



FISCAL YEAR 2020

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FY 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

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CITY OF TOLLESON, ARIZONA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by:
City of Tolleson Finance Department
9555 W. Van Buren
Tolleson, Arizona 85353

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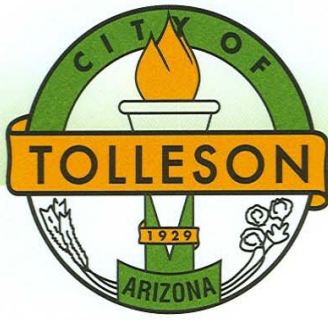
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Introductory Section





CITY OF TOLLESON

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

December 16, 2020

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

State statutes require that cities and towns publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual financial report of the City of Tolleson, Arizona for the fiscal year ended June 30, 2020.

This report consists of senior management's representations concerning the finances of the City. Consequently, senior management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect both the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Henry & Horne, LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the city was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Tolleson, founded in 1929, operates under a Council-Manager form of government. 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 residents' 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.

Economic Condition and Outlook

There is no question, the COVID-19 pandemic shuddered the global economy. The pandemic dealt an unprecedented and unexpected blow to consumer spending and gross domestic product (GDP). This decline was reflective of the response to COVID-19 as "stay at home" orders were put in place and government assistance was issued. Fortunately, the City entered the crisis as one of the strongest revenue gainers in the State, and remains well positioned to weather these challenging times.

Revenues in the General Fund grew by approximately 2%. Sales tax revenue grew by 3%, which demonstrates continued growth and improvement even with the slow down driven by the pandemic. Expenditures in the General Fund decreased by \$3,858,311 (approximately 13%) due to two large one-time capital expenditures that occurred in the prior fiscal year. The City was able to provide salary increases to employees while maintaining costs in commodities and services in order to stay within budget. The City's budget is structurally balanced with ongoing revenues supporting ongoing expenditures. One-time revenues like contracting transaction privilege taxes and building permits support one-time expenditures. The revenue forecast for fiscal year 2020-2021 anticipates a continuation of General Fund revenue growth.

Current Condition

As described above sales tax revenues were higher than previous years. Both the current and future programs are measured for alignment with the Strategic Plan. The financial performance of the City as a whole is reflected in its governmental funds.

As of June 30, 2020, the City's governmental funds reported a combined fund balance of \$45,996,489, of which \$28,798,314 is unassigned and available for spending at the City's discretion.

The City, like most municipalities, is significantly dependent upon sales tax revenues which are subject to economic fluctuations. Sales tax revenues comprised 69% of general fund revenues. Sales taxes and revenues related to the residential and commercial construction industry continued to improve during the fiscal year.

Future Economic Outlook

The City of Tolleson has been able to make strategic reinvestments in existing programs and invest in new programs that provide the opportunity to further position the City as the place to live, work and play. The City will continue to facilitate economic growth through capital projects in the coming year, including the construction of a New City Hall.

Accomplishments and Initiatives

During fiscal year 2020, the City had several significant accomplishments and initiatives.

The Alley Gate/Access Program was 2020 American Public Works Association (APWA) Project of the Year for Arizona. In addition, it was a nominee at the national level.

An interactive community crime mapping system designed to improve communications as well as community involvement with preventing and controlling criminal activity was implemented by the Police Department. A project was created and implemented allowing community residents to share security video remotely with the Police Department to enhance and encourage community policing involvement. In addition, license plate readers were strategically placed throughout the city.

The Tolleson Public Library became the first small library in Arizona to eliminate late fines. Research shows that communities of color are more likely to be impacted by unpaid library fees. The Tolleson Public Library significantly enhanced digital access to the Library during FY 2020. Curbside service offering free wireless printing and fax services and contactless materials checkout during Covid-19 pandemic.

The Housing and Revitalization Department completed 36 Emergency Home Repairs, 3 Housing Rehabs, and 1 (four structures) Residential Demolition project.

The Information Technology Department successfully converted 75% of the city workforce to remote format due to Covid-19.

Expenditure Limitation

On June 30, 1980 Arizona voters approved general propositions amending the Arizona Constitution to establish expenditure and revenue limitations for local governments. The purpose of the expenditure limitation is to control expenditures and to limit future increases in spending to adjustments for inflation, deflation and population growth of the City.

On November 8, 2016, the voters of the City approved an alternative expenditure limitation, the effect of which is that the total budgeted expenditures of each yearly budget becomes the expenditure limitation for that year on a total budget basis. This alternative expenditure limitation is effective for four years.

Single Audit

As a recipient of Federal, State and County financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. Internal control is subject to periodic evaluation by management.

As part of the City's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Certificate of Achievement

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 for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fourth 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.

Acknowledgements

The preparation of this report would not have been possible without the efficient, effective and dedicated services of the entire staff of the Finance Department and the assistance of personnel in the various departments. We would like to express our appreciation to all members who assisted and contributed to the preparation of this report.

We also wish to express our sincere appreciation to the Mayor, Vice Mayor and Council for unfailing support in maintaining the highest standards of professionalism in the management of the City of Tolleson's finances.

Respectfully Submitted:



Victoria L. Juvet
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, 2019

Christopher P. Morrell

Executive Director/CEO

CITY OF TOLLESON, ARIZONA
PRINCIPAL OFFICIALS OF THE CITY
YEAR ENDED JUNE 30, 2020

MAYOR AND COUNCIL

Anna Tovar, Mayor

Vacant, Vice Mayor

Clorinda Erives, Councilmember

John Carnero, Councilmember

Lupe Leyva Bandin, Councilmember

Albert P. Mendoza, Councilmember

Linda Laborin, Councilmember



MANAGEMENT STAFF

Reyes Medrano, Jr., City Manager

DEPARTMENT HEADS

John Lamb, Magistrate

Wendy Jackson, Employee Resources Director

Vacant, City Engineer

Steve Holliday, Chief Technical Officer

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, Development Services Director

Santiago Cornejo, Human Services Director

Pilar C. Sinawi, Chief Government Affairs Officer

John Paul Lopez, Parks and Recreation Director

Crystal A. Zamora, City Clerk

CITY OF TOLLESON ORGANIZATIONAL CHART



Tolleson Citizens

Mayor and
Council

Boards and
Commissions

Magistrate

City Manager

City Attorney

Employee
Resources

Fire

Police

Field
Operations

Utilities

Finance

Information
Technology

Human
Services

Public Affairs

City Clerk

Development
Services

PRC



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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of June 30, 2020, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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.

Other Information (Continued)

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 December 16, 2020 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

Tempe, Arizona
December 16, 2020

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



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

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, 2020. 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 HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Tolleson, Arizona exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$149,081,512 (net position). The unrestricted net position, which represents the amounts available to meet the City of Tolleson's ongoing obligations to citizens and creditors was a positive \$45,896,389.
- The City of Tolleson's total net position increased by \$14,055,934 primarily due to the general revenues received, with the largest amount coming from sales tax.
- The governmental activities program revenues of \$4,386,747 were slightly higher than the total of \$3,447,925 in the prior year.
- The business-type activities program revenues of \$14,049,765 were higher than the total of \$13,152,387 in the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,798,314 or 110% of total General Fund expenditures and is available for spending at the government's discretion.
- General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$2,325,291 for the fiscal year ending June 30, 2020. Budgetary basis expenditures of the General fund were 84.7% (\$4,741,143 in savings) of the final budgeted expenditures.

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 and trash.

The government-wide financial statements can be found on pages 23-25 of this report.

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 six 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, public safety fund, capital projects, and debt service fund which are considered to be major funds. Data from two additional governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major 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.

The basic governmental fund financial statements can be found on pages 28-36 of this report.

Proprietary Funds. The City of Tolleson maintains three different 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 and trash fund, all of which are considered to be major funds of the City of Tolleson.

The basic proprietary fund financial statements can be found on pages 39-43 of this report.

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. The notes to the financial statements can be found on pages 47-87 of this report.

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. Required supplementary information can be found immediately after the notes to the financial statements on pages 91-98.

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. Combining and individual fund statements and schedules can be found on pages 101-110 of this report.

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 \$149,081,512 as of June 30, 2020 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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Current and other assets	\$ 48,598,802	\$ 40,666,963	\$ 40,521,192	\$ 32,951,999	\$ 89,119,994	\$ 73,618,962
Capital assets	59,173,863	58,947,005	58,272,417	60,066,752	117,446,280	119,013,757
Total assets	107,772,665	99,613,968	98,793,609	93,018,751	206,566,274	192,632,719
Deferred outflows of resources	6,959,519	6,438,615	605,511	715,959	7,565,030	7,154,574
Long-term liabilities outstanding	42,675,758	45,124,323	16,562,009	14,454,748	59,237,767	59,579,071
Other liabilities	2,421,451	1,552,632	967,482	1,208,992	3,388,933	2,761,624
Total liabilities	45,097,209	46,676,955	17,529,491	15,663,740	62,626,700	62,340,695
Deferred inflows of resources	2,154,398	1,971,240	268,694	449,780	2,423,092	2,421,020
Net position:						
Net investment in capital assets	46,353,982	43,344,723	50,543,526	50,126,416	96,897,508	93,471,139
Restricted	5,668,215	15,686,162	619,400	518,226	6,287,615	16,204,388
Unrestricted	15,458,380	(1,626,497)	30,438,009	26,976,548	45,896,389	25,350,051
Total net position	\$ 67,480,577	\$ 57,404,388	\$ 81,600,935	\$ 77,621,190	\$ 149,081,512	\$ 135,025,578

Governmental Activities

Current and other assets increased in governmental activities by \$7.9 million. Deferred outflows of resources increased by \$521k and deferred inflows of resources increased by \$183k both due to the effects of GASB 68. Long-term liabilities, which consists of bonds, compensated absences, developer agreement payable, and post-employment benefit obligations decreased by \$2.4 million largely due to the refunding of bonds during FY 2020.

By far, the largest portion of the City of Tolleson's net position, \$96,897,508, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure, net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City of Tolleson uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Tolleson's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Tolleson's net position, \$6,287,615 represents resources that are subject to external restriction on how they may be used. As of the end of the current year, the City of Tolleson's unrestricted net position was a positive balance of \$45,896,389.

The City of Tolleson's overall net position increased by \$14,055,934 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

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	
	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,431,367	\$ 1,930,947	\$ 14,049,765	\$ 13,152,387	\$ 16,481,132	\$ 15,083,334
Operating grants and contributions	1,923,497	1,355,565	-	-	1,923,497	1,355,565
Capital grants and contributions	31,883	161,413	-	-	31,883	161,413
General revenues:						
Taxes	34,194,982	31,590,756	2,451,096	3,637,831	36,646,078	35,228,587
Urban revenue sharing	943,866	872,525	-	-	943,866	872,525
Other revenue/(expense)	1,095,927	991,210	653,480	705,392	1,749,407	1,696,602
Total revenues	40,621,522	36,902,416	17,154,341	17,495,610	57,775,863	54,398,026
Expenses:						
General government	8,293,849	6,244,732	-	-	8,293,849	6,244,732
Public safety	13,327,589	14,014,601	-	-	13,327,589	14,014,601
Public works/Streets	2,980,662	2,709,339	-	-	2,980,662	2,709,339
Health and welfare	602,713	545,600	-	-	602,713	545,600
Culture and recreation	3,545,868	2,907,590	-	-	3,545,868	2,907,590
Economic development	701,000	1,000,307	-	-	701,000	1,000,307
Interest on long-term debt	1,093,652	727,733	-	-	1,093,652	727,733
Water	-	-	5,927,310	5,287,268	5,927,310	5,287,268
Wastewater treatment/sewer	-	-	6,885,266	6,298,733	6,885,266	6,298,733
Sanitation	-	-	362,020	362,235	362,020	362,235
Total expenses	30,545,333	28,149,902	13,174,596	11,948,236	43,719,929	40,098,138
Increase / (decrease) in net position before special items and transfers	10,076,189	8,752,514	3,979,745	5,547,374	14,055,934	14,299,888
Transfers in (out)	-	(25,447)	-	25,447	-	-
Change in net position	10,076,189	8,727,067	3,979,745	5,572,821	14,055,934	14,299,888
Net position, beginning	57,404,388	48,974,279	77,621,190	72,048,369	135,025,578	121,022,648
Restatement	-	(296,958)	-	-	-	(296,958)
Net position, beginning - restated	57,404,388	48,677,321	77,621,190	72,048,369	135,025,578	120,725,690
Ending net position	\$ 67,480,577	\$ 57,404,388	\$ 81,600,935	\$ 77,621,190	\$ 149,081,512	\$ 135,025,578

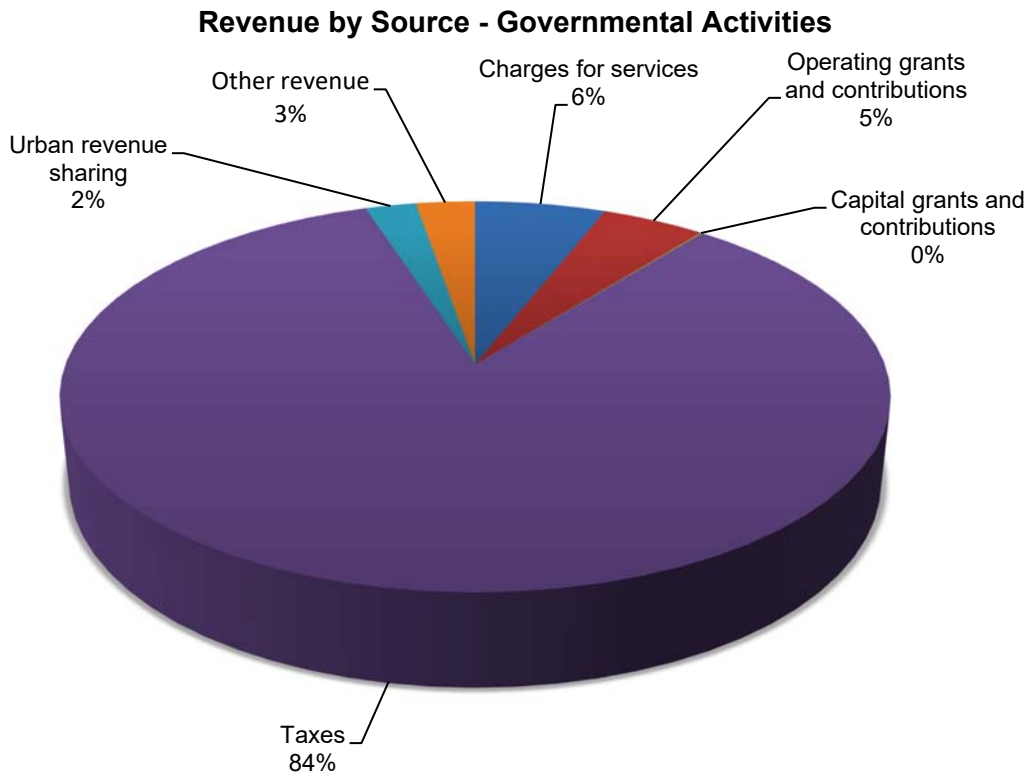
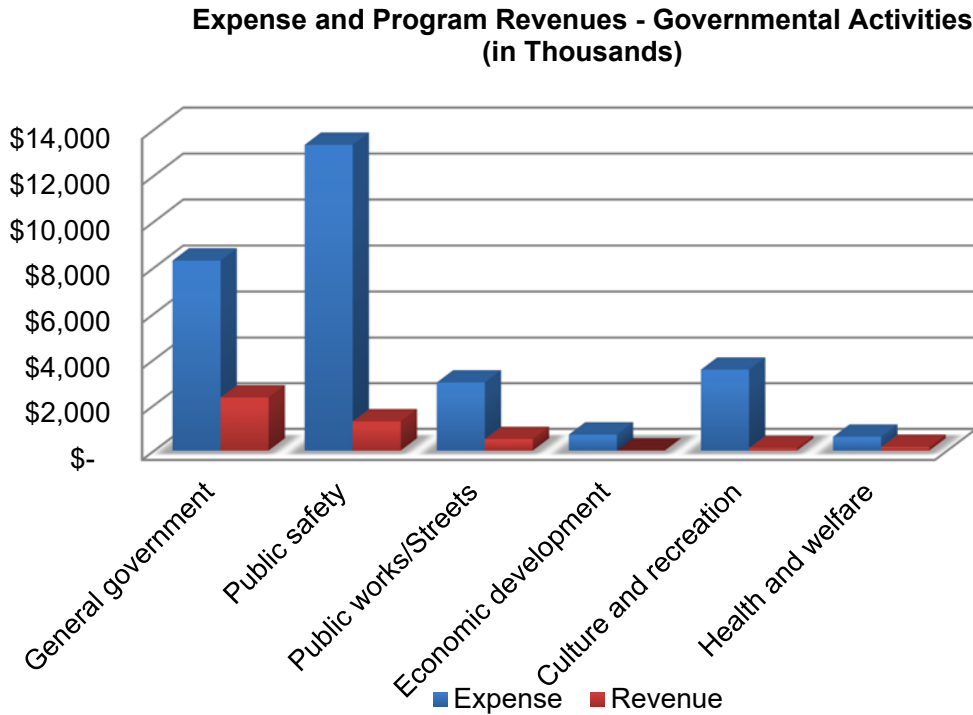
Governmental Activities

During the current fiscal year, net position for governmental activities increased \$10,076,189 from the prior fiscal year for an ending balance of \$67,480,577. The increase in the overall net position of governmental activities is primarily due to aid received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and an increase in sales tax revenue.

