

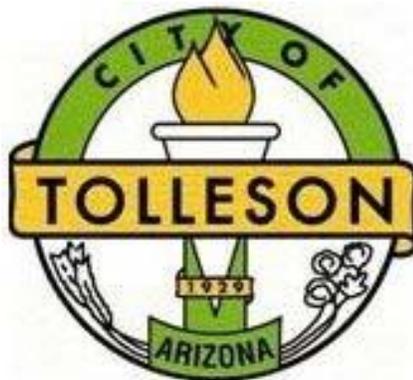


FY 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022



CITY OF TOLLESON, ARIZONA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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City of Tolleson, Arizona

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Introductory Section





CITY OF TOLLESON

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

November 1, 2022

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 Comprehensive Finance Report (ACFR) of the City of Tolleson, Arizona for the fiscal year ended June 30, 2022. This report was prepared by the Finance Department.

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, 2022, 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, 2022, 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

The long-run outlook calls for continued strong growth. The state of Arizona is forecast to generate job, income, and population gains at a much faster pace than the nation. Tolleson generates rapid gains well in excess of the nation and faster than the state average.

Revenues in the General Fund grew by approximately 23%. Sales tax revenue grew by 30%, which demonstrates the city has fully recovered from the COVID-19 pandemic. Expenditures in the General Fund increased by \$6,630,850 which is approximately 27%. 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 2022-2023 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, 2022, the City's governmental funds reported a combined fund balance of \$74,562,072 of which \$61,537,556 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 74% 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 economic outlook for fiscal year 2023 looks bright. Retail sales tax growth continues at sizeable year-over-year gains. Despite this positive news, there is still caution associated with inflation, tight labor markets, and supply chain limitations. The long-term outlook for Tolleson continues to be very strong with the expectation that Arizona will continue to outpace the nation in growth and income related metrics. The City will continue to facilitate economic growth through capital projects in the coming year, including the construction of a new Aquatics Center.

Accomplishments and Initiatives

During fiscal year 2022, the City had several significant accomplishments and initiatives.

In a joint collaborative effort Finance (Payroll) and Employee Resources migrated to a new full employment cycle HRIS platform in record time (45 days). The system not only calculates time and processes payroll, it tracks HR compliance, assists in managing performance, benefits and compensation activities.

The Community Action Program received a \$1,000,000 allocation for rental assistance and \$500,000 allocation for utility assistance (Partnership with Maricopa County).

The Housing Department completed seven housing rehabs which improved housing safety and health for 13 Tolleson residents. One residential demolition project was completed which eliminated hazard for neighbors. Thirty Tolleson households were helped with their application for Maricopa County's emergency repair program (roof repairs, windows, and ADA accessible bathrooms)

CDBG Funds were secured in the amount of \$400,000 to help ten more households with rehab projects in Tolleson.

The Senior Center received \$333,200 in ARPA funding for the following:

- 14 passenger bus acquired with funding
- 4 utility trucks acquired for food delivery to our seniors
- Electric pallet jack
- 150 microwaves for senior homes
- 150 blenders for senior homes
- 150 mini refrigerators for senior homes
- 500 gift cards for \$30.00 each were distributed to seniors last year. (Fry's, Food City, Aldi)
- \$15,000 to aid with food price increases.

The library received:

1. Through E-Rate (the Federal program that provides libraries funding for Internet Access and Internal Connections):
 - \$20,253 reimbursement for Internal Connections
 - \$17,766 reimbursement for Internet Connectivity
2. \$95,128 through the Emergency Connectivity Fund (ECF) for 180 Laptops and 61 Hotspots with data plans.
3. \$14,414 worth of STEM devices/equipment through the American Rescue Plan Act.
4. 30 Playaway "Launchpad" tablets with pre-loaded learning apps and games for children through a grant from the *Arizona Library Archives and Public Records*.

