02
2017	720	-	720	390	317	1.02
2018	720	-	720	405	301	1.02

*Revenue Bonds: Public Safety Sale Tax Bonds

Special Assessment Bonds			
Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

CITY OF TOLLESON, ARIZONA
Table 18
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2009	6,840	N/A	N/A	N/A	N/A	N/A	9.80%
2010	6,840	N/A	N/A	N/A	N/A	N/A	9.80%
2011	6,545	N/A	N/A	N/A	N/A	N/A	8.40%
2012	6,704	37,972	12,285	N/A	N/A	N/A	8.25%
2013	6,704	37,972	12,285	N/A	N/A	N/A	6.70%
2014	6,756	37,972	12,285	N/A	N/A	N/A	6.40%
2015	6,756	32,196	12,934	N/A	N/A	N/A	4.80%
2016	6,929	34,485	13,391	N/A	N/A	N/A	4.50%
2017	7,178	31,388	13,588	N/A	N/A	N/A	4.50%
2018	7,205	39,714	16,267	N/A	N/A	N/A	3.80%

Sources: US Department of Commerce (quickfacts.census.gov) for population and Homefacts (homefacts.com/unemployment/Arizona/Maricopa-County/Tolleson) for unemployment rate.

N/A - Information was not available for these fiscal years

Note : GASB Statement 44 requires that general purpose governments present, at a minimum, population, total and per capita personal income, and unemployment rate. Governments may add other demographic and economic statistics that are useful and relevant to the user of their financial reports, either in this or in additional schedules. *Median age, education level and school enrollment are optional statistics; however, they are among those most commonly presented by governments.*

CITY OF TOLLESON, ARIZONA
Table 19
Principal Employers
Current and Nine Years Ago
(Unaudited)

Taxpayer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,540	1	10.84%	1,325	1	8.83%
Papa Johns Salads Produce	810	2	5.70%	-	-	-
Atlas Retail Services	650	3	4.57%	-	-	-
SVC Manufacturing Inc/Pepsico	450	4	3.17%	-	-	-
Autozone Inc	410	5	2.89%	290	9	1.93%
Rousseau Farming Co	400	6	2.81%	-	-	-
SRP	380	7	2.67%	400	8	2.67%
Tolleson Union High School Dist 214	370	8	2.60%	-	-	-
Albertson's, Inc.	350	9	2.46%	400	5	2.67%
Sysco Food Services	330	10	2.32%	525	3	3.50%
Fry's Distribution	-	-	-	725	2	4.83%
Greater Auto Auction	-	-	-	400	4	2.67%
Pepsico	-	-	-	400	6	2.67%
Home Depot	-	-	-	300	7	2.00%
Berry Plastics, Inc.	-	-	-	200	10	1.33%
	-	-	-			
Total	<u>5,690</u>		<u>40.03%</u>	<u>4,965</u>		<u>33.10%</u>

Source: Maricopa Association of Governments (MAG), <http://geo.azmag.gov/maps/employment/>.

CITY OF TOLLESON, ARIZONA
Table 20
Full-Time Equivalent Employee By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	36	35	35	39	34	45	46.5	42.5	50.5	59
Police	42	43	45	45	43	42	42	43	43	49
Fire	31	31	31	31	31	31	33	32	32	32
Public Works	16	14	14	17	20	18.5	18	21	21	21
Community Services	12	12	12	6	8	8	8	8.5	8.5	9
Water	8	8	8	8	8	8	8	9	9	8
Sanitation	4	3	2	2	2	1.5	1.5	1.5	2	-
Wastewater/Sewer	22	23	21	20	20	21	24	28	21	21
Total	<u>171</u>	<u>169</u>	<u>168</u>	<u>168</u>	<u>166</u>	<u>175</u>	<u>181</u>	<u>185.5</u>	<u>187.0</u>	<u>199.0</u>