Revenues increased \$3.7 million from the prior year mainly due to an increase in sales tax revenue and \$846,354 Coronavirus Aid, Relief, and Economic Security (CARES) Act. Sales tax remains the largest source of revenue at \$26,365,478.

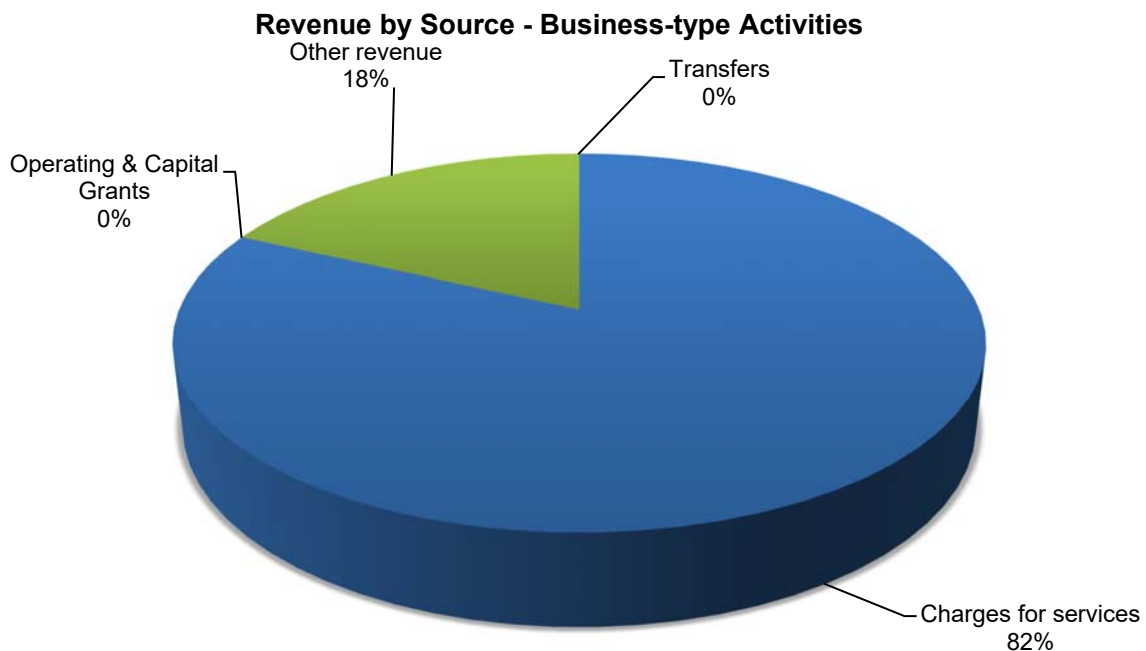
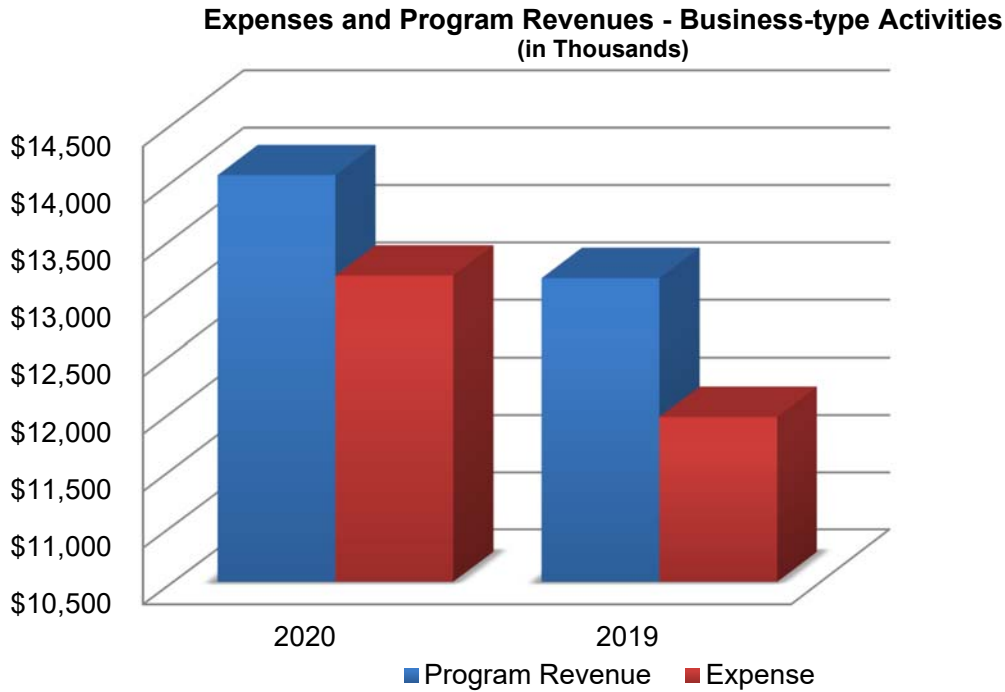
Expenses increased from \$28 million in the prior year to \$30.5 million in the current year. General government increased by \$2.1 million mainly due to the change in the net pension liability.

As shown in the chart below, revenues generated by the City of Tolleson programs are not sufficient to cover the costs. The City of Tolleson relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



Business Type Activities

For the City of Tolleson's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$81,600,935. The total increase in net position for business-type activities (water, sewer, sanitation and trash) was \$3,979,745 or 5.1% from the prior fiscal year. The growth, in large part, is attributable to charges for services.



Financial Analysis of the Governmental 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 spendable 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Tolleson itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Tolleson's Council.

As of June 30, 2020, the City of Tolleson's governmental funds reported combined fund balances of \$45,996,489, an increase of \$6,953,459 in comparison with the prior year. Of this amount, \$28,798,314 or 63% constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, or restricted, to indicate it is (1) not in spendable form, \$5,711; or (2) restricted for particular purposes, \$17,192,464

Analysis of Individual Funds

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 \$28,798,314, while total fund balance is \$29,330,303. 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 110% of total general fund expenditures, while total fund balance represents 112% of that same amount.

The fund balance of the City of Tolleson's general fund increased by \$5,428,237 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase is primarily due to aid received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and an increase in sales tax revenue.

The Public Safety Tax Fund had a \$1,191,259 increase in fund balance during the current fiscal year. The key factor to the increase was an increase in sales tax revenue.

The Capital Projects Fund balance decreased by \$11,343 during the fiscal year as project payments were slightly more than the investment earnings.

The Debt Service Fund balance increased by \$330,731 during the fiscal year as a result of a tax revenue being greater than the debt service expense.

Proprietary Funds: The City of Tolleson's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$12,827,662, the Sewer fund was \$17,369,112 and was \$241,235 for the Sanitation and Trash Fund. The total growth in net position for each of the funds was \$1,512,614, \$2,376,717, and \$90,414, respectively. The water and sewer charges for services increased from the prior year and property taxes decreased in the Sewer Fund.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was a need to reallocate appropriations among departments with five budget amendments.

Final budget compared to actual results. The most significant difference between estimated revenues and actual revenues were as follows:

Revenue source	Estimated revenues	Actual Revenues	Difference
Sales taxes	\$ 19,750,000	\$ 21,493,288	\$ 1,743,288

A review of actual expenditures compared to the appropriations in the final budget yields no significant variances. The four departments with the largest variances include the following: Actual expenditures for Economic Development Capital Projects was \$501,521, Housing was \$439,414, Fire Operations was \$379,436 and Recreation was \$378,824 all below the related appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Debt Administration

Capital Assets: The City of Tolleson's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$117,446,280 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, furniture, machinery, equipment, vehicles, improvements, and the wastewater treatment plant. The total decrease in capital assets for the current fiscal year was 1.3%.

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,589,410	\$ 4,740,931	\$ 3,933,202	\$ 3,933,202	\$ 10,522,612	\$ 8,674,133
Construction in progress	443,096	1,104,592	-	155,909	443,096	1,260,501
Buildings	17,372,942	17,865,166	26,117,892	26,941,929	43,490,834	44,807,095
Furniture, Equipment, and vehicles	3,771,788	3,096,565	18,695,996	19,113,646	22,467,784	22,210,211
Improvements	30,996,627	32,139,751	9,525,327	9,922,066	40,521,954	42,061,817
Total	\$ 59,173,863	\$ 58,947,005	\$ 58,272,417	\$ 60,066,752	\$ 117,446,280	\$ 119,013,757

Major capital assets events during the current fiscal year included the following:

- Land was purchased for the new City Hall in the amount of \$1,746,441.
- A new Fire Ladder Tender in the amount of \$650,000.
- Various vehicles in the amount of \$428,213

Additional information on the City of Tolleson's capital assets can be found in Note 4 of this report.

At the end of the current fiscal year, the City of Tolleson had total bonded debt outstanding of \$27,520,000. Of this amount, \$22,915,000 is debt backed by the full faith and credit of the government. The remainder of the City of Tolleson's long-term obligations is comprised of a developer agreement and loans payable.

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 14,956,685	\$ 18,495,400	\$ 5,293,315	\$ 3,859,600	\$ 20,250,000	\$ 22,355,000
General obligation bonds -refunding	2,132,000	-	533,000	-	2,665,000	-
Revenue bonds	-	5,475,000	-	-	-	5,475,000
Revenue bonds - refunding	4,605,000	-	-	-	4,605,000	-
Bond premiums	1,707,011	1,129,327	329,366	43,326	2,036,377	1,172,653
Loans payable	-	-	5,573,343	6,037,410	5,573,343	6,037,410
Total	<u>\$ 23,400,696</u>	<u>\$ 25,099,727</u>	<u>\$ 11,729,024</u>	<u>\$ 9,940,336</u>	<u>\$ 35,129,720</u>	<u>\$ 35,040,063</u>

The City of Tolleson's total debt decreased by \$341,307 (0.6%) during the current fiscal year. The following are the reasons for the overall decrease.

During the year the City of Tolleson entered into a new general obligation bond for water systems in the amount of \$3,820,000. The new issuance was offset by the regularly scheduled principal reductions on the existing outstanding debt.

In addition to the new debt issuance, the City of Tolleson issued general obligation bonds to refinance previously outstanding general obligation bonds reported in governmental activities. This refinancing was done to take advantage of favorable interest rates.

The City of Tolleson maintained AA ratings from Standard & Poor's for general obligation debt.

The State constitution imposes certain debt limitations on the City of Tolleson of six percent (6%) and twenty percent (20%) of the assessed valuation of the City. Additional information on the debt limitations and capacities may be found in Table 15 in the statistical section of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The following economic factors currently affect the City of Tolleson and were considered in developing the 2020-2021 fiscal year budget.

- The unemployment rate for the city of Tolleson is currently 9.7%, which is an increase from a rate of 4.5% a year ago because of the current pandemic.
- While the unemployment rate is likely to decrease, it is not expected to reach the pre-pandemic level for several years.
- Interest rates are expected to remain at record low levels throughout fiscal year 2020-2021.
- On the expenditure side, increases are expected in health insurance premiums as well as pension and other employee benefit costs.
- The City of Tolleson continues to be a member of Southwest Risk Services, a member owned risk sharing pool for property, liability, and workers compensation insurance administrative services in Arizona.
- The City of Tolleson's daytime population exceeds 25,000 persons a day requiring 24 hour services for residents and non-residents alike.

Overall, the financial condition of the City has improved 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, 85353 or visit our website at www.tolleson.az.gov.



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



Financial Section

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF TOLLESON, ARIZONA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental	Business-type	Total
ASSETS	Activities	Activities	
Cash and cash equivalents	\$ 19,670,602	\$ 22,989,847	\$ 42,660,449
Investments	13,778,135	10,127,993	23,906,128
Receivables (net of allowances)	3,620,105	2,783,818	6,403,923
Restricted assets	11,524,249	4,619,534	16,143,783
Prepaid items	5,711	-	5,711
Capital assets:			
Nondepreciable	7,032,506	3,933,202	10,965,708
Depreciable capital assets (net)	52,141,357	54,339,215	106,480,572
Total assets	<u>107,772,665</u>	<u>98,793,609</u>	<u>206,566,274</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	6,959,519	605,511	7,565,030
Total deferred outflows of resources	<u>6,959,519</u>	<u>605,511</u>	<u>7,565,030</u>
LIABILITIES			
Accounts payable and other current liabilities	1,414,698	528,844	1,943,542
Accrued wages and benefits	926,785	201,476	1,128,261
Deposits payable	4,838	137,890	142,728
Interest payable	-	92,071	92,071
Unearned revenue	75,130	7,201	82,331
Noncurrent liabilities:			
Due within one year:			
Compensated absences	807,293	334,439	1,141,732
Developer agreement payable	425,000	-	425,000
Loans payable	-	479,400	479,400
Bonds payable	2,447,563	1,197,437	3,645,000
Due in more than one year:			
Compensated absences	1,715,497	213,823	1,929,320
Developer agreement payable	518,434	-	518,434
Loans payable	-	5,093,944	5,093,944
Bonds payable	20,953,133	4,958,244	25,911,377
Net pension liability	15,808,838	4,284,722	20,093,560
Total liabilities	<u>45,097,209</u>	<u>17,529,491</u>	<u>62,626,700</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,154,398	268,694	2,423,092
Total deferred inflows of resources	<u>2,154,398</u>	<u>268,694</u>	<u>2,423,092</u>
NET POSITION			
Net investment in capital assets	46,353,982	50,543,526	96,897,508
Restricted for:			
General government	399,525	-	399,525
Public safety	3,616,101	-	3,616,101
Highways and streets	650,231	-	650,231
Debt service	786,808	526,497	1,313,305
Capital projects and other	39,173	92,903	132,076
Grants	176,377	-	176,377
Unrestricted	<u>15,458,380</u>	<u>30,438,009</u>	<u>45,896,389</u>
Total net position	<u>\$ 67,480,577</u>	<u>\$ 81,600,935</u>	<u>\$ 149,081,512</u>

CITY OF TOLLESON, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 8,293,849	\$ 1,314,784	\$ 998,728	\$ 14,936
Public safety	13,327,589	1,056,164	212,175	9,905
Highways and streets	2,980,662	-	505,637	-
Culture and recreation	3,545,868	60,419	52,218	-
Economic development	701,000	-	-	-
Health and welfare	602,713	-	154,739	7,042
Interest on long-term debt	1,093,652	-	-	-
Total governmental activities	<u>30,545,333</u>	<u>2,431,367</u>	<u>1,923,497</u>	<u>31,883</u>
Business-type activities				
Water	5,927,310	6,682,768	-	-
Wastewater and Sewer	6,885,266	6,917,860	-	-
Sanitation and Trash	362,020	449,137	-	-
Total business-type activities	<u>13,174,596</u>	<u>14,049,765</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 43,719,929</u>	<u>\$ 16,481,132</u>	<u>\$ 1,923,497</u>	<u>\$ 31,883</u>
General revenues				
Taxes:				
Sales tax				
Property tax				
Auto lieu tax				
Franchise tax				
State revenue sharing				
Urban revenue sharing (unrestricted)				
Unrestricted investment earnings				
Miscellaneous				
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		
Governmental Activities	Business-type Activities	Total
\$ (5,965,401)	\$ -	\$ (5,965,401)
(12,049,345)	-	(12,049,345)
(2,475,025)	-	(2,475,025)
(3,433,231)	-	(3,433,231)
(701,000)	-	(701,000)
(440,932)	-	(440,932)
(1,093,652)	-	(1,093,652)
<u>(26,158,586)</u>	<u>-</u>	<u>(26,158,586)</u>
-	755,458	755,458
-	32,594	32,594
-	87,117	87,117
<u>-</u>	<u>875,169</u>	<u>875,169</u>
<u>(26,158,586)</u>	<u>875,169</u>	<u>(25,283,417)</u>
26,365,478	-	26,365,478
6,514,517	2,451,096	8,965,613
509,050	-	509,050
51,390	-	51,390
754,547	-	754,547
943,866	-	943,866
873,182	653,480	1,526,662
222,745	-	222,745
<u>36,234,775</u>	<u>3,104,576</u>	<u>39,339,351</u>
10,076,189	3,979,745	14,055,934
<u>57,404,388</u>	<u>77,621,190</u>	<u>135,025,578</u>
<u>\$ 67,480,577</u>	<u>\$ 81,600,935</u>	<u>\$ 149,081,512</u>



Financial Section

GOVERNMENTAL FUND 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
June 30, 2020