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 3, 2020, 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 described earlier, 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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the sixth 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 unflinching 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF TOLLESON, ARIZONA
PRINCIPAL OFFICIALS OF THE CITY
YEAR ENDED JUNE 30, 2022

MAYOR AND COUNCIL

Juan F. Rodriguez, Mayor

Clorinda Erives, Vice Mayor

Lupe Leyva Bandin, Councilmember

Jimmy Davis, Councilmember

Adolfo Gamez, Councilmember

Linda Laborin, Councilmember

Albert P. Mendoza, Councilmember



MANAGEMENT STAFF

Reyes Medrano, Jr., City Manager

DEPARTMENT HEADS

John Lamb, Magistrate

Wendy Jackson, Employee Resources Director

Crystal Zamora, City Clerk

Steve Holliday, Chief Technical Officer

Jamie McCracken, Field Operations Director

Rudy Mendoza, 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

John Paul Lopez, Parks and Recreation Center Director

Pilar C. Sinawi, Chief Government Affairs Chief Officer

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Tolleson's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Tolleson and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Other Matter

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 failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. 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's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tolleson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Tolleson's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tolleson's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tolleson's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the City of Tolleson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tolleson's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Tolleson's internal control over financial reporting and compliance.

Henry + Horne, LLP

Tempe, Arizona
November 1, 2022

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



**CITY OF TOLLESON, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

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, 2022. 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 \$205,224,976 (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 \$83,068,363.
- The City of Tolleson's total net position increased by \$33,448,780 primarily due to an increase in the general revenues received. The largest increase of \$10,507,121 came from sales tax.
- The governmental activities expenses of \$30,827,384 were lower than the prior year amount of \$32,678,913.
- The City had an unrealized loss on investment of \$1,301,260.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$61,537,556 or 199% 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 \$14,624,566 for the fiscal year ending June 30, 2022. Budgetary basis expenditures of the General fund were 71.9% (\$12,078,943 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, wastewater and 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 Tax Fund, and Capital Projects Fund, which are considered to be major funds. Data from three additional governmental funds is presented separately. Fund data for the non-major governmental fund 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. A budgetary comparison schedule has been provided for the General Fund and Public Safety Tax Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-37 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, wastewater and 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, Wastewater and 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 41-45 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 49-88 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 benefits to its employees and budgetary schedules for the General Fund and Public Safety Tax Fund. Required supplementary information can be found immediately after the notes to the financial statements on pages 91-102.

The combining statements referred to earlier in connection with Capital Projects Fund and non-major governmental funds budgetary comparisons are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 105-115 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 \$205,224,976 as of June 30, 2022 as shown in the following condensed statement of net position. The City has chosen to account for its water, wastewater and 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	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current and other assets	\$ 81,460,897	\$ 67,184,498	\$ 46,268,289	\$ 43,407,840	\$ 127,729,186	\$ 110,592,338
Capital assets	74,502,046	59,167,707	57,409,436	58,271,504	131,911,482	117,439,211
Total assets	<u>155,962,943</u>	<u>126,352,205</u>	<u>103,677,725</u>	<u>101,679,344</u>	<u>259,640,668</u>	<u>228,031,549</u>
Deferred outflows of resources	<u>6,379,320</u>	<u>7,360,482</u>	<u>862,789</u>	<u>875,024</u>	<u>7,242,109</u>	<u>8,235,506</u>
Long-term liabilities outstanding	32,324,912	42,553,794	13,162,213	15,503,225	45,487,125	58,057,019
Other liabilities	6,404,584	3,902,378	1,291,720	1,178,794	7,696,304	5,081,172
Total liabilities	<u>38,729,496</u>	<u>46,456,172</u>	<u>14,453,933</u>	<u>16,682,019</u>	<u>53,183,429</u>	<u>63,138,191</u>
Deferred inflows of resources	<u>7,371,061</u>	<u>1,289,056</u>	<u>1,103,311</u>	<u>63,612</u>	<u>8,474,372</u>	<u>1,352,668</u>
Net position:						
Net investment in capital assets	55,890,355	47,483,826	52,648,010	52,261,630	108,538,365	99,745,456
Restricted	13,016,513	9,331,450	601,735	579,374	13,618,248	9,910,824
Unrestricted	<u>47,334,838</u>	<u>29,152,183</u>	<u>35,733,525</u>	<u>32,967,733</u>	<u>83,068,363</u>	<u>62,119,916</u>
Total net position	<u>\$ 116,241,706</u>	<u>\$ 85,967,459</u>	<u>\$ 88,983,270</u>	<u>\$ 85,808,737</u>	<u>\$ 205,224,976</u>	<u>\$ 171,776,196</u>