Source: City Records



CITY OF TOLLESON, ARIZONA
Table 21
Operating Indicators By Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	2008	2009	2010	2011	2012
Police					
Physical arrests	408	370	398	453	235
Call for services	11,202	11,265	10,137	8,443	11,287
Traffic violations	5,150	4,716	4,507	6,302	4,180
Fire					
Emergency responses	2,457	2,310	1,789	1,929	1,943
Fires extinguished	477	180	172	157	156
Inspections	263	250	269	268	321
Planning and Building Safety					
Building permits issued	506	564	467	374	332
Building inspections conducted	2,567	2,363	1,900	1,792	1,525
Transit					
Total route miles	6	6	6	6	6
Sanitation					
Refuse collected (<i>tons/day</i>)	41.5	42.0	42.5	43.0	43.3
Library					
Volumes in collection	22,851	22,582	22,356	23,628	23,980
Total volumes borrowed	37,657	37,750	24,708	25,101	25,225
Water					
New connections	60	41	33	48	43
Water main breaks					
Average daily consumption (<i>thousands of gallons</i>)	3,914.0	3,386.2	3,316.0	3,596.0	3,281.0
Peak daily consumption (<i>thousands of gallons</i>)	6,115.0	6,100.0	5,800.0	5,570.0	4,962.0
Wastewater					
Average daily sewage treatment (<i>thousands of gallons</i>)	12,664.3	5,558.6	5,348.0	5,438.0	5,193.0

* Represents 8 months

** Represents 2 months

*** City outsourced collections to 3rd party in FY 17

Source: City Records

2013	2014	2015	2016	2017	2018
293	257	248	293	352	330
14,511	12,484	11,712	14,650	15,428	15,942
1,944	3,582	2,758	3,599	3,433	2,456
2,122	2,212	2,322	2,636	2,915	3,688
138	134	135	120	116	1,088
271	43	116	633	52**	1
344	386	327	336	383	429
912	1425	1460	694*	860*	1286
6	6	6	6	6	6
15.0	8.45	8.87	8.46	0.42***	0.54
27,240	26,983	23,172	22,894	24,337	23,809
37,690	36,480	33,183	29,166	34,419	31,110
257	44	35	19	26	8
3,876	3,877	3,000	3,823	3,082	3,940
5,174	5,384	6,000	7,100	6,480	5,602
5,180	5,274	8,230	5,347	5,353	5,359

CITY OF TOLLESON, ARIZONA
Table 22
Capital Asset Statistics By Function
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police				
Stations	1	1	1	1
Patrol Units	22	22	22	22
Fire Stations	1	1	1	1
Refuse collection				
Collection trucks	2	2	2	2
Other public works				
Streets (<i>miles</i>)	33	33	33	34
Streetlights	770	770	770	778
Traffic signals				
Parks and recreation				
Acreage	20	20	20	20
Playgrounds	4	4	4	3
Baseball/softball diamonds				
Soccer/football fields				
Community/Youth Centers	2	2	2	2
Water				
Water mains (<i>miles</i>)	48	48	48	48
Fire hydrants	450	450	450	451
Storage capacity (<i>thousands of gallons</i>)				
Wastewater				
Sanitary sewers (<i>miles</i>)	46	46	46	46
Storm sewers (<i>miles</i>)				
Treatment capacity (<i>thousands of gallons</i>)	17,500	17,500	17,500	17,500

Source:City Records

2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
23	24	24	24	24	24
1	1	1	1	1	1
2	6	6	6	2	2
34	34	34	34	34	34
778	778	778	778	778	778
	12	12	12	12	13
20	20	20	20	20	20
3	3	3	4	4	4
	1	3	3	3	3
	1	2	2	2	2
2	2	2	3	3	3
50	56	60	60	56.75	57.75
475	420	700	700	730	737
37.07	34.63	35.03	38.12	38.62	38.62
	2	2	2	2	2
17,500	17,500	17,500	17,500	17,500	17,500

CITY OF TOLLESON, ARIZONA
Table 23
Property Valuations
For the Fiscal Year Ended June 30, 2018
(Unaudited)

	2017-2018 Fiscal Year
Estimated actual valuation	\$ 1,593,519,300
Net primary assessed valuation	178,058,092

Source: Maricopa County Assessor's Office and Maricopa County Department of Finance