	General	Public Safety Tax	Capital Projects	Debt Service
ASSETS				
Cash and cash equivalents	\$ 14,257,323	\$ 3,523,763	\$ -	\$ 765,625
Investments	13,778,135	-	-	-
Receivables, net:				
Accounts receivable	270,657	28,328	-	-
Interest receivable	64,388	-	39,173	-
Taxes receivable	55,208	-	-	53,710
Intergovernmental receivable	2,917,602	-	-	-
Prepays	5,711	-	-	-
Restricted cash and investments	-	-	11,524,249	-
Total assets	\$ 31,349,024	\$ 3,552,091	\$ 11,563,422	\$ 819,335
LIABILITIES				
Accounts payable	\$ 1,071,825	\$ 34,415	\$ -	\$ 1,825
Accrued wages and benefits	910,424	-	-	-
Deposit payable	4,838	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	1,987,087	34,415	-	1,825
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	31,634	28,328	-	30,702
Total deferred inflow of resources	31,634	28,328	-	30,702
FUND BALANCES				
Nonspendable				
Prepaid items	5,711	-	-	-
Restricted				
General government	399,525	-	-	-
Public safety	126,753	3,489,348	-	-
Highways and streets	-	-	-	-
Debt service	-	-	-	786,808
Capital projects	-	-	11,563,422	-
Grants	-	-	-	-
Unassigned	28,798,314	-	-	-
Total fund balances	29,330,303	3,489,348	11,563,422	786,808
Total liabilities, deferred inflow of resources, and fund balances	\$ 31,349,024	\$ 3,552,091	\$ 11,563,422	\$ 819,335

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,123,891	\$ 19,670,602
-	13,778,135
-	298,985
-	103,561
-	108,918
191,039	3,108,641
-	5,711
-	11,524,249
<u>\$ 1,314,930</u>	<u>\$ 48,598,802</u>
\$ 306,633	\$ 1,414,698
16,361	926,785
-	4,838
75,130	75,130
<u>398,124</u>	<u>2,421,451</u>
<u>90,198</u>	<u>180,862</u>
<u>90,198</u>	<u>180,862</u>
-	5,711
-	399,525
-	3,616,101
650,231	650,231
-	786,808
-	11,563,422
176,377	176,377
-	28,798,314
<u>826,608</u>	<u>45,996,489</u>
<u>\$ 1,314,930</u>	<u>\$ 48,598,802</u>



CITY OF TOLLESON, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2020

Total governmental funds balances		\$ 45,996,489
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	\$ 106,159,438	
Accumulated depreciation	<u>(46,985,575)</u>	59,173,863
Some revenues are unavailable in the governmental fund financial statements but recognized when earned in the statement of activities		180,862
Some liabilities, including net pension liabilities, capital leases, developer agreement payable, 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	(15,808,838)	
Developer agreement payable	(943,434)	
Bonds payable	(23,400,696)	
Compensated absences	<u>(2,522,790)</u>	(42,675,758)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refunding's are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,959,519	
Deferred inflows of resources related to pensions	<u>(2,154,398)</u>	<u>4,805,121</u>
Total net position of governmental activities		<u><u>\$ 67,480,577</u></u>

CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2020

REVENUES	General	Public Safety Tax	Capital Projects	Debt Service
Taxes:				
Sales taxes	\$ 21,493,288	\$ 3,873,190	\$ -	\$ 999,000
Property taxes	4,328,202	-	-	2,177,042
Franchise taxes	51,390	-	-	-
Intergovernmental revenues	1,947,156	-	-	-
Fines and forfeitures	223,321	-	-	-
Licenses and permits	422,794	-	-	-
Charges for services	1,324,849	29,392	-	-
Rents and royalties	54,054	-	-	-
Contributions and donations	52,218	-	-	-
Investment earnings	651,683	21,681	175,267	22,152
Other revenues	512,562	72,960	-	-
Total revenues	<u>31,061,517</u>	<u>3,997,223</u>	<u>175,267</u>	<u>3,198,194</u>
EXPENDITURES				
Current:				
General government	7,500,493	-	-	-
Public safety	10,681,259	2,335,159	-	-
Highways and streets	1,290,895	-	-	-
Culture and recreation	3,164,620	-	-	-
Economic development	1,090,113	-	-	-
Health and welfare	-	-	-	-
Capital outlay	2,433,092	545,585	186,610	-
Debt service:				
Principal retirement	-	-	-	1,823,715
Interest	-	-	-	1,022,360
Bond issuance costs	-	-	-	180,388
Total expenditures	<u>26,160,472</u>	<u>2,880,744</u>	<u>186,610</u>	<u>3,026,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,901,045</u>	<u>1,116,479</u>	<u>(11,343)</u>	<u>171,731</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,458	-	-	-
Refunding bonds issued	-	-	-	6,737,000
Premium on refunded bonds	-	-	-	686,780
Payments to refunded bonds escrow agent	-	-	-	(7,190,000)
Transfers in	846,354	74,780	-	362,924
Transfers out	(324,620)	-	-	(437,704)
Total other financing sources and (uses)	<u>527,192</u>	<u>74,780</u>	<u>-</u>	<u>159,000</u>
Net change in fund balances	5,428,237	1,191,259	(11,343)	330,731
Fund balances - beginning of year	<u>23,902,066</u>	<u>2,298,089</u>	<u>11,574,765</u>	<u>456,077</u>
Fund balances - end of year	<u>\$ 29,330,303</u>	<u>\$ 3,489,348</u>	<u>\$ 11,563,422</u>	<u>\$ 786,808</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 26,365,478
-	6,505,244
-	51,390
2,077,279	4,024,435
-	223,321
-	422,794
-	1,354,241
-	54,054
-	52,218
2,399	873,182
-	585,522
<u>2,079,678</u>	<u>40,511,879</u>
-	7,500,493
212,173	13,228,591
682,514	1,973,409
-	3,164,620
-	1,090,113
631,734	631,734
16,948	3,182,235
-	1,823,715
-	1,022,360
-	180,388
<u>1,543,369</u>	<u>33,797,658</u>
<u>536,309</u>	<u>6,714,221</u>
-	5,458
-	6,737,000
-	686,780
-	(7,190,000)
324,620	1,608,678
<u>(846,354)</u>	<u>(1,608,678)</u>
<u>(521,734)</u>	<u>239,238</u>
14,575	6,953,459
<u>812,033</u>	<u>39,043,030</u>
<u>\$ 826,608</u>	<u>\$ 45,996,489</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, 2020

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

Net change in fund balances - total governmental funds \$ 6,953,459

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	\$ 3,174,515	
Depreciation expense	<u>(2,894,750)</u>	279,765

In the statement of activities, only gain/loss on the sale of capital assets is
reported, whereas in the governmental funds, the proceeds from the sale
increase financial resources. Thus, the change in net position differs from the
change in fund balance by the book value of the capital asset sold. (52,906)

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		109,096
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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	3,878,739	
City proportionate share of State's appropriation to EORP	(5,376)	
Pension expense	<u>(3,087,633)</u>	785,730

Debt proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the statement of net position.

General obligation bonds issued	(2,132,000)	
Revenue bonds issued	(4,605,000)	
Premium on bonds	<u>(686,780)</u>	(7,423,780)

Repayment of long-term debt (e.g., bonds, leases, accounts payable) principal is
an expenditure in the governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

Bond principal repaid	9,013,715	
Developer agreement principal repaid	<u>409,121</u>	9,422,836

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. 109,561

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. (107,572)

Change in net position of governmental activities		<u>\$ 10,076,189</u>
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CITY OF TOLLESON, ARIZONA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes				
Sales taxes	\$ 19,750,000	\$ 19,750,000	\$ 21,493,288	\$ 1,743,288
Property taxes	4,294,031	4,294,031	4,328,202	34,171
Franchise taxes	40,000	40,000	51,390	11,390
Intergovernmental revenues	1,930,044	1,930,044	1,947,156	17,112
Fines and forfeitures	244,400	244,400	223,321	(21,079)
Licenses and permits	535,000	535,000	422,794	(112,206)
Charges for services	1,479,751	1,479,751	1,324,849	(154,902)
Rents and royalties	67,000	67,000	54,054	(12,946)
Contributions and donations	45,000	45,000	52,218	7,218
Investment earnings	246,000	246,000	651,683	405,683
Other revenues	105,000	105,000	512,562	407,562
TOTAL REVENUES	28,736,226	28,736,226	31,061,517	2,325,291
EXPENDITURES				
General Government	9,131,025	9,187,095	7,500,493	1,686,602
Public Safety	11,783,740	11,783,740	10,681,259	1,102,481
Highway & streets	1,307,600	1,332,600	1,290,895	41,705
Culture & recreation	3,811,430	3,811,430	3,164,620	646,810
Economic development	1,477,750	1,477,750	1,090,113	387,637
Capital outlay	3,760,000	3,309,000	2,433,092	875,908
TOTAL EXPENDITURES	31,271,545	30,901,615	26,160,472	4,741,143
Excess (deficiency) of revenues over (under) expenditures	(2,535,319)	(2,165,389)	4,901,045	7,066,434
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	5,458	458
Transfers in	-	-	846,354	846,354
Transfers out	(425,123)	(425,123)	(324,620)	100,503
Total other financing sources (uses)	(420,123)	(420,123)	527,192	947,315
Net change in fund balance	(2,955,442)	(2,585,512)	5,428,237	8,013,749
Fund balance - beginning of year	23,902,066	23,902,066	23,902,066	-
Fund balance - end of year	<u>\$ 20,946,624</u>	<u>\$ 21,316,554</u>	<u>\$ 29,330,303</u>	<u>\$ 8,013,749</u>

CITY OF TOLLESON, ARIZONA
PUBLIC SAFETY TAX FUND STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales taxes	\$ 2,850,000	\$ 2,850,000	\$ 3,873,190	\$ 1,023,190
Charges for services	25,000	25,000	29,392	4,392
Investment earnings	15,000	15,000	21,681	6,681
Other revenues	-	-	72,960	72,960
Total revenues	2,890,000	2,890,000	3,997,223	1,107,223
EXPENDITURES				
Public safety				
Services, supplies and other	2,408,955	2,408,955	2,335,159	73,796
Capital outlay	1,138,000	1,187,000	545,585	641,415
Total expenditures	3,546,955	3,595,955	2,880,744	715,211
Excess (deficiency) of revenues over (under) expenditures	(656,955)	(705,955)	1,116,479	1,822,434
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	74,780	74,780
Net change in fund balance	(656,955)	(705,955)	1,191,259	1,897,214
Fund balance - beginning of year	2,298,089	2,298,089	2,298,089	-
Fund balance - end of year	\$ 1,641,134	\$ 1,592,134	\$ 3,489,348	\$ 1,897,214

Financial Section

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, 2020

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,661,952	\$ 13,810,999	\$ 516,896	\$ 22,989,847
Investments	4,919,847	5,208,146	-	10,127,993
Receivables (net of allowance):				
Accounts receivable	1,027,619	1,580,992	59,100	2,667,711
Interest receivable	24,187	19,398	-	43,585
Taxes receivable	66,554	5,968	-	72,522
Restricted assets	4,000,134	619,400	-	4,619,534
Total current assets	<u>18,700,293</u>	<u>21,244,903</u>	<u>575,996</u>	<u>40,521,192</u>
Noncurrent assets				
Capital assets:				
Non-depreciable	1,126,798	2,806,404	-	3,933,202
Depreciable, net	8,250,931	46,079,295	8,989	54,339,215
Total noncurrent assets	<u>9,377,729</u>	<u>48,885,699</u>	<u>8,989</u>	<u>58,272,417</u>
Total assets	<u>28,078,022</u>	<u>70,130,602</u>	<u>584,985</u>	<u>98,793,609</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	175,256	386,218	44,037	605,511
LIABILITIES				
Current liabilities				
Accounts payable	363,287	109,912	689	473,888
Accrued wages and benefits	70,999	128,127	2,350	201,476
Interest payable	-	92,072	-	92,072
Intergovernmental payable	54,956	-	-	54,956
Customer deposits payable	137,889	-	-	137,889
Unearned revenue	3,790	3,411	-	7,201
Compensated absences	91,332	243,107	-	334,439
Loans payable - current portion	-	479,400	-	479,400
Bonds payable - current portion	1,051,437	146,000	-	1,197,437
Total current liabilities	<u>1,773,690</u>	<u>1,202,029</u>	<u>3,039</u>	<u>2,978,758</u>
Noncurrent liabilities				
Compensated absences, net of current portion	58,393	155,430	-	213,823
Loans payable, net of current portion	-	5,093,944	-	5,093,944
Bonds payable, net of deferred amounts	4,531,054	427,190	-	4,958,244
Net pension liability	1,204,188	2,739,040	341,494	4,284,722
Total noncurrent liabilities	<u>5,793,635</u>	<u>8,415,604</u>	<u>341,494</u>	<u>14,550,733</u>
Total liabilities	<u>7,567,325</u>	<u>9,617,633</u>	<u>344,533</u>	<u>17,529,491</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	62,919	171,510	34,265	268,694
NET POSITION				
Net investment in capital assets	7,795,372	42,739,165	8,989	50,543,526
Restricted for debt service	-	526,497	-	526,497
Restricted for capital projects	-	92,903	-	92,903
Unrestricted	12,827,662	17,369,112	241,235	30,438,009
Total net position	<u>\$ 20,623,034</u>	<u>\$ 60,727,677</u>	<u>\$ 250,224</u>	<u>\$ 81,600,935</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Operating revenues				
Charges for services	\$ 6,682,768	\$ 6,917,860	\$ 449,137	\$ 14,049,765
Operating expenses				
Salaries, wages and benefits	1,484,985	2,882,532	47,131	4,414,648
Contractual services, materials and supplies	3,782,513	2,008,993	309,238	6,100,744
Depreciation	514,763	1,725,434	5,651	2,245,848
Total operating expenses	5,782,261	6,616,959	362,020	12,761,240
Operating income (loss)	900,507	300,901	87,117	1,288,525
Non-operating Revenues (Expenses)				
Property taxes	462,814	1,988,282	-	2,451,096
Investment earnings	294,342	355,841	3,297	653,480
Interest expense	(145,049)	(268,307)	-	(413,356)
Total nonoperating revenue (expense)	612,107	2,075,816	3,297	2,691,220
Change in net position	1,512,614	2,376,717	90,414	3,979,745
Net position, beginning of year	19,110,420	58,350,960	159,810	77,621,190
Total net position-end of year	\$ 20,623,034	\$ 60,727,677	\$ 250,224	\$ 81,600,935



CITY OF TOLLESON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers, service fees	\$ 6,792,204	\$ 6,866,429	\$ 467,326	\$ 14,125,959
Payments for employee wages and benefits	(1,376,762)	(2,705,376)	(45,713)	(4,127,851)
Payments to suppliers	(3,942,581)	(2,125,510)	(313,741)	(6,381,832)
Net cash provided by (used for) operating activities	1,472,861	2,035,543	107,872	3,616,276
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from property taxes	472,679	1,985,923	-	2,458,602
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(96,988)	(354,525)	-	(451,513)
Capital debt proceeds	4,081,762	573,190	-	4,654,952
Principal paid on long term debt	(336,285)	(2,514,066)	-	(2,850,351)
Interest paid on long-term debt	(151,922)	(285,014)	-	(436,936)
Net cash provided by (used for) capital and related financing activities	3,496,567	(2,580,415)	-	916,152
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	301,777	363,709	3,297	668,783
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,743,884	1,804,760	111,169	7,659,813
Cash and cash equivalents at beginning of year	11,838,049	17,833,785	405,727	30,077,561
Cash and cash equivalents at end of year	\$ 17,581,933	\$ 19,638,545	\$ 516,896	\$ 37,737,374

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)	\$ 900,507	\$ 300,901	\$ 87,117	\$ 1,288,525
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	514,763	1,725,434	5,651	2,245,848
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	103,045	(53,423)	18,189	67,811
Deferred outflows of resources related to pensions	34,398	76,450	(400)	110,448
Increase/(decrease) in:				
Accounts payable	(153,148)	(116,517)	(4,503)	(274,168)
Accrued wages and benefits	18,617	19,228	1,018	38,863
Accrued liabilities	(6,920)	-	-	(6,920)
Customer deposits	3,958	-	-	3,958
Unearned revenue	2,433	1,992	-	4,425
Compensated absences	18,230	8,174	-	26,404
Net pension liability	97,260	192,803	2,105	292,168
Deferred outflows of resources related to pensions	(60,282)	(119,499)	(1,305)	(181,086)
Net cash provided by (used for) operating activities:	\$ 1,472,861	\$ 2,035,543	\$ 107,872	\$ 3,616,276
Noncash investing, capital, and financing activities:				
Amortization of bond premium	\$ 6,873	\$ 9,039	\$ -	\$ 15,912
Reconciliation of cash, cash equivalents, and investments to the statement of net position				
Cash and cash equivalents	\$ 8,661,952	\$ 13,810,999	\$ 516,896	\$ 22,989,847
Investments	4,919,847	5,208,146	-	10,127,993
Restricted assets	4,000,134	619,400	-	4,619,534
Total cash, cash equivalents, and investments	\$ 17,581,933	\$ 19,638,545	\$ 516,896	\$ 37,737,374



Financial Section

NOTES TO THE FINANCIAL STATEMENTS



CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The City's major revenue sources that are susceptible to accrual are property taxes, special assessments, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pollution remediation obligations, and asset retirement obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments (Continued)

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.

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, 2020, 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 actual cost (or historical cost or estimated historical cost if historical records are not available). 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

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. Postemployment benefits

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), Elected Officials Retirement Plan (EORP), 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, EORP, 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.