Governmental Activities

Current and other assets increased in governmental activities by \$14.3 million. Deferred outflows of resources decreased by \$981K and deferred inflows of resources increased by \$6 million, both due to the effects of GASB 68. Other liabilities increased by \$5.3 million largely due to an increase in accounts payable.

By far, the largest portion of the City of Tolleson's net position, \$108,538,365, 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, \$13,618,248 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 \$83,068,363.

The City of Tolleson's overall net position increased by \$33,448,780 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	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,093,862	\$ 4,573,050	\$ 14,721,000	\$ 14,424,481	\$ 20,814,862	\$ 18,997,531
Operating grants and contributions	1,415,906	2,471,673	-	-	1,415,906	2,471,673
Capital grants and contributions	391,195	10,242	784,432	1,217,479	1,175,627	1,227,721
General revenues:						
Taxes	52,904,877	42,945,297	1,212,016	1,773,206	54,116,893	44,718,503
Urban revenue sharing	953,371	1,053,562	-	-	953,371	1,053,562
Other revenue/(expense)	(657,580)	111,971	(249,998)	53,972	(907,578)	165,943
Total revenues	61,101,631	51,165,795	16,467,450	17,469,138	77,569,081	68,634,933
Expenses:						
General government	8,249,937	8,802,055	-	-	8,249,937	8,802,055
Public safety	13,637,171	15,922,346	-	-	13,637,171	15,922,346
Highways and streets	2,379,025	2,520,959	-	-	2,379,025	2,520,959
Culture and recreation	3,783,474	3,085,615	-	-	3,783,474	3,085,615
Economic development	1,220,010	807,093	-	-	1,220,010	807,093
Health and welfare	941,668	805,115	-	-	941,668	805,115
Interest on long-term debt	616,099	735,730	-	-	616,099	735,730
Water	-	-	5,980,303	6,130,858	5,980,303	6,130,858
Wastewater and sewer	-	-	6,955,939	6,739,960	6,955,939	6,739,960
Sanitation	-	-	356,675	390,518	356,675	390,518
Total expenses	30,827,384	32,678,913	13,292,917	13,261,336	44,120,301	45,940,249
Change in net position	30,274,247	18,486,882	3,174,533	4,207,802	33,448,780	22,694,684
Net position, beginning	85,967,459	67,480,577	85,808,737	81,600,935	171,776,196	149,081,512
Ending net position	\$ 116,241,706	\$ 85,967,459	\$ 88,983,270	\$ 85,808,737	\$ 205,224,976	\$ 171,776,196