CITY OF TOLLESON, ARIZONA
Table 24
Secondary Valuations as a Percentage of Estimated Valuations
For the Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation	Net Secondary Assessed Valuations as Percentage of the Estimated Actual Valuation
2017-18	\$ 271,256,677	\$ 1,786,258,167	15.19%
2016-17	\$ 239,605,939	\$ 1,593,519,300	15.04%
2015-16	\$ 199,662,057	\$ 1,326,288,910	15.05%
2014-15	\$ 168,629,759	\$ 1,111,077,328	15.18%
2013-14	\$ 162,254,481	\$ 1,048,898,288	15.47%
2012-13	\$ 180,067,717	\$ 1,126,277,682	15.99%
2011-12	\$ 217,342,534	\$ 1,344,185,974	16.17%
2010-11	\$ 264,544,909	\$ 1,403,066,293	18.85%
2009-10	\$ 269,602,469	\$ 1,410,933,224	19.11%
2008-09	\$ 228,820,924	\$ 1,197,074,943	19.12%

Source: Maricopa County Assessor's Office and Maricopa County Finance Department

CITY OF TOLLESON, ARIZONA
Table 25
Secondary Valuations By Legal Class
As of June 30, 2018
(Unaudited)

Legal Class	Description	2016-2017 Secondary Assessed Valuation	2017 Percent of Total	2017-2018 Secondary Assessed Valuation	2018 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	\$ 210,836,987	87.99%	\$ 239,360,887	88.23%
2	Agricultural and Vacant	12,818,452	5.35%	13,796,779	5.09%
3	Residential (Owner occupied)	8,492,206	3.54%	9,218,283	3.40%
4	Residential (Rental)	5,481,905	2.29%	6,615,915	2.44%
5	Railroad	618,429	0.26%	695,383	0.26%
6	Non-commercials	1,357,960	0.57%	1,569,430	0.58%
Total		<u>\$ 239,605,939</u>	<u>100.00%</u>	<u>\$ 271,256,677</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office

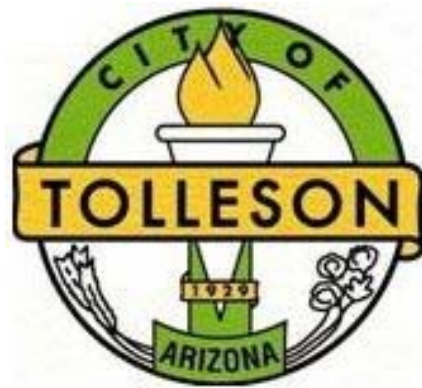
CITY OF TOLLESON, ARIZONA
Table 26
Secondary Valuations By Major Taxpayer
As of June 30, 2018
(Unaudited)

<u>Taxpayers</u>	<u>Business</u>	<u>Estimated Secondary 2017-18 Assessed Valuation</u>	<u>Estimated as a Percent of the City's 2017-18 Net Secondary Assessed Valuation</u>
SVC Manufacturing	Food Manufacture	\$ 11,452,194	6.43%
LBA Realty Fund III Company IX LLC	Commercial Property	11,090,661	6.23%
Smiths Food & Drugs	Grocery Retailer	10,874,444	6.11%
ABS SW Investor Loc (Albertson)	Grocery Retailer	7,053,886	3.96%
FR CAL 3 Tolleson Buckey LLC	Industrial Property	6,189,828	3.48%
Liberty Property Holdings LP	Asset Management	5,548,122	3.12%
Cole HD Tolleson AZ LLC	Commercial Property	5,544,000	3.11%
Greater Arizona Auto Auctions Inc.	Auto auctions	5,361,660	3.01%
91st Avenue Investment LLC	Commercial Property	4,494,006	2.52%
AZEJM Land Holdings/Oxnard Commerceplex	Commercial Property	4,371,510	2.46%
Total		<u>\$ 71,980,311</u>	<u>40.43%</u>

Source: Maricopa County Assessor's Office



Compliance Section



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

To the Honorable Mayor and City Council
City of Tolleson, Arizona

We have audited, in accordance with the 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 Tolleson, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Tolleson, Arizona's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tolleson, Arizona's internal control over financial reporting (internal control) to determine the 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 Tolleson, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tolleson, 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 a 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. 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 Tolleson, Arizona's financial statements are free from 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 determination of financial statement amounts. 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.

Henry & Horne LLP

Casa Grande, Arizona
November 13, 2018