ASRS, EORP, and PSPRS net OPEB assets/liabilities have not been recorded, or further disclosed, at June 30, 2020 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Budgets and Budgetary Accounting (Continued)

Supplementary budgetary appropriations were necessary during the year.

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 basic financial statements and the other supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2020, if any.

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the City's cash and investments at June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 19,670,602	\$ 22,989,847	\$ 42,660,449
Restricted assets	11,524,249	4,619,534	16,143,783
Investments	13,778,135	10,127,993	23,906,128
Total	<u>\$ 44,972,986</u>	<u>\$ 37,737,374</u>	<u>\$ 82,710,360</u>

Deposits

Cash in bank - At June 30, 2020, the City had \$5,000 of cash on hand. The carrying amount of the City's cash in bank totaled \$12,478,208 and the bank balance was \$12,963,414. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$12,713,414 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
Year Ended June 30, 2020

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 City 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 AAAs/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, 2020, the City's funds invested with the State Treasurer totaled \$35,607,552.

Restricted assets - At June 30, 2020, the City had restricted cash and cash equivalents of \$4,619,534 which was restricted for debt payments and capital projects and restricted cash and investments of \$11,524,249 which include unspent debt proceeds to be used for capital projects.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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:

2020 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	\$ 13,271,630	\$ 3,976,771	\$ 5,719,176	\$ 3,575,683	\$ -
International Bank of Recon	711,829	-	348,951	362,878	-
Inter-American Development Bank Note	246,441	-	-	246,441	-
Asian Development Bank Note	484,746	-	226,339	258,407	-
Arizona State Highway Revenue Refunding Bond	233,084	-	-	233,084	-
International Finance Corporation Note	355,581	355,581	-	-	-
African Development Bank Notes	227,675	-	-	227,675	-
Federal Agency Collateralized Mortgage Obligations	3,216,870	305,193	910,609	2,001,068	-
Federal Agency Notes	1,779,205	-	1,779,205	-	-
Fannie Mae Notes	3,039,577	-	1,025,849	2,013,728	-
Freddie Mac Notes	2,399,721	-	-	2,399,721	-
Federal Home Loan Bank Notes	1,823,037	-	1,823,037	-	-
PFM Government Money Market Fund	6,830,204	6,830,204	-	-	-
State Investment Pool (LGIP)	35,607,552	35,607,552	-	-	-
	<u>\$ 70,227,152</u>	<u>\$ 47,075,301</u>	<u>\$ 11,833,166</u>	<u>\$ 11,318,685</u>	<u>\$ -</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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.

2020 Investment Type	Amount	Rating Agency	Rating
U.S. Treasury Notes	\$ 13,271,630	Moody's	Aaa
International Bank of Recon	711,829	Moody's	Aaa
Inter-American Development Bank Note	246,441	Moody's	Aaa
Asian Development Bank Note	484,746	Moody's	Aaa
Arizona State Highway Revenue Refunding Bond	233,084	Moody's	Aaa
International Finance Corporation Note	355,581	Moody's	Aaa
African Development Bank Notes	227,675	Moody's	Aaa
Federal Agency Collateralized Mortgage Obligations	3,216,870	Moody's	Aaa
Federal Agency Notes	1,779,205	Moody's	Aaa
Fannie Mae Notes	3,039,577	Moody's	Aaa
Freddie Mac Notes	2,399,721	Moody's	Aaa
Federal Home Loan Bank Notes	1,823,037	Moody's	Aaa
PFM Government Money Market Fund	6,830,204		Unrated
State Investment Pool (LGIP)	35,607,552	Standard and Poors	AAAf/S1+
	<u>\$ 70,227,152</u>		

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

At June 30, 2020, the City's investments are included as follows:

Issuer	Reported Amount	Concentration
U.S. Treasury Notes	\$ 13,271,630	18.9%
International Bank of Recon	711,829	1.0%
Inter-American Development Bank Note	246,441	0.4%
Asian Development Bank Note	484,746	0.7%
Arizona State Highway Revenue Refunding Bond	233,084	0.3%
International Finance Corporation Note	355,581	0.5%
African Development Bank Notes	227,675	0.3%
Federal Agency Collateralized Mortgage Obligations	3,216,870	4.6%
Federal Agency Notes	1,779,205	2.5%
Fannie Mae Notes	3,039,577	4.3%
Freddie Mac Notes	2,399,721	3.4%
Federal Home Loan Bank Notes	1,823,037	2.6%
PFM Government Money Market Fund	6,830,204	9.7%
State Investment Pool (LGIP)	35,607,552	50.7%
	<u>\$ 70,227,152</u>	<u>100%</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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, 2020:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 13,271,630	\$ -	\$ 13,271,630	\$ -
International Bank of Recon	711,829	-	711,829	-
Inter-American Development Bank Note	246,441	-	246,441	-
Asian Development Bank Note	484,746	-	484,746	-
Arizona State Highway Revenue Refunding Bond	233,084	-	233,084	-
International Finance Corporation Note	355,581	-	355,581	-
African Development Bank Notes	227,675	-	227,675	-
Federal Agency Collateralized Mortgage Obligations	3,216,870	-	3,216,870	-
Federal Agency Notes	1,779,205	-	1,779,205	-
Fannie Mae Notes	3,039,577	-	3,039,577	-
Freddie Mac Notes	2,399,721	-	2,399,721	-
Federal Home Loan Banks	1,823,037	-	1,823,037	-
Total Investments by Fair Value Level	<u>\$ 27,789,396</u>	<u>\$ -</u>	<u>\$ 27,789,396</u>	<u>\$ -</u>
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	<u>\$ 35,607,552</u>			
Total Investments Measured at Fair Value	<u>63,396,948</u>			
Investments Measured at Amortized Costs				
PFM Government Money Market Fund	<u>6,830,204</u>			
Total Investments	<u>\$ 70,227,152</u>			

Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is a method of supplying system-generated prices to assets using yield curves that are defined by SEI Investments Company. 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
Year Ended June 30, 2020

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 no allowances for uncollectible as of year-end for the City's individual major governmental funds and nonmajor governmental funds in the aggregate are as follows:

	General	Public Safety Tax	Capital Projects	Debt Service	Non-Major Gov. Funds	Total Gov. Funds
Receivables:						
Accounts receivable	\$ 270,657	\$ 28,328	\$ -	\$ -	\$ -	\$ 298,985
Interest receivable	64,388	-	39,173	-	-	103,561
Taxes receivable	55,208	-	-	53,710	-	108,918
Intergovernmental receivable	2,917,602	-	-	-	191,039	3,108,641
	<u>\$ 3,307,855</u>	<u>\$ 28,328</u>	<u>\$ 39,173</u>	<u>\$ 53,710</u>	<u>\$ 191,039</u>	<u>\$ 3,620,105</u>

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

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise
Receivables:				
Accounts receivable	\$ 1,047,602	\$ 1,585,420	\$ 60,804	\$ 2,693,826
Interest receivable	24,187	19,398	-	43,585
Taxes receivable	66,554	5,968	-	72,522
Total receivables	1,138,343	1,610,786	60,804	2,809,933
Less: Allowance for doubtful accounts	(19,983)	(4,428)	(1,704)	(26,115)
Net Receivables	<u>\$ 1,118,360</u>	<u>\$ 1,606,358</u>	<u>\$ 59,100</u>	<u>\$ 2,783,818</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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	\$ 4,740,931	\$ 1,848,479	\$ -	\$ 6,589,410
Construction in progress	1,104,592	426,004	(1,087,500)	443,096
Total capital assets not being depreciated	5,845,523	2,274,483	(1,087,500)	7,032,506
Capital assets, being depreciated:				
Buildings	23,512,105	125,634	-	23,637,739
Furniture, equipment, and vehicles	13,590,999	1,811,815	(99,266)	15,303,548
Improvements	60,135,563	50,082	-	60,185,645
Total capital assets being depreciated	97,238,667	1,987,531	(99,266)	99,126,932
Less accumulated depreciation for:				
Buildings	(5,646,939)	(617,858)	-	(6,264,797)
Furniture, equipment, and vehicles	(10,494,434)	(1,083,686)	46,360	(11,531,760)
Improvements	(27,995,812)	(1,193,206)	-	(29,189,018)
Total accumulated depreciation	(44,137,185)	(2,894,750)	46,360	(46,985,575)
Total capital assets, being depreciated, net	53,101,482	(907,219)	(52,906)	52,141,357
Governmental activities capital assets, net	\$ 58,947,005	\$ 1,367,264	\$ (1,140,406)	\$ 59,173,863

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

Governmental activities:	
General government	\$ 290,851
Public safety	1,092,882
Highways and streets	962,289
Culture and recreation	376,076
Economic development	142,777
Health and welfare	29,875
Total depreciation expense	\$ 2,894,750

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

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
Construction in progress	155,909	-	(155,909)	-
Total capital assets not being depreciated	4,089,111	-	(155,909)	3,933,202
Capital assets, being depreciated:				
Buildings	42,489,756	-	-	42,489,756
Improvements other than buildings	17,549,680	-	-	17,549,680
Machinery and equipment	41,996,759	550,433	-	42,547,192
Vehicles	1,683,089	56,989	-	1,740,078
Total capital assets being depreciated	103,719,284	607,422	-	104,326,706
Less accumulated depreciation for:				
Buildings	(15,548,151)	(823,713)	-	(16,371,864)
Improvements other than buildings	(7,668,391)	(355,962)	-	(8,024,353)
Machinery and equipment	(23,218,335)	(1,042,143)	-	(24,260,478)
Vehicles	(1,306,766)	(24,030)	-	(1,330,796)
Total accumulated depreciation	(47,741,643)	(2,245,848)	-	(49,987,491)
Total capital assets, being depreciated, net	55,977,641	(1,638,426)	-	54,339,215
Business-Type activities capital assets, net	<u>\$ 60,066,752</u>	<u>\$ (1,638,426)</u>	<u>\$ (155,909)</u>	<u>\$ 58,272,417</u>

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

Business-type activities	
Wastewater & sewer	\$ 1,725,434
Water	514,763
Sanitation	5,651
Total depreciation expense	<u>\$ 2,245,848</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Balance 6/30/19	Additions	Retirements	Balance 6/30/20	Due Within One Year
Governmental Activities:					
Bonds payable					
General obligation bonds	\$ 18,495,400	\$ -	\$ (3,538,715)	\$ 14,956,685	\$ 1,443,563
General obligation bonds - refunding	-	2,132,000	-	2,132,000	584,000
Revenue bonds	5,475,000	-	(5,475,000)	-	-
Revenue bonds - refunding	-	4,605,000	-	4,605,000	420,000
Bond premiums	1,129,327	686,780	(109,096)	1,707,011	-
Total bonds payable	25,099,727	7,423,780	(9,122,811)	23,400,696	2,447,563
Compensated absences	2,415,219	974,916	(867,345)	2,522,790	807,293
Developer agreement payable	1,352,555	-	(409,121)	943,434	425,000
Net pension liability	16,256,822	-	(447,984)	15,808,838	-
Total other long term debt	20,024,596	974,916	(1,724,450)	19,275,062	1,232,293
Total Governmental Activities	\$ 45,124,323	\$ 8,398,696	\$ (10,847,261)	\$ 42,675,758	\$ 3,679,856
Business-type Activities:					
Bonds payable					
General obligation bonds	\$ 3,859,600	\$ 3,820,000	\$ (2,386,285)	\$ 5,293,315	\$ 1,051,437
General obligation bonds - refunding	-	533,000	-	533,000	146,000
Bond premiums	43,326	301,952	(15,912)	329,366	-
Total bonds payable	3,902,926	4,654,952	(2,402,197)	6,155,681	1,197,437
Loans payable	6,037,410	-	(464,067)	5,573,343	479,400
Compensated absences	521,858	179,487	(153,085)	548,260	334,439
Net pension liability	3,992,554	292,168	-	4,284,722	-
Total other long term debt	10,551,822	471,655	(617,152)	10,406,325	813,839
Total Business-type Activities	\$ 14,454,748	\$ 5,126,607	\$ (3,019,349)	\$ 16,562,006	\$ 2,011,276
Total long-term liabilities	\$ 59,579,071	\$ 13,525,303	\$ (13,866,610)	\$ 59,237,764	\$ 5,691,132

Generally, for governmental activities, compensated absences, developer agreements, and net pension liabilities are liquidated by the General Fund.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 LONG-TERM DEBT (Continued)

The Governmental Activities debt service requirements for the City's bonds payable are as follows:

Fiscal year ending June 30,	General Obligation Bonds		General Obligation Bonds - Refunding	
	Principal	Interest	Principal	Interest
2021	\$ 1,443,563	\$ 607,018	\$ 584,000	\$ 72,563
2022	1,484,604	549,275	160,000	43,110
2023	1,554,376	489,891	172,000	36,710
2024	1,574,142	436,716	176,000	33,270
2025	475,000	382,250	188,000	26,230
2026 - 2030	2,725,000	1,535,750	852,000	49,480
2031 - 2035	3,375,000	880,000	-	-
2036 - 2038	2,325,000	188,000	-	-
Total	<u>\$ 14,956,685</u>	<u>\$ 5,068,900</u>	<u>\$ 2,132,000</u>	<u>\$ 261,363</u>

Fiscal year ending June 30,	Revenue Bonds - Refunding		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2021	\$ 420,000	\$ 201,085	\$ 2,447,563	\$ 880,666
2022	455,000	167,400	2,099,604	759,785
2023	475,000	149,200	2,201,376	675,801
2024	495,000	130,200	2,245,142	600,186
2025	510,000	110,400	1,173,000	518,880
2026 - 2030	2,250,000	229,600	5,827,000	1,814,830
2031 - 2035	-	-	3,375,000	880,000
2036 - 2038	-	-	2,325,000	188,000
Total	<u>\$ 4,605,000</u>	<u>\$ 987,885</u>	<u>\$ 21,693,685</u>	<u>\$ 6,318,148</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 LONG-TERM DEBT (Continued)

The Business-type Activities debt service requirements for the City's bonds and loans payable are as follows:

Fiscal year ending June 30,	General Obligation Bonds		General Obligation Bonds - Refunding	
	Principal	Interest	Principal	Interest
2021	\$ 1,051,437	\$ 186,138	\$ 146,000	\$ 18,141
2022	665,396	133,400	40,000	10,778
2023	695,624	106,784	43,000	9,178
2024	715,858	85,359	44,000	8,318
2025	335,000	56,725	47,000	6,558
2026 - 2030	1,830,000	141,250	213,000	12,370
Total	<u>\$ 5,293,315</u>	<u>\$ 709,656</u>	<u>\$ 533,000</u>	<u>\$ 65,343</u>

Fiscal year ending June 30,	Loans payable		Total Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 479,400	\$ 168,304	\$ 1,676,837	\$ 372,583
2022	495,238	151,941	1,200,634	296,119
2023	511,601	135,038	1,250,225	251,000
2024	528,504	117,576	1,288,362	211,253
2025	545,967	99,543	927,967	162,826
2026 - 2030	3,012,633	205,543	5,055,633	359,163
Total	<u>\$ 5,573,343</u>	<u>\$ 877,945</u>	<u>\$ 11,399,658</u>	<u>\$ 1,652,944</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 5 LONG-TERM DEBT (Continued)

The following is a listing of loans and bonds payable outstanding as of June 30, 2020:

	Balance 6/30/20	Due Within One Year
Loans payable:		
Water Infrastructure Finance Authority of Arizona (WIFA) General Obligation Loan, issued \$5,600,000, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029. Payable with revenues from levied ad valorem taxes.	\$ 3,251,117	\$ 279,650
Water Infrastructure Finance Authority of Arizona (WIFA) Revenue Loan, issued \$4,000,000, due in semi-annual variable principal and interest installments, bearing interest at 3.304%, maturing July 1, 2029. Payable with sewer utility revenues.	2,322,226	199,750
Total loans payable	<u>\$ 5,573,343</u>	<u>\$ 479,400</u>
Bonds Payable:		
Pledge Revenue Refunding Obligations, Series 2020, issued \$4,605,000, due in annual principal and semi-annual interest installments ranging from \$616,800 to \$625,200, bearing interest at 4.0%, maturing on July 1, 2029. Revenue bonds are repaid from City and State-shared sales tax revenue.	\$ 4,605,000	\$ 420,000
General Obligation Bonds and General Obligation Refunding Bonds, Series 2020, issued \$3,820,000 in general obligation bonds and \$2,665,000 in general obligation refunding bonds, due in annual principal and semi-annual installments ranging from \$253,888 to \$820,704, bearing interest at 1.75% to 4.00%, maturing July 1, 2030. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes. Of the general obligation bond amounts originally authorized, \$45,120,000 remain unissued.	6,485,000	1,435,000
General Obligation Bonds, Series 2011, issued \$18,570,000, due in annual principal payments beginning July 1, 2018 and semi-annual interest installments beginning July 1, 2012 ranging from \$211,023 to \$1,601,600, bearing interest at 3.0% to 4.0%, maturing July 1, 2024. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes.	5,805,000	1,365,000
General Obligation Bonds, Series 2019, issued \$10,850,000, due in annual principal payments beginning July 1, 2020 and semi-annual interest installments beginning July 1, 2019 ranging from \$162,342 to \$858,750, bearing interest at 3.0% to 4.0%, maturing July 1, 2038. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes.	10,625,000	425,000
Total bonds payable	<u>27,520,000</u>	<u>3,645,000</u>
Total loans and bonds payable	<u>\$ 33,093,343</u>	<u>\$ 4,124,400</u>

Legal Debt Margin

The City is subject to a debt limit that is 26 percent of the net secondary assessed valuation of taxable real property. At June 30, 2020, that amount was \$85,522,302. As of June 30, 2020, the total outstanding debt applicable to the limit was \$26,166,118 which is 30.60 percent of the total debt limit.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2020, there were no interfund receivables and payables that resulted from interfund transactions.