Governmental Activities

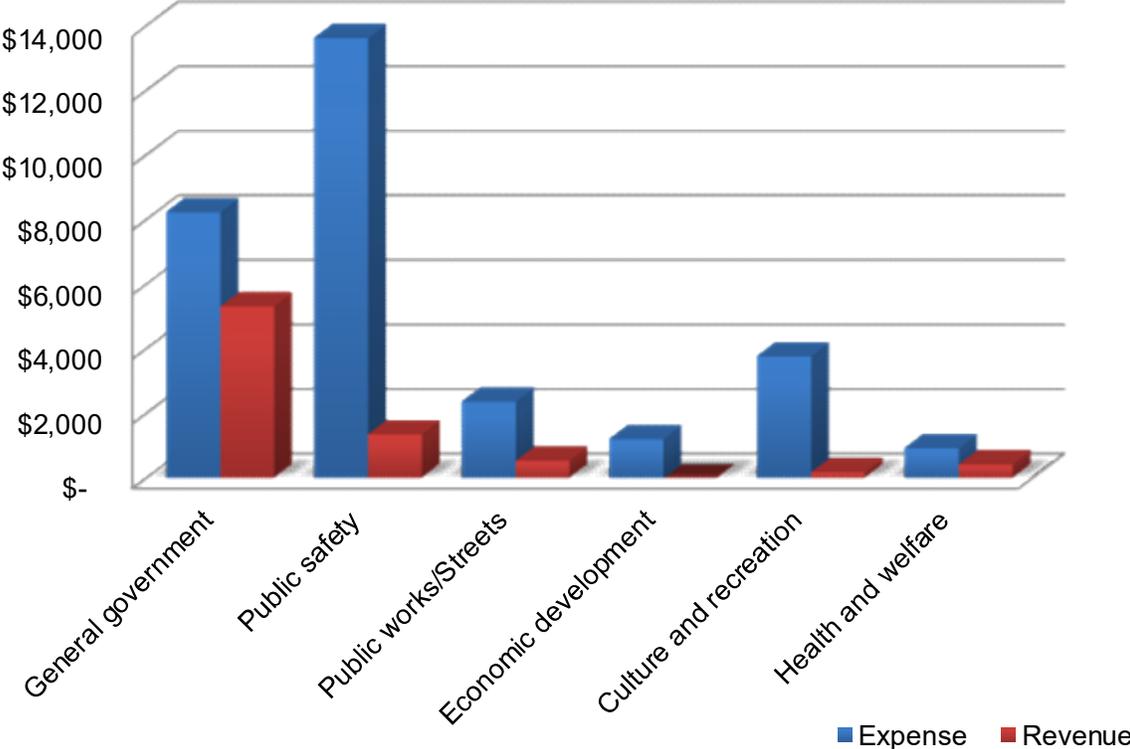
During the current fiscal year, net position for governmental activities increased \$30,274,247 from the prior fiscal year for an ending balance of \$116,241,706. The increase in the overall net position of governmental activities is primarily due to an increase in sales tax revenue and a decrease in public safety expenses.

Revenues increased \$9.9 million from the prior year mainly due to an increase in sales tax revenue and charges for services. The City had the largest increases in sales tax in the retail and construction sectors, with year-over-year increases of 29.2% and 195.7%, respectively. Charges for services increased due to the City receiving approximately \$2.5 million of ARPA funds in FY 2022.

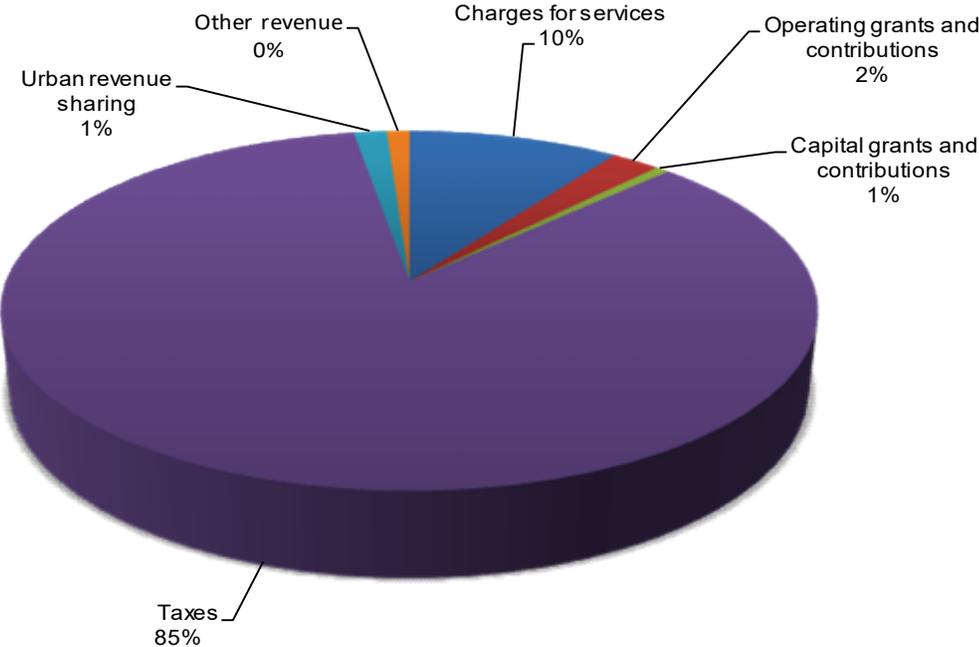
Expenses decreased from \$32.7 million in the prior year to \$30.8 million in the current year. Public safety decreased by \$2.3 million mainly due to a decrease in the City's net pension liability in FY 2022.