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

Fund	Transfers	Transfers
	Out	In
General Fund	\$ 324,620	\$ (846,354)
Public Safety Tax	-	(74,780)
Debt Service	437,704	(362,924)
Non-Major Governmental Funds	846,354	(324,620)
Total	\$ 1,608,678	\$ (1,608,678)

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, to recognize public safety expenditures with AZ CARES grant requirements, and to support operations.

NOTE 7 PENSIONS

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

At June 30, 2020, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liabilities	\$ 15,808,838	\$ 4,284,722	\$ 20,093,560
Deferred outflows of resources	6,959,519	605,511	7,565,030
Deferred inflows of resources	2,154,398	268,694	2,423,092
Pension expense	3,087,633	535,900	3,623,533

The City reported \$3,878,739 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2020 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (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
Year Ended June 30, 2020

NOTE 7 PENSIONS (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, 2020, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020 were \$1,080,053, \$46,221, and \$16,036, respectively.

During fiscal year 2020, the City paid for ASRS pension contributions as follows: 67 percent from the General Fund, 3 percent from other Non-Major Funds, 10 percent from the Water Fund, 19 percent from the Sewer Fund, and 1 percent from the Sanitation Fund.

Pension Liability - At June 30, 2020, the City reported a liability of \$12,892,331 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The City's proportion measured as of June 30, 2019, was 0.08860 percent, which was an increase of 0.00315 percent from its proportion measured as of June 30, 2018.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2020, the City recognized pension expense for ASRS of \$1,785,922. At June 30, 2020, 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	\$ 232,903	\$ 2,424
Changes of assumptions or other inputs	54,496	513,398
Net difference between projected and actual earnings on pension plan investments	-	289,775
Changes in proportion and differences between City contributions and proportionate share of contributions	537,141	-
City contributions subsequent to the measurement date	1,080,053	-
Total	<u>\$ 1,904,593</u>	<u>\$ 805,597</u>

The \$1,080,053 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, 2021. 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,	
2021	\$ 196,302
2022	(199,320)
2023	(55,649)
2024	77,610
2025	-
Thereafter	-

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

ASRS	
Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 20, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not Applicable

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

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

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

Discount Rate –The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
City's proportionate share of the net pension liability	\$ 18,348,773	\$ 12,892,331	\$ 8,332,149

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) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). 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 are PSPRS members participate in the agent plans. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements

The PSPRS issues a publicly available financial report that 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
Year Ended June 30, 2020

NOTE 7 PENSIONS (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	

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

Employees Covered by Benefit Terms - At June 30, 2020, 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	11
Active employees	25	24
Total	38	40

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for 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, 2020, 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	25.18%	29.50%
Health insurance premium benefit	0.34%	0.31%

In addition, the City was required by statute to contribute at the actuarially determined rate of 25.18 percent for Police and 29.50 percent for Fire of the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

	PSPRS Police	PSPRS Fire
Pension		
Contributions made	\$ 1,808,032	\$ 1,246,077
Health Insurance Premium Benefit		
Annual OPEB cost contributions made	15,839	9,732

During fiscal year 2020, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

Pension Liability - At June 30, 2020, the City reported a PSPRS net pension liabilities of \$6,378,516.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

PSPRS

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.75% for pensions
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 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
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	100.00%	

Discount Rates – At June 30, 2019, the discount rate used to measure the PSPRS total pension liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Changes in the Net Pension Liability

PSPRS - Police	Pension		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 13,350,480	\$ 9,924,324	\$ 3,426,156
Adjustments to beginning of year	-	(5,047)	5,047
Changes for the year:			
Service cost	489,506	-	489,506
Interest on the total liability	1,007,765	-	1,007,765
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(86,018)	-	(86,018)
Changes of assumptions or other inputs	285,936	-	285,936
Contributions - employer	-	1,127,202	(1,127,202)
Contributions - employee	-	182,744	(182,744)
Net investment income	-	550,647	(550,647)
Benefit payments, including refunds of employee contributions	(443,086)	(443,086)	-
Administrative expense	-	(10,566)	10,566
Other changes	-	-	-
Net changes	1,254,103	1,406,941	(152,838)
Balances at June 30, 2020	\$ 14,604,583	\$ 11,326,218	\$ 3,278,365

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Changes in the Net Pension Liability (Continued)

PSPRS - Fire	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 17,346,203	\$ 13,083,989	\$ 4,262,214
Adjustments to beginning of year	-	(4,487)	4,487
Changes for the year:			
Service cost	612,498	-	612,498
Interest on the total liability	1,320,018	-	1,320,018
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(1,126,982)	-	(1,126,982)
Changes of assumptions or other inputs	277,727	-	277,727
Contributions - employer	-	1,278,913	(1,278,913)
Contributions - employee	-	259,088	(259,088)
Net investment income	-	725,413	(725,413)
Benefit payments, including refunds of employee contributions	(241,227)	(241,227)	-
Administrative expense	-	(13,603)	13,603
Other changes	-	-	-
Net changes	842,034	2,008,584	(1,166,550)
Balances at June 30, 2020	\$ 18,188,237	\$ 15,088,086	\$ 3,100,151

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (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 rate of 7.3 percent, 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
<hr/>			
PSPRS - Police			
Net pension liability	\$ 5,384,803	\$ 3,278,365	\$ 1,564,952
<hr/>			
	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
<hr/>			
PSPRS - Fire			
Net pension liability	\$ 5,605,685	\$ 3,100,151	\$ 1,054,843

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

Pension Expense - For the year ended June 30, 2020, the City recognized \$1,817,021 of PSPRS pension expense.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police		
Differences between expected and actual experience	\$ 360,374	\$ 430,623
Changes of assumptions or other inputs	660,438	-
Net difference between projected and actual earnings on pension plan investments	201,863	-
City contributions subsequent to the measurement date	1,808,032	-
Total	<u>\$ 3,030,707</u>	<u>\$ 430,623</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 168,007	\$ 1,162,713
Changes of assumptions or other inputs	789,529	-
Net difference between projected and actual earnings on pension plan investments	238,379	-
City contributions subsequent to the measurement date	1,246,077	-
Total	<u>\$ 2,441,992</u>	<u>\$ 1,162,713</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (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, 2021. 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	
2021	\$	280,150
2022		138,269
2023		121,680
2024		119,332
2025		92,307
Thereafter		40,314

Year ending June 30,	PSPRS	
	Fire	
2021	\$	154,994
2022		24,729
2023		61,364
2024		2,559
2025		(103,023)
Thereafter		(107,421)

Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service	20 years, any age	10 years, age 62
and age required	10 years, age 62	5 years, age 65
to receive benefit	5 years, age 65	any years and age if disabled
	5 years, any age*	
	any years and age if disabled	
Final average salary is based on	Highest 36 months of last 10 years	Highest 60 months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service	75% with 10 or more years of service
	40% with 5-10 years of service	37.5 with 5-10 years of service
	20% with less than 5 years of service	18.75% with less than 5 years of service
Survivor Benefits		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. 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.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Contributions - State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2020, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the City to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges.

During fiscal year 2020, the City paid 100 percent of the EORP pension contributions from the General Fund.

Liability - At June 30, 2020, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the EORP	
net pension liability	\$ 822,724
State's proportionate share of the EORP	
net pension liability associated with the City	77,327
Total	<u>\$ 900,051</u>

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

The City's proportion of the net pension liability was based on the City's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2019. The City's proportion measured as of June 30, 2019, was 0.124057 percent, which was a increase of 0.022118 percent from its proportion measured as of June 30, 2018.

Expense—For the year ended June 30, 2020, the City recognized pension expense for EORP of \$(73,084) and revenue of \$5,376 for the City's proportionate share of the State's appropriation to EORP and the designated court fees.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,343	\$ 780
Changes of assumptions or other inputs	5,597	23,380
Net difference between projected and actual earnings on pension plan investments	2,586	-
Changes in proportion and differences between City contributions and proportionate share of contributions	102,267	-
City contributions subsequent to the measurement date	58,946	-
Total	<u>\$ 187,739</u>	<u>\$ 24,160</u>

The \$58,946 reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Years ending June 30,	EORP
2021	\$ 103,047
2022	(1,427)
2023	1,563
2024	1,450
2025	-
Thereafter	-

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

EORP	
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.75% for pensions
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

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

The long-term expected rate of return on EORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset Class	Target Allocation	Long-Term
		Expected Arithmetic Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	16%	4.75%
Total	100%	

Discount rate - At June 30, 2019, the discount rate used to measure the EORP total pension liability was 7.30 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarial rates, and State contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 7 PENSIONS (Continued)

Sensitivity of the City's proportionate share of the EORP 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 7.3 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% increase (8.3%)
City's proportionate share of the net pension liability	\$ 942,143	\$ 822,724	\$ 721,011

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

NOTE 8 COMMITMENTS

The City has a commitment relating to the construction of a new City Hall complex for approximately \$956,000 to be financed from the capital project funds. Additionally, the City has commitments for a vehicle for approximately \$58,000 and communications tower for approximately \$84,000 that will be financed from operating funds. These contracts will be paid in future periods.

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.



Financial Section

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
Year Ended June 30, 2020

Arizona Retirement System

	Reporting Fiscal Year (Measurement date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.088600%	0.085460%	0.081630%	0.078415%	0.077390%	0.074250%	Information
City's proportionate share of the net pension liability	\$ 12,892,331	\$ 11,918,662	\$ 12,716,363	\$ 12,656,162	\$ 12,054,148	\$ 10,986,414	not
City's covered payroll	8,852,549	8,894,734	7,951,763	7,592,673	6,969,789	6,799,467	available*
City's proportionate share of the net pension liability as a percentage of its covered payroll	145.63%	134.00%	159.92%	166.69%	172.95%	161.58%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.124057%	0.101939%	0.093390%	0.069212%	0.060990%	0.081390%	Information
City's proportionate share of the net pension liability	\$ 822,724	\$ 642,356	\$ 1,144,221	\$ 653,884	\$ 476,603	\$ 545,776	not
State's proportionate share of the net pension liability associated with the City	77,327	110,064	237,474	135,009	148,585	167,340	available*
Total	<u>\$ 900,051</u>	<u>\$ 752,420</u>	<u>\$ 1,381,695</u>	<u>\$ 788,893</u>	<u>\$ 625,188</u>	<u>\$ 713,116</u>	
City's covered payroll	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621	\$ 57,464	
City's proportionate share of the net pension liability as a percentage of its covered payroll	792.83%	734.85%	1484.20%	1176.86%	872.56%	949.77%	
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

* Additional years' information will be displayed as it becomes available

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS AGENT PENSION PLAN
Year Ended June 30, 2020

City of Tolleson Police
Public Safety Personnel Retirement System

Reporting Fiscal Year
(Measurement Date)

	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2011
Total pension liability							
Service cost	\$ 489,506	\$ 465,683	\$ 473,995	\$ 398,983	\$ 385,782	\$ 381,895	Information not available*
Interest on the total pension liability	1,007,765	892,898	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	(86,018)	457,983	(650,605)	28,330	91,845	(166,928)	
Changes of assumptions or other inputs	285,936	-	357,571	453,240	-	792,851	
Benefit payments, including refunds of employee contributions	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)	
Net change in total pension liability	1,254,103	1,217,708	619,006	1,762,769	657,656	1,348,540	
Total pension liability - beginning	13,350,480	12,132,772	11,513,766	9,750,997	9,093,341	7,744,801	
Total pension liability - ending (a)	<u>\$ 14,604,583</u>	<u>\$ 13,350,480</u>	<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	\$ 1,127,202	\$ 1,922,331	\$ 1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364	
Contributions - employee	182,744	185,088	230,920	238,489	217,506	201,353	
Net investment income	550,647	566,510	753,490	31,927	179,481	577,456	
Benefit payments, including refunds of employee contributions	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)	
Hall/Parker Settlement	-	(254,140)	-	-	-	-	
Administrative expense	(10,566)	(9,322)	(7,067)	(4,993)	(4,761)	-	
Other changes	-	99	78	(34,989)	(78,507)	(4,650)	
Net change in plan fiduciary net position	1,406,941	1,811,710	2,024,336	979,230	239,820	770,442	
Plan fiduciary net position - beginning	9,924,324	8,112,614	6,088,278	5,109,048	4,869,228	4,098,786	
Adjustments to beginning of year	(5,047)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>11,326,218</u>	<u>9,924,324</u>	<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>\$ 3,278,365</u>	<u>\$ 3,426,156</u>	<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	77.55%	74.34%	66.87%	52.88%	52.40%	53.55%	
Covered payroll	\$ 6,009,162	\$ 5,570,442	\$ 4,457,959	\$ 2,158,238	\$ 2,105,501	\$ 1,057,426	
City's net pension liability as a percentage of payroll	54.56%	61.51%	90.18%	251.39%	220.47%	215.93%	

* Additional years' information will be displayed as it becomes available

City of Tolleson Fire
Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2011
Total pension liability							
Service cost	\$ 612,498	\$ 512,618	\$ 553,129	\$ 434,330	\$ 437,425	\$ 416,879	Information not available*
Interest on the total pension liability	1,320,018	1,176,421	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	(1,126,982)	138,781	(291,050)	(25,025)	179,866	(67,804)	
Changes of assumptions or other inputs	277,727	-	336,050	530,950	-	414,674	
Benefit payments, including refunds of employee contributions	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Net change in total pension liability	842,034	1,582,037	1,542,176	2,822,981	1,195,403	1,031,649	
Total pension liability - beginning	17,346,203	15,764,166	14,221,990	11,399,009	10,203,606	9,171,957	
Total pension liability - ending (a)	<u>\$ 18,188,237</u>	<u>\$ 17,346,203</u>	<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	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	
Contributions - employee	259,088	202,211	286,450	295,993	269,101	232,876	
Net investment income	725,413	817,294	1,157,802	51,108	289,531	913,806	
Benefit payments, including refunds of employee contributions	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Hall/Parker Settlement	-	(440,563)	-	-	-	-	
Administrative expense	(13,603)	(13,139)	(10,645)	(7,754)	(7,452)	-	
Other changes	-	128	49,430	243,929	1,330	(12,064)	
Net change in plan fiduciary net position	2,008,584	1,483,222	2,075,243	1,103,339	723,189	1,105,898	
Plan fiduciary net position - beginning	13,083,989	11,600,767	9,525,524	8,422,185	7,698,996	6,593,098	
	(4,487)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 15,088,086</u>	<u>\$ 13,083,989</u>	<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>\$ 3,100,151</u>	<u>\$ 4,262,214</u>	<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	82.96%	75.43%	73.59%	66.98%	73.89%	75.45%	
Covered payroll	\$ 4,099,662	\$ 4,229,787	\$ 4,011,950	\$ 2,480,871	\$ 2,262,991	\$ 2,462,694	
City's net pension liability as a percentage of covered payroll	75.62%	100.77%	103.77%	189.31%	131.54%	110.12%	

* Additional years' information will be displayed as it becomes available

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY PENSION CONTRIBUTIONS
Year Ended June 30, 2020

Arizona Retirement System	Reporting Fiscal Year							2013-2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,080,053	\$ 989,715	\$ 969,526	\$ 857,200	\$ 823,805	\$ 758,313	\$ 727,543	Information not available*
City's contributions in relation to the statutorily required contribution	1,080,053	989,715	969,526	857,200	823,805	758,313	727,543	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 9,432,777	\$ 8,852,549	\$ 8,894,734	\$ 7,951,763	\$ 7,592,673	\$ 6,969,789	\$ 6,799,467	
City's contributions as a percentage of covered payroll	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	
Elected Officials Retirement Plan	Reporting Fiscal Year							2013-2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 58,946	\$ 63,819	\$ 20,542	\$ 18,117	\$ 13,057	\$ 12,836	\$ 18,492	Information not available*
City's contributions in relation to the actuarially determined contribution	58,946	63,819	20,542	18,117	13,057	12,836	18,492	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 95,956	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621	\$ 57,464	
City's contributions as a percentage of covered payroll	61.43%	61.50%	23.50%	23.50%	23.50%	23.50%	32.18%	

The City was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2019, 2018, or 2017. Information for fiscal years 2016 through 2010 is not available.

City of Tolleson Police Public Safety Personnel Retirement System	Reporting Fiscal Year							2013-2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,127,202	\$ 1,922,331	\$ 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	1,762,202	2,410,692	2,716,786	2,061,744	454,309	426,364	207,044	
City's contribution deficiency (excess)	<u>\$ (635,000)</u>	<u>\$ (488,361)</u>	<u>\$ (1,203,297)</u>	<u>\$ (900,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 3,953,707	\$ 6,009,162	\$ 5,570,442	\$ 4,457,959	\$ 2,158,238	\$ 2,105,501	\$ 1,057,426	
City's contributions as a percentage of covered payroll	28.51%	31.99%	27.17%	26.06%	21.05%	20.25%	19.58%	
City of Tolleson Fire Public Safety Personnel Retirement System	Reporting Fiscal Year							2013-2010
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	\$ 348,225	Information not available*
City's contributions in relation to the actuarially determined contribution	1,598,913	1,972,060	1,385,535	1,151,037	401,653	360,947	348,225	
City's contribution deficiency (excess)	<u>\$ (320,000)</u>	<u>\$ (808,986)</u>	<u>\$ (551,844)</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 4,465,478	\$ 4,099,662	\$ 4,229,787	\$ 4,011,950	\$ 2,480,871	\$ 2,262,991	\$ 2,462,694	
City's contributions as a percentage of covered payroll	28.64%	28.37%	19.71%	18.72%	16.19%	15.95%	14.14%	

* Additional years' information will be displayed as it becomes available



CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2020

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 2018 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5% for PSPRS. 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 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. 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	In the 2017 actuarial valuation, changed to RP-2014 tables , with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2020

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES - MAJOR GOVERNMENTAL FUNDS



CITY OF TOLLESON, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Investment earnings	\$ 100,000	\$ 100,000	\$ 175,267	\$ 75,267
EXPENDITURES				
Capital outlay	11,000,000	11,000,000	186,610	10,813,390
Excess of revenues over (under) expenditures	(10,900,000)	(10,900,000)	(11,343)	10,888,657
Net change in fund balance	(10,900,000)	(10,900,000)	(11,343)	10,888,657
Fund balance - beginning of year	11,574,765	11,574,765	11,574,765	-
Fund balance - end of year	<u>\$ 674,765</u>	<u>\$ 674,765</u>	<u>\$ 11,563,422</u>	<u>\$ 10,888,657</u>

CITY OF TOLLESON, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Sales taxes	\$ 999,000	\$ 999,000	\$ 999,000	\$ -
Property taxes	3,627,000	3,627,000	2,177,042	(1,449,958)
Investment earnings	13,450	13,450	22,152	8,702
Total revenues	4,639,450	4,639,450	3,198,194	(1,441,256)
EXPENDITURES				
Debt service:				
Principal retirement	3,325,000	3,325,000	1,823,715	1,501,285
Interest	1,103,450	1,103,450	1,022,360	81,090
Issuance costs	-	198,000	180,388	17,612
Total expenditures	4,428,450	4,626,450	3,026,463	1,599,987
Excess (deficiency) of revenues over (under) expenditures	211,000	13,000	171,731	158,731
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	6,737,000	(6,737,000)
Premium on refunded bonds	-	-	686,780	(686,780)
Payments to refunded bonds escrow agent	-	-	(7,190,000)	7,190,000
Transfers in	-	-	362,924	362,924
Transfer out	-	-	(437,704)	(437,704)
Total other financing sources and uses	-	-	159,000	(308,560)
Net change in fund balance	211,000	13,000	330,731	(149,829)
Fund balance - beginning of year	456,077	456,077	456,077	-
Fund balance - end of year	\$ 667,077	\$ 469,077	\$ 786,808	\$ (149,829)

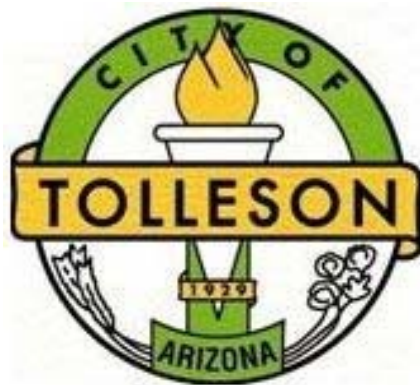
Financial Section

OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL 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, 2020

	Special Revenue		
	Highway User Revenue Fund	Grants	Total
ASSETS			
Cash and cash equivalents	\$ 890,977	\$ 232,914	\$ 1,123,891
Receivables, net:			
Intergovernmental	51,931	139,108	191,039
Total assets	<u>\$ 942,908</u>	<u>\$ 372,022</u>	<u>\$ 1,314,930</u>
LIABILITIES			
Accounts payable	\$ 292,677	\$ 13,956	\$ 306,633
Accrued wages and benefits	-	16,361	16,361
Unearned revenue	-	75,130	75,130
Total liabilities	<u>292,677</u>	<u>105,447</u>	<u>398,124</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	90,198	90,198
FUND BALANCES			
Restricted			
Highways and streets	650,231	-	650,231
Grants	-	176,377	176,377
Total fund balances	<u>650,231</u>	<u>176,377</u>	<u>826,608</u>
Total liabilities and fund balances	<u>\$ 942,908</u>	<u>\$ 372,022</u>	<u>\$ 1,314,930</u>

CITY OF TOLLESON, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON- MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2020

	Special Revenue		
	Highway User Revenue Fund	Grants	Total
REVENUES			
Intergovernmental	\$ 784,888	\$ 1,292,391	\$ 2,077,279
Investment earnings	2,399	-	2,399
Total revenues	787,287	1,292,391	2,079,678
EXPENDITURES			
Current:			
Public safety	-	212,173	212,173
Highway and streets	682,514	-	682,514
Health & welfare	-	631,734	631,734
Capital outlay	-	16,948	16,948
Total expenditures	682,514	860,855	1,543,369
Excess of revenues over (under) expenditures	104,773	431,536	536,309
OTHER FINANCING SOURCES (USES)			
Transfers in	-	324,620	324,620
Transfers out	-	(846,354)	(846,354)
Total other financing sources (uses)	-	(521,734)	(521,734)
Net change in fund balances	104,773	(90,198)	14,575
Fund balances - beginning of year	545,458	266,575	812,033
Fund balances - end of year	\$ 650,231	\$ 176,377	\$ 826,608

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES – NON-MAJOR
GOVERNMENTAL FUND



CITY OF TOLLESON, ARIZONA
HIGHWAY USER REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Intergovernmental revenues	\$ 817,416	\$ 817,416	\$ 784,888	\$ (32,528)
Investment earnings	2,500	2,500	2,399	(101)
Total revenues	819,916	819,916	787,287	(32,629)
EXPENDITURES				
Current:				
Highways & streets	877,500	877,500	682,514	194,986
Excess (deficiency) of revenues over (under) expenditures	(57,584)	(57,584)	104,773	162,357
Net change in fund balance	(57,584)	(57,584)	104,773	162,357
Fund balance - beginning of year	545,458	545,458	545,458	-
Fund balance - end of year	\$ 487,874	\$ 487,874	\$ 650,231	\$ 162,357

CITY OF TOLLESON, ARIZONA
GRANTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental revenues	\$ 1,022,291	\$ 1,022,291	\$ 1,292,391	\$ 270,100
EXPENDITURES				
Current:				
Public safety	360,176	455,176	212,173	243,003
Health and welfare	894,238	909,238	631,734	277,504
Capital outlay	193,000	200,930	16,948	183,982
Total expenditures	1,447,414	1,565,344	860,855	704,489
Excess (deficiency) of revenues over (under) expenditures	(425,123)	(543,053)	431,536	974,589
OTHER FINANCING SOURCES (USES)				
Transfers in	425,123	425,123	324,620	(100,503)
Transfers out	-	-	(846,354)	(846,354)
Total other financing sources and (uses)	425,123	425,123	(521,734)	(946,857)
Net change in fund balance	-	(117,930)	(90,198)	27,732
Fund balance - beginning of year	266,575	266,575	266,575	-
Fund balance - end of year	\$ 266,575	\$ 148,645	\$ 176,377	\$ 27,732

Statistical Section

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u>	112-123
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	124-132
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	
<u>Debt Capacity</u>	134-142
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.	
<u>Demographic and Economic Statistics</u>	143-149
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	150 - 153
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF TOLLESON, ARIZONA

Table 1

Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 24,742,497	\$ 25,900,750	\$ 26,194,336	\$ 27,534,901
Restricted	4,420,658	2,971,007	3,426,973	5,110,928
Unrestricted	7,323,480	9,964,703	11,029,738	9,625,353
Total Governmental Activities Net Position	<u>\$ 36,486,635</u>	<u>\$ 38,836,460</u>	<u>\$ 40,651,047</u>	<u>\$ 42,271,182</u>
Business-Type Activities				
Net investment in capital assets	\$ 32,661,672	\$ 31,376,028	\$ 32,356,074	\$ 34,835,900
Restricted	276,569	492,978	493,772	494,335
Unrestricted	15,531,493	17,720,898	19,174,850	20,708,802
Total Business-Type Activities Net Position	<u>\$ 48,469,734</u>	<u>\$ 49,589,904</u>	<u>\$ 52,024,696</u>	<u>\$ 56,039,037</u>
Primary Government				
Net investment in capital assets	\$ 57,404,169	\$ 57,276,778	\$ 58,550,410	\$ 62,370,801
Restricted	4,697,227	3,463,985	3,920,745	5,605,263
Unrestricted	22,854,973	27,685,601	30,204,588	30,334,155
Total Primary Government Net Position	<u>\$ 84,956,369</u>	<u>\$ 88,426,364</u>	<u>\$ 92,675,743</u>	<u>\$ 98,310,219</u>

2015	2016	2017	2018	2019	2020
\$ 30,954,613	\$ 30,421,590	\$ 32,215,631	\$ 35,872,282	\$ 43,344,723	\$ 46,353,982
2,633,181	4,896,402	5,684,881	3,652,102	15,686,162	5,668,215
(373,945)	4,441,397	6,218,425	9,449,895	(1,626,497)	15,458,380
<u>\$ 33,213,849</u>	<u>\$ 39,759,389</u>	<u>\$ 44,118,937</u>	<u>\$ 48,974,279</u>	<u>\$ 57,404,388</u>	<u>\$ 67,480,577</u>
\$ 42,351,199	\$ 46,812,938	\$ 47,446,347	\$ 48,568,972	\$ 50,126,416	\$ 50,543,526
494,852	-	499,179	506,163	518,226	619,400
17,740,832	18,087,097	19,893,307	22,973,234	26,976,548	30,438,009
<u>\$ 60,586,883</u>	<u>\$ 64,900,035</u>	<u>\$ 67,838,833</u>	<u>\$ 72,048,369</u>	<u>\$ 77,621,190</u>	<u>\$ 81,600,935</u>
\$ 73,305,812	\$ 77,234,528	\$ 79,661,978	\$ 84,441,254	\$ 93,471,139	\$ 96,897,508
3,128,033	4,896,402	6,184,060	4,158,265	16,204,388	6,287,615
17,366,887	22,528,494	26,111,732	32,423,129	25,350,051	45,896,389
<u>\$ 93,800,732</u>	<u>\$ 104,659,424</u>	<u>\$ 111,957,770</u>	<u>\$ 121,022,648</u>	<u>\$135,025,578</u>	<u>\$ 149,081,512</u>

CITY OF TOLLESON, ARIZONA

Table 2

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General Government	\$ 3,854,836	\$ 3,554,245	\$ 4,160,877	\$ 4,069,698
Public Safety	9,227,572	9,590,713	9,921,501	9,342,079
Highways and Streets	3,587,171	2,867,554	2,497,012	4,278,584
Culture and Recreation	1,040,502	1,171,266	562,374	885,714
Redevelopment and Housing	-	-	-	-
Economic Development	459,727	545,153	1,175,131	1,464,624
Health and Welfare	868,049	547,528	343,153	378,772
Interest on Long-Term Debt	1,695,159	914,964	864,780	812,432
Total Governmental Activities	20,733,016	19,191,423	19,524,828	21,231,903
Business-Type Activities				
Water	4,314,393	6,095,971	5,021,689	5,446,163
Sanitation	642,779	491,293	614,402	630,134
Wastewater and Sewer	5,424,738	6,644,923	6,579,691	6,238,217
Total Business-Type Activities	10,381,910	13,232,187	12,215,782	12,314,514
Total Primary Government Expenses	\$ 31,114,926	\$ 32,423,610	\$ 31,740,610	\$ 33,546,417
Program Revenues				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 430,661	\$ 581,769	\$ 554,874	\$ 795,223
Public Safety	262,145	207,948	226,830	302,522
Highways and Streets	-	-	-	-
Culture and Recreation	11,542	25,690	16,825	17,292
Redevelopment and Housing	-	-	-	10,978
Other	-	-	-	-
Operating Grants and Contributions	825,410	878,403	830,814	771,285
Capital Grants and Contributions	868,296	235,653	171,515	370,799
Total Governmental Activities Program Revenues	2,398,054	1,929,463	1,800,858	2,268,099
Business-Type Activities				
Charges for Services:				
Water	\$ 4,994,285	\$ 6,394,604	\$ 6,479,996	\$ 6,666,770
Sanitation	401,366	347,800	360,618	324,197
Wastewater and Sewer	5,000,253	5,500,611	5,535,850	6,713,988
Capital Grants and Contributions	1,901,328	-	-	-
Total Business-Type Activities Program Revenues	12,297,232	12,243,015	12,376,464	13,704,955
Total Primary Government Revenues	\$ 14,695,286	\$ 14,172,478	\$ 14,177,322	\$ 15,973,054

2015	2016	2017	2018	2019	2020
\$ 5,415,488	\$ 5,596,149	\$ 6,057,979	\$ 6,699,834	\$ 6,244,732	\$ 8,293,849
10,820,773	11,510,678	13,703,866	13,256,375	14,014,601	13,327,589
2,155,241	2,146,277	2,158,993	2,702,277	2,709,339	2,980,662
1,691,577	1,667,220	2,438,231	2,382,861	2,907,590	3,545,868
-	-	-	-	-	-
715,207	641,130	1,196,079	794,512	1,000,307	701,000
426,259	510,429	455,278	506,590	545,600	602,713
776,981	750,181	717,956	636,533	727,733	1,093,652
<u>22,001,526</u>	<u>22,822,064</u>	<u>26,728,382</u>	<u>26,978,982</u>	<u>28,149,902</u>	<u>30,545,333</u>
5,032,519	5,379,124	5,294,611	5,926,382	5,287,268	5,927,310
502,305	475,758	418,557	373,399	362,235	362,020
6,408,153	6,434,002	6,720,582	6,639,875	6,298,733	6,885,266
<u>11,942,977</u>	<u>12,288,884</u>	<u>12,433,750</u>	<u>12,939,656</u>	<u>11,948,236</u>	<u>13,174,596</u>
<u>\$ 33,944,503</u>	<u>\$ 35,110,948</u>	<u>\$ 39,162,132</u>	<u>\$ 39,918,638</u>	<u>\$ 40,098,138</u>	<u>\$ 43,719,929</u>
\$ 888,639	\$ 883,447	\$ 1,005,417	\$ 1,527,499	\$ 1,562,514	\$ 1,314,784
273,624	598,221	404,051	321,968	303,551	1,056,164
-	126,794	-	-	-	-
14,458	122,954	22,316	36,482	64,882	60,419
-	-	-	-	-	-
9,250	-	-	-	-	-
916,333	759,072	973,563	972,700	1,355,565	1,923,497
-	21,240	18,472	69,939	161,413	31,883
<u>2,102,304</u>	<u>2,511,728</u>	<u>2,423,819</u>	<u>2,928,588</u>	<u>3,447,925</u>	<u>4,386,747</u>
\$ 6,583,969	\$ 6,596,501	\$ 6,460,671	\$ 6,873,286	\$ 6,609,408	\$ 6,682,768
355,328	352,861	384,453	449,095	457,751	449,137
5,420,273	5,899,361	5,743,503	6,293,079	6,085,228	6,917,860
4,673,401	150,584	49,811	-	-	-
<u>17,032,971</u>	<u>12,999,307</u>	<u>12,638,438</u>	<u>13,615,460</u>	<u>13,152,387</u>	<u>14,049,765</u>
<u>\$ 19,135,275</u>	<u>\$ 15,511,035</u>	<u>\$ 15,062,257</u>	<u>\$ 16,544,048</u>	<u>\$ 16,600,312</u>	<u>\$ 18,436,512</u>

(Continued)

CITY OF TOLLESON, ARIZONA

Table 2

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 12,209,049	\$ 13,525,808	\$ 14,230,041	\$ 14,360,574
Property Taxes	6,812,691	5,343,971	4,478,071	4,481,523
Franchise Taxes	47,098	39,871	56,905	44,393
State Revenue Sharing	632,468	567,191	668,558	729,523
State Income Tax Revenue Sharing	497,423	511,429	535,720	569,695
Auto Lieu Tax Revenue Sharing	212,480	220,391	208,723	233,354
Grants and Contributions Not Restricted	-	-	-	-
Investment earnings	25,425	36,451	72,680	56,799
Other	-	5,491	-	30,635
Transfers	(235,637)	(152,748)	-	110,500
Total Governmental Activities:	<u>20,200,997</u>	<u>20,097,855</u>	<u>20,250,698</u>	<u>20,616,996</u>
Business-type Activities:				
Property Taxes	332,735	1,401,895	2,420,551	2,553,157
Impact Fees	-	-	-	-
Interest	20,363	35,712	18,325	18,924
Litigation Settlement	-	-	-	-
Other	129,072	123,917	97,616	27,424
Transfers	235,637	152,748	-	(110,500)
Total Business-Type Activities	<u>717,807</u>	<u>1,714,272</u>	<u>2,536,492</u>	<u>2,489,005</u>
Total Primary Government	<u>\$ 20,918,804</u>	<u>\$ 21,812,127</u>	<u>\$ 22,787,190</u>	<u>\$ 23,106,001</u>
Change in Net Position				
Governmental Activities	\$ 1,866,035	\$ 2,835,895	\$ 2,526,728	\$ 1,653,192
Business-Type Activities	<u>2,633,129</u>	<u>725,100</u>	<u>2,697,174</u>	<u>3,879,446</u>
Total Primary Government	<u>\$ 4,499,164</u>	<u>\$ 3,560,995</u>	<u>\$ 5,223,902</u>	<u>\$ 5,532,638</u>

2015	2016	2017	2018	2019	2020
\$ 17,564,422	\$ 19,592,713	\$ 20,910,180	\$ 21,434,225	\$ 25,448,636	\$ 26,365,478
4,508,560	3,917,340	5,615,157	4,955,918	4,859,308	6,514,517
45,765	44,139	49,514	42,647	47,217	51,390
792,313	1,042,649	1,093,270	689,720	725,514	754,547
598,140	788,017	857,378	889,064	872,525	943,866
249,830	269,956	275,697	583,704	510,081	509,050
-	-	-	-	-	-
38,073	147,383	162,952	285,082	838,282	873,182
37,376	55,827	119,963	164,376	152,928	222,745
(282,785)	(116,962)	(420,000)	(139,000)	(25,447)	-
<u>23,551,694</u>	<u>25,741,062</u>	<u>28,664,111</u>	<u>28,905,736</u>	<u>33,429,044</u>	<u>36,234,775</u>
2,654,745	3,293,011	2,157,082	3,224,893	3,637,831	2,451,096
-	-	-	-	-	-
14,960	96,484	99,441	169,839	705,392	653,480
-	-	-	-	-	-
77,861	96,272	57,587	-	-	-
282,785	116,962	420,000	139,000	25,447	-
<u>3,030,351</u>	<u>3,602,729</u>	<u>2,734,110</u>	<u>3,533,732</u>	<u>4,368,670</u>	<u>3,104,576</u>
<u>\$ 26,582,045</u>	<u>\$ 29,343,791</u>	<u>\$ 31,398,221</u>	<u>\$ 32,439,468</u>	<u>\$ 37,797,714</u>	<u>\$ 39,339,351</u>
\$ 3,652,472	\$ 5,430,726	\$ 4,359,548	\$ 4,855,342	\$ 8,727,067	\$ 10,076,189
8,120,345	4,313,152	2,938,798	4,209,536	5,572,821	3,979,745
<u>\$ 11,772,817</u>	<u>\$ 9,743,878</u>	<u>\$ 7,298,346</u>	<u>\$ 9,064,878</u>	<u>\$ 14,299,888</u>	<u>\$ 14,055,934</u>

(Concluded)

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

	2011	2012	2013	2014
General Fund				
Restricted	\$ 232,134	\$ 273,271	\$ 376,237	\$ 336,340
Committed	-	-	-	-
Nonspendable	270,698	-	141,648	5,000
Assigned	126,368	1,126,841	1,126,841	-
Unassigned	5,063,457	6,343,285	7,405,570	7,556,991
Total General Fund	<u>\$ 5,692,657</u>	<u>\$ 7,743,397</u>	<u>\$ 9,050,296</u>	<u>\$ 7,898,331</u>
All Other Governmental Funds				
Restricted:				
Highways and streets	\$ 24,349	\$ 309,630	\$ 873,739	\$ 871,385
Debt service	1,131,283	1,023,296	944,792	1,133,469
Capital projects	3,032,892	7,244,810	6,705,563	3,718,026
Public safety	1,956,348	2,901,442	3,359,496	3,118,808
Other purposes	-	-	-	-
Nonspendable:				
Prepaid items	16,590	-	13,117	-
Committed for:				
Capital projects	170,124	13,501	-	-
Assigned for:				
Public safety	-	-	-	-
Other purposes	83,887	91,301	330,144	382,343
Total All Other Governmental Funds	<u>\$ 6,415,473</u>	<u>\$ 11,583,980</u>	<u>\$ 12,226,851</u>	<u>\$ 9,224,031</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.

2015	2016	2017	2018	2019	2020
\$ 485,014	\$ 563,507	\$ 829,648	\$ 509,582	\$ 545,198	\$ 526,278
-	-	-	-	-	-
4,446	-	1,017	4,505	23,095	5,711
-	-	-	-	-	-
9,879,027	16,564,021	21,220,634	23,303,394	23,333,773	28,798,314
<u>\$ 10,368,487</u>	<u>\$ 17,127,528</u>	<u>\$ 22,051,299</u>	<u>\$ 23,817,481</u>	<u>\$ 23,902,066</u>	<u>\$ 29,330,303</u>
\$ 884,657	\$ 1,030,489	\$ 1,040,487	\$ 283,631	\$ 545,458	\$ 650,231
938,131	879,996	609,568	325,667	456,077	786,808
474,052	242,592	169,021	25,447	11,574,765	11,563,422
3,821,797	3,773,814	2,810,608	2,241,200	2,298,089	3,489,348
-	266,943	225,549	-	266,575	176,377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
306,810	-	-	-	-	-
<u>\$ 6,425,447</u>	<u>\$ 6,193,834</u>	<u>\$ 4,855,233</u>	<u>\$ 2,875,945</u>	<u>\$ 15,140,964</u>	<u>\$ 16,666,186</u>

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

	2011	2012	2013	2014
Revenues				
Taxes	\$ 18,664,286	\$ 18,618,296	\$ 18,440,757	\$ 18,514,067
Intergovernmental	2,765,087	2,344,955	2,352,598	2,471,590
Fines and Penalties	260,534	209,436	228,788	256,498
Licenses and Permits	200,816	294,465	250,467	396,364
Charges for Services	333,963	375,380	372,889	521,705
Rents and Royalties	10,500	10,500	11,340	11,340
Contributions and Donations	61,478	83,707	119,578	105,353
Impact fees	337,312	138,117	171,515	370,799
Special assessments	-	-	-	-
Investment earnings	25,425	36,451	72,682	56,800
Other	144,552	98,533	65,467	35,920
Total revenues	<u>22,803,953</u>	<u>22,209,840</u>	<u>22,086,081</u>	<u>22,740,436</u>
Expenditures				
General government	3,561,710	3,440,722	3,815,498	4,415,415
Public Safety	8,349,354	8,068,283	8,614,560	9,129,552
Highways and Streets	2,254,695	1,574,097	1,938,342	6,866,301
Culture and Recreation	891,109	1,017,582	1,003,847	1,305,402
Redevelopment and Housing	-	-	-	-
Economic Development	461,333	543,328	626,154	881,237
Health and Welfare	861,195	535,879	326,804	366,784
Capital Outlay	11,321,309	2,443,569	956,887	2,232,168
Debt Service				
Principal Retirement	2,925,000	2,366,550	1,730,000	945,000
Interest on Long-Term Debt	1,667,519	926,071	903,538	839,087
Issuance Costs	-	86,642	-	-
Total Expenditures	<u>32,293,224</u>	<u>21,002,723</u>	<u>19,915,630</u>	<u>26,980,946</u>
Excess of Revenues Over (Under) Expenditures	(9,489,271)	1,207,117	2,170,451	(4,240,510)

2015	2016	2017	2018	2019	2020
\$ 21,730,411	\$ 23,625,789	\$ 26,519,434	\$ 26,406,680	\$ 30,369,457	\$ 32,922,112
2,740,020	2,686,665	2,957,255	3,095,010	3,436,410	4,024,435
236,270	272,888	325,149	292,883	283,882	223,321
462,220	305,411	506,796	650,962	644,556	422,794
537,114	628,428	1,096,911	1,319,914	1,381,940	1,354,241
11,340	-	-	62,525	47,045	54,054
126,881	74,790	66,681	40,437	66,619	52,218
-	-	-	-	-	-
-	-	-	-	-	-
38,077	146,674	168,706	285,082	838,282	873,182
55,702	74,675	88,835	254,617	405,051	585,522
25,938,035	27,815,320	31,729,767	32,408,110	37,473,242	40,511,879
5,078,029	4,826,824	5,631,593	6,688,536	6,692,032	7,500,493
9,482,850	10,965,063	11,837,178	13,257,541	13,323,395	13,228,591
6,137,597	1,360,043	1,382,414	1,694,376	1,989,758	1,973,409
1,509,987	1,628,078	1,800,987	2,032,198	2,559,148	3,164,620
-	-	-	-	-	-
725,924	619,344	1,201,318	1,006,559	1,284,470	1,090,113
405,236	476,396	457,557	481,220	518,667	631,734
937,440	1,447,693	2,648,333	4,995,043	8,906,309	3,182,235
835,000	785,000	2,035,000	1,406,500	958,100	1,823,715
803,637	776,837	744,612	663,188	770,870	1,022,360
-	-	-	-	226,656	180,388
25,915,700	22,885,278	27,738,992	32,225,161	37,229,405	33,797,658
22,335	4,930,042	3,990,775	182,949	243,837	6,714,221

(Continued)

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

	2011	2012	2013	2014
Other Financing Sources (Uses)				
Transfers In	511,785	801,535	1,763,792	3,751,052
Transfers Out	(747,422)	(954,283)	(1,763,792)	(3,640,552)
Proceeds of refunding debt issuance	-	-	-	-
Premium on refunding debt issuance	-	-	-	-
Proceeds of general obligation bond issuance	-	-	-	-
Premium on general obligation bond issuance	-	-	-	-
Proceeds of Long-Term Debt Issuance	-	6,159,387	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-
Proceeds from Capital Leases	-	-	-	-
Proceeds from Sale of Capital Assets	99,025	5,491	14,441	8,282
Total other Financing Sources (Uses)	<u>(136,612)</u>	<u>6,012,130</u>	<u>14,441</u>	<u>118,782</u>
Net Change in Fund Balance	<u>\$ (9,625,883)</u>	<u>\$ 7,219,247</u>	<u>\$ 2,184,892</u>	<u>\$ (4,121,728)</u>
Debt Service as a Percentage of Noncapital Expenditures	21.9%	18.2%	13.9%	7.2%

2015	2016	2017	2018	2019	2020
3,091,764	3,134,362	2,596,590	1,518,209	305,239	1,608,678
(3,374,549)	(3,251,324)	(3,016,589)	(1,657,209)	(330,686)	(1,608,678)
-	-	-	-	-	6,737,000
-	-	-	-	-	686,780
-	-	-	-	10,850,000	-
-	-	-	-	1,005,367	-
-	-	-	-	-	-
-	-	-	-	-	(7,190,000)
-	-	-	-	-	-
15,023	17,525	14,394	9,520	9,272	5,458
(267,762)	(99,437)	(405,605)	(129,480)	11,839,192	239,238
<u>\$ (245,427)</u>	<u>\$ 4,830,605</u>	<u>\$ 3,585,170</u>	<u>\$ 53,469</u>	<u>\$ 12,083,029</u>	<u>\$ 6,953,459</u>
6.6%	7.3%	10.8%	7.5%	6.9%	9.9%

(Concluded)

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

Fiscal Year	Property	Sales & Use	Franchise	Total
2011	6,408,139	12,209,049	47,098	18,664,286
2012	5,052,617	13,525,808	39,871	18,618,296
2013	4,153,811	14,230,041	56,905	18,440,757
2014	4,109,100	14,360,574	44,393	18,514,067
2015	4,120,224	17,564,422	41,385	21,726,031
2016	3,988,866	19,592,784	44,139	23,625,789
2017	5,559,669	20,910,251	49,514	26,519,434
2018	4,929,808	21,434,225	42,647	26,406,680
2019	4,873,604	25,448,636	47,217	30,369,457
2020	6,505,244	26,365,478	51,390	32,922,112
Change 2011-2020	1.5%	116.0%	9.1%	76.4%

Note: This schedule is optional.

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	Total Direct Tax Rate/Thousand	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2011	231,573	15,934	14,458	2,580	264,545	2.4390	264,545	100.000%
2012	192,440	11,383	11,455	2,064	217,342	2.9084	217,342	100.000%
2013	160,559	9,294	8,456	1,759	180,068	3.4163	180,068	100.000%
2014	143,031	8,901	8,076	2,246	162,254	3.7612	162,254	100.000%
2015	147,663	9,698	9,009	2,259	168,629	3.7457	168,629	100.000%
2016	172,787	12,297	12,619	1,958	199,661	3.9715	199,661	100.000%
2017	210,837	12,818	13,974	1,976	239,605	3.9734	239,605	100.000%
2018	239,361	13,797	15,834	2,264	271,256	3.9895	271,256	100.000%
2019	264,312	9,810	20,042	1,794	295,958	3.8319	295,958	100.000%
2020	296,155	10,023	20,844	1,910	328,932	3.7169	328,932	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	
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
2019	1.8039	2.0280	3.8319	N/A	N/A	N/A	3.8319
2020	1.7281	2.0280	3.7561	N/A	N/A	N/A	3.7561

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Smiths Food & Drug Centers Inc	\$ 16,281,933	1	7.23%	\$16,870,166	2	6.38%
CLNC NNN Alberts AZ LLC	14,610,302	2	6.49%			
Prologis-Exchange Westside Business Park LLC	13,188,726	3	5.86%			
SVC Manufacturing Inc	13,071,780	4	5.81%	23,449,546	1	8.86%
FR CAL 3 Tolleson Buckeye LLC	12,772,431	5	5.67%			
Liberty Property LP	7,958,857	6	3.53%			
Cam Investment 338 LLC/2601 Wilshire LLC	7,100,892	7	3.15%			
AZEJM Land Holdings/Oxnard	5,613,878	8	2.49%	3,782,763	8	1.43%
Colfin 2017-7 Industrial Owner LLC	5,442,552	9	2.42%			
First Industrial LP	5,184,000	10	2.30%			
LBA Realty Fund III Company IX LLC	-	-	-	8,540,001	3	3.23%
ABS SW Investor LLC (Albertson)	-	-	-	7,029,582	4	2.66%
Cole HD Tolleson AZ LLC	-	-	-	6,089,049	5	2.30%
Greater Arizona Auto Auctions Inc	-	-	-	5,408,977	6	2.04%
Continental Pet Technologies	-	-	-	5,311,228	7	2.01%
Price Company	-	-	-	3,670,568	9	1.39%
91st Avenue Investment Co.	-	-	-	3,397,240	10	1.28%
Total	<u>\$ 101,225,351</u>			<u>\$ 83,549,120</u>		<u>31.58%</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,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
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%	-	-
2019	7,941,559	7,909,802	99.60%	-	7,909,802	99.60%	31,757	0.40%
2020	8,542,642	8,423,632	98.61%	-	8,423,632	98.61%	83,510	0.98%

Source: Maricopa County Finance Department



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

	2011	2012	2013	2014
Sales Category				
Commercial & Utilities	\$ 1,248,634	\$ 1,305,659	\$ 1,340,608	\$ 1,332,053
Construction	1,012,531	870,319	696,757	768,790
Manufacturing	210,445	244,306	273,890	501,565
Wholesale	1,546,804	1,717,069	1,739,508	2,281,582
Retail	5,400,145	6,594,272	6,900,851	6,375,361
Real estate	1,487,355	1,776,811	1,843,998	1,525,374
Services	219,932	154,590	674,710	745,858
All other outlets	1,083,202	862,782	759,719	829,991
Total	<u>\$ 12,209,048</u>	<u>\$ 13,525,808</u>	<u>\$ 14,230,041</u>	<u>\$ 14,360,574</u>
City Sales Tax Rate	2.50%	2.50%	2.50%	2.50%

Source: Arizona State Revenue

Note: This schedule requires that governments present

2015	2016	2017	2018	2019	2020
\$ 1,486,385	\$ 1,484,711	\$ 1,471,733	\$ 1,429,106	\$ 1,472,126	\$ 1,419,507
1,417,419	907,458	1,337,854	1,553,611	2,534,686	1,224,339
649,799	769,714	973,913	955,024	998,523	680,611
3,261,898	4,387,437	3,980,112	3,487,881	3,774,365	3,914,447
7,073,146	7,723,550	8,545,050	9,362,838	11,481,732	13,464,737
1,851,697	2,150,547	2,085,554	2,454,322	2,528,580	2,654,247
871,641	1,232,577	1,317,928	1,397,260	1,444,529	1,671,286
952,436	936,790	1,198,107	794,183	1,214,095	1,336,304
<u>\$ 17,564,421</u>	<u>\$ 19,592,784</u>	<u>\$ 20,910,251</u>	<u>\$ 21,434,225</u>	<u>\$ 25,448,636</u>	<u>\$ 26,365,478</u>
2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

City of Tolleson, ARIZONA
Table 11
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City Direct Rate	County
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%
2019	2.50%	8.80%
2020	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
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	8,179	5,900	-	-	6,837	-
2019	18,495	5,475	-	-	3,860	-
2020	18,227	5,174	-	-	6,156	-

* 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			
-	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	27,402	*	3,803
-	6,037	33,867	*	4,640
-	5,573	35,130	*	4,765

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	WIFA General Obligation Loan	Net General Obligation Bonded Debt	Taxable Assessed Value of Property	Percentage of Actual Taxable Value of Property	Population	Per Capita
2011	34,744	5,398	40,142	264,545	15.17%	6,545	6,133
2012	34,685	5,189	39,874	217,342	18.35%	6,704	5,948
2013	36,708	4,974	41,682	180,068	23.15%	6,704	6,217
2014	33,391	4,751	38,142	162,254	23.51%	6,756	5,646
2015	29,976	4,521	34,497	168,630	20.46%	6,756	5,106
2016	26,438	4,283	30,721	199,661	15.39%	6,929	4,434
2017	22,703	4,038	26,741	239,606	11.16%	6,929	3,859
2018	18,799	3,784	22,583	271,257	8.33%	6,929	3,259
2019	25,877	3,522	29,399	295,958	9.93%	7,299	4,028
2020	24,383	3,251	27,634	328,932	8.40%	7,372	3,749

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.

CITY OF TOLLESON, ARIZONA
Table 14
Direct and Overlapping Governmental Activities Debt
June 30, 2020
(Unaudited)

Governmental Unit	General Obligation Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt (a)
Debt repaid with property taxes			
Tolleson Elementary School District No. 17	\$ 24,320,000	73.25	\$ 17,815,344
Fowler Elementary School District No. 45	7,740,000	10.74	830,994
Littleton Elementary School District No. 65	22,025,000	15.39	3,388,859
Tolleson Union High School District No. 214	169,815,000	18.27	31,032,492
Maricopa County Community College District	250,065,000	0.54	1,351,454
Maricopa County Special Health Care District	429,125,000	0.54	2,319,167
Western Maricopa Education Center District No. 402	157,075,000	1.47	2,304,830
Subtotal, overlapping debt			\$ 59,043,140
City of Tolleson, Arizona Direct Debt	27,633,817	100.00	\$ 27,633,817
Total direct and overlapping debt			<u>\$ 86,676,957</u>

(a) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for 2019/20

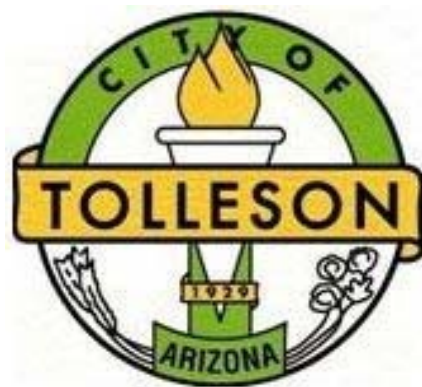
(b) Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of 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: RBC Capital Markets

CITY OF TOLLESON, ARIZONA
Table 15
Calculation of Legal Debt Margin
June 30, 2020
(Unaudited)

Net Assessed Valuation		<u>\$ 328,931,929</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 65,786,386
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 15,541,118	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>15,541,118</u>
20% Legal Debt Margin		<u>50,245,268</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Secondary Net Assessed Valuation		19,735,916
Debt Applicable to Limit		
General Obligation Bonds Outstanding	10,625,000	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>10,625,000</u>
All Other General Obligation Bonds Debt Margin		<u>9,110,916</u>
Total Legal Debt Margin		<u>\$ 59,356,184</u>

Source: Maricopa County Assessor's Office



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

	2011	2012	2013	2014
Net Secondary Assessed Valuation	\$ 264,544,909	\$ 217,342,534	\$ 180,067,717	\$ 162,254,481
Debt Limit	68,781,677	56,509,059	46,817,606	42,186,165
Total net debt applicable to limit	29,555,000	34,685,000	31,735,000	33,160,790
Legal debt margin	<u>\$ 39,226,677</u>	<u>\$ 21,824,059</u>	<u>\$ 15,082,606</u>	<u>\$ 9,025,375</u>
Total net debt applicable to the limit as a percentage of debt limit.	42.97%	61.38%	67.78%	78.61%

2015	2016	2017	2018	2019	2020
\$ 168,629,759	\$ 199,662,057	\$ 239,605,939	\$ 271,256,677	\$ 295,958,429	\$ 328,931,929
43,843,737	51,912,135	62,297,544	70,526,736	76,949,192	85,522,302
29,738,090	26,192,537	22,702,537	18,798,871	25,876,823	26,166,178
<u>\$ 14,105,647</u>	<u>\$ 25,719,598</u>	<u>\$ 39,595,007</u>	<u>\$ 51,727,865</u>	<u>\$ 51,072,369</u>	<u>\$ 59,356,124</u>
67.83%	50.46%	36.44%	26.65%	33.63%	30.60%

CITY OF TOLLESON, ARIZONA

Table 17

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

(Dollars in Thousands)

Fiscal Year	Revenue Bonds*					
	Public Safety Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2019	720	-	720	425	284	1.02
2020	720	-	720	440	267	1.02

*Revenue Bonds: Public Safety Sale Tax Bonds

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
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	4.50%
2019	7,299	39,714	16,267	N/A	N/A	N/A	4.50%
2020	7,372	42,935	17,269	N/A	N/A	N/A	9.70%

Sources: US Department of Commerce 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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,150	1	8.12%	1,325	1	8.83%
Papa Johns Salads Produce	960	2	6.78%	-	-	-
Albertsons, Inc.	810	3	5.72%	400	5	2.67%
Atlas Retail Services	650	4	4.59%	-	-	-
SK Food Group	550	5	3.88%	-	-	-
Pepsico	440	6	3.11%	400	6	2.67%
Carvana Co	400	7	2.82%	-	-	-
Autozone	380	8	2.68%	290	9	1.93%
SRP	380	9	2.68%	400	8	2.67%
Sysco Food Services of Arizona	370	10	2.61%	525	3	3.50%
Fry's Distribution	-	-	-	725	2	4.83%
Greater Auto Auction	-	-	-	400	4	2.67%
Home Depot	-	-	-	300	7	2.00%
Berry Plastics, Inc.	-	-	-	200	10	1.33%
Total	<u>6,090</u>		<u>42.99%</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)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	35	39	34	45	46.5	41	47	48	60	55.5
Police	45	45	43	42	42	48	49	49	49	49
Fire	31	31	31	31	33	33	32	32	33	33
Public Works	14	17	20	18.5	18	19	19	21	22	22
Community Services	12	6	8	8	8	8.5	8	9	10.5	12.5
Water	8	8	8	8	8	10.5	12	12.6	14	14
Sanitation	2	2	2	1.5	1.5	2.5	2	-	-	-
Wastewater/Sewer	21	20	20	21	24	28	28.5	27.4	28.5	29
Total	<u>168</u>	<u>168</u>	<u>166</u>	<u>175</u>	<u>181</u>	<u>190.5</u>	<u>197.5</u>	<u>199</u>	<u>217</u>	<u>215</u>

Source: City Records

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

Function/Program	2011	2012	2013	2014
Police				
Physical arrests	453	235	293	257
Call for services	8,443	11,287	14,511	12,484
Traffic violations	6,302	4,180	1,944	3,582
Fire				
Emergency responses	1,929	1,943	2,122	2,212
Fires extinguished	157	156	138	134
Inspections	268	321	271	43
Planning and Building Safety				
Building permits issued	374	332	344	386
Building inspections conducted	1,792	1,525	912	1425
Transit				
Total route miles	6	6	6	6
Sanitation				
Refuse collected (<i>tons/day</i>)	43.0	43.3	15.0	8.45
Library				
Volumes in collection	23,628	23,980	27,240	26,983
Total volumes borrowed	25,101	25,225	37,690	36,480
Water				
New connections	48	43	257	44
Water main breaks				
Average daily consumption (<i>thousands of gallons</i>)	3,596.0	3,281.0	3,876	3,877
Peak daily consumption (<i>thousands of gallons</i>)	5,570.0	4,962.0	5,174	5,384
Wastewater				
Average daily sewage treatment (<i>thousands of gallons</i>)	5,438.0	5,193.0	5,180	5,274

* Represents 8 months

** Represents 2 months

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

Source: City Records

2015	2016	2017	2018	2019	2020
248	293	352	330	404	978
11,712	14,650	15,428	15,942	16,560	15,507
2,758	3,599	3,433	2,456	1,825	1,263
2,322	2,636	2,915	3,688	3,701	3,944
135	120	116	1,088	1,099	1,195
116	633	52**	1	24	94
327	336	383	429	488	429
1460	694*	860*	1286	1,565	984
6	6	6	6	6	6
8.87	8.46	0.42***	0.54	0.76	11
23,172	22,894	24,337	23,809	25,210	24,244
33,183	29,166	34,419	31,110	39,211	36,281
35	19	26	8	59 5	35 7
3,000	3,823	3,082	3,940	3,774	3.875
6,000	7,100	6,480	5,602	5,721	5.836
8,230	5,347	5,353	5,359	5,490	5,739

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police				
Stations	1	1	1	1
Patrol Units	22	22	23	24
Fire Stations	1	1	1	1
Refuse collection				
Collection trucks	2	2	2	6
Other public works				
Streets (<i>miles</i>)	33	34	34	34
Streetlights	770	778	778	778
Traffic signals				12
Parks and recreation				
Acreage	20	20	20	20
Playgrounds	4	3	3	3
Baseball/softball diamonds				1
Soccer/football fields				1
Community/Youth Centers	2	2	2	2
Water				
Water mains (<i>miles</i>)	48	48	50	56
Fire hydrants	450	451	475	420
Storage capacity (<i>thousands of gallons</i>)				
Wastewater				
Sanitary sewers (<i>miles</i>)	46	46	37.07	34.63
Storm sewers (<i>miles</i>)				2
Treatment capacity (<i>thousands of gallons</i>)	17,500	17,500	17,500	17,500

Source:City Records

2015	2016	2018	2019	2020
1	1	1	1	1
24	24	24	22	27
1	1	1	1	1
6	6	2	2	2
34	34	34	34	34
778	778	778	944	965
12	12	13	14	15
20	20	20	24	24
3	4	4	4	4
3	3	3	3	3
2	2	2	2	2
2	3	3	3	2
60	60	57.75	60	63.75
700	700	737	748	765
	5,250	5,250	5,250	5,250
35.03	38.12	38.62	39.46	40.06
2	2	2	2	2
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, 2020
(Unaudited)

	<u>2019-2020 Fiscal Year</u>
Estimated actual valuation	\$ 2,128,581,709
Net primary assessed valuation	225,162,385

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
2019-20	\$ 328,931,929	\$ 2,128,581,709	15.45%
2018-19	\$ 295,958,429	\$ 1,933,298,374	15.31%
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%

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, 2020
(Unaudited)

Legal Class	Description	2018-2019 Secondary Assessed Valuation	2019 Percent of Total	2019-2020 Secondary Assessed Valuation	2020 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	\$ 264,311,726	89.31%	\$ 296,154,477	90.03%
2	Agricultural and Vacant	9,810,497	3.31%	10,023,204	3.05%
3	Residential (Owner occupied)	11,867,388	4.01%	12,291,734	3.74%
4	Residential (Rental)	8,174,588	2.76%	8,552,135	2.60%
5	Railroad	672,930	0.23%	694,534	0.21%
6	Non-commercials	1,121,300	0.38%	1,215,845	0.37%
Total		<u>\$ 295,958,429</u>	<u>100.00%</u>	<u>\$ 328,931,929</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office

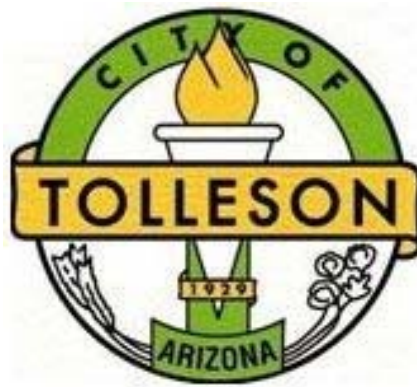
CITY OF TOLLESON, ARIZONA
Table 26
Secondary Valuations By Major Taxpayer
As of June 30, 2020
(Unaudited)

Taxpayers	Business	Estimated Secondary 2019-20 Assessed Valuation	Estimated as a Percent of the City's 2019-20 Net Secondary Assessed Valuation
CLNC NNN Alberts AZ LLC (Albertsons)	Grocery Retailer	\$ 11,111,162	4.93%
Smiths Food & Drugs	Grocery Retailer	9,955,193	4.42%
FR CAL 3 Tolleson Buckeye LLC	Industrial Property	9,753,454	4.33%
Prologis-Exchange Westside Business Park LLC	Industrial Property	7,512,983	3.34%
SVC Manufacturing INC	Food Manufacture	7,268,687	3.23%
CAM Investment 338 LLC	Industrial Property	5,297,858	2.35%
Greater Arizona Auto Auctions Inc.	Auto auctions	4,498,346	2.00%
AZEJM Land Holdings/Oxnard Commerceplex	Commercial Property	4,168,466	1.85%
Liberty Property LP	Real Estate	4,097,211	1.82%
CFP/TCC Tolleson Retail Parcel LLC	Commercial/Industrial Property	3,395,839	1.51%
Total		<u>\$ 67,059,199</u>	<u>29.78%</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, 2020, 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 December 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Tolleson, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Tolleson, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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, and therefore, material weaknesses or significant deficiencies 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Henry + Horne, LLP

Tempe, Arizona
December 16, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Tolleson, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Tolleson, Arizona's major federal programs for the year ended June 30, 2020. City of Tolleson, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tolleson, Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Tolleson, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Tolleson, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tolleson, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City of Tolleson, Arizona, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Tolleson, Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tolleson, Arizona's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Henry + Horne, LLP". The signature is written in a cursive, flowing style.

Tempe, Arizona
December 16, 2020

CITY OF TOLLESON, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through Area Agency on Aging			
Aging Cluster			
Special Programs for the Aging, Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044	2020-40-TOL	\$ 69,611
Special Programs for the Aging,			
Title III, Part C Nutrition Services	93.045	2020-40-TOL	41,545
Nutrition Services Incentive Program	93.053	2020-40-TOL	12,000
Social Services Block Grant	93.667	2020-40-TOL	29,151
Total Aging Cluster			<u>152,307</u>
Passed through Maricopa County			
Temporary Assistance for Needy Families	93.558	C-22-16-042-3-03	1,000
Low-Income Home Energy Assistance	93.568	C-22-16-042-3-03	5,684
Total U.S. Department of Health and Human Services			<u>158,991</u>
<u>U.S. Department of Transportation</u>			
Passed through State of Arizona Governor's Office of Highway Safety			
Highway Safety Cluster			
State and Community Highway Safety	20.600	2020-OP-019	6,923
National Priority Safety Programs	20.616	2019-405d-042	1,024
National Priority Safety Programs	20.616	2020-405d-043	18,053
Total Highway Safety Cluster			<u>26,000</u>
Total U.S. Department of Transportation			<u>26,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Arizona Department of Homeland Security			
Homeland Security Grant Program	97.067	EMW-2018-SS-00004-S01	1,235
Homeland Security Grant Program	97.067	EMW-2019-SS-00002-S01	1,857
Passed through Arizona Department of Emergency and Military Affairs			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	CV-067	90,198
Total U.S. Department of Homeland Security			<u>93,290</u>
<u>U.S. Department of Treasury</u>			
Passed through State of Arizona Governor's Office			
COVID-19 Coronavirus Relief Fund	21.019	ERMT-20-005	846,354 *
Total U.S. Department of Treasury			<u>846,354</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Maricopa County			
CDBG - Entitlement Grant Cluster			
Department of Human Services			
Community Development Block Grant	14.218	C-22-19-006-3-03	152,375
Total CDBG - Entitlement Grant Cluster			<u>152,375</u>
Total U.S. Department of Housing and Urban Development			<u>152,375</u>
Total Expenditures of Federal Awards			<u>\$ 1,277,010</u>

* Denotes major program

See accompanying notes to schedule of expenditures of federal awards.

CITY OF TOLLESON, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tolleson under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Tolleson, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Tolleson.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) The City of Tolleson has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

CITY OF TOLLESON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

____ yes X no

____ yes X none reported

Noncompliance material to financial statements noted?

____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

____ yes X no

____ yes X none reported

Type of auditors' report issued on compliance for each major program listed below

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

____ yes X no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

____ yes X no

CITY OF TOLLESON, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted



CITY OF TOLLESON

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City of Tolleson
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

The finding from the June 30, 2019 schedule of findings are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDING 2019-001

MATERIAL WEAKNESS: Financial Impact of a Developer Agreement

CONDITION/CONTEXT

Management reviews and evaluates agreements and contracts to determine the proper accounting treatment. However, the review and evaluation for a material developer agreement was not properly completed resulting in a material adjustment necessary to properly reflect the financial statements.

RECOMMENDATION

It was recommended that all assets being provided and sold to the City through developer agreements are formally accepted by City Council. We also recommended developer agreements exceeding a predetermined threshold are reviewed and signed as approved by the Chief Financial Officer of the City.

CURRENT STATUS

CORRECTED: Management has recorded all assets and liabilities as part of any developer agreements formally accepted by City Council. Management has also put a process in place to identify any assets and liabilities related to developer agreements.

Sincerely yours,

Victoria L. Juvet

Victoria L. Juvet
Chief Financial Officer
City of Tolleson