As shows 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 sales taxes, property taxes, and other general revenues to cover the costs associated with the various programs.

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

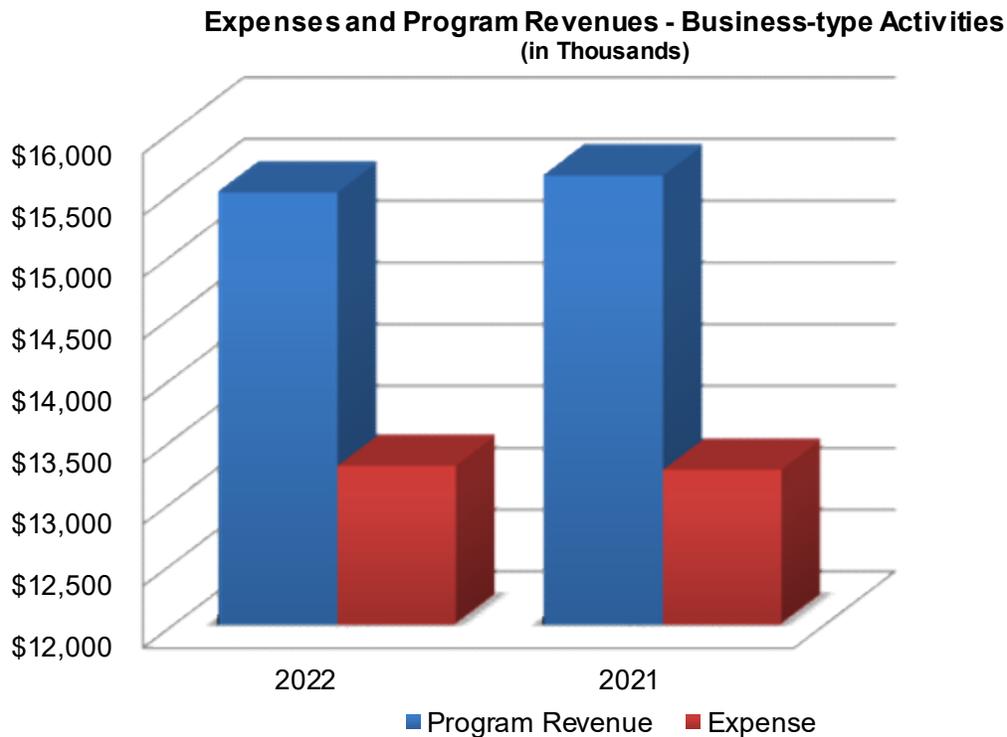


Revenue by Source - Governmental Activities



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 \$88,983,270. The change in net position for business-type activities (water, sewer and wastewater, sanitation and trash) decreased by \$1,033,269 from the prior fiscal year. This was due to a decrease in capital grants and contributions and property tax revenue.



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, 2022, the City of Tolleson's governmental funds reported combined fund balances of \$74,562,072, an increase of \$11,649,544 in comparison with the prior year. Of this amount, \$61,537,556 or 82.5% 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, \$8,003; or (2) restricted for particular purposes, \$13,016,513.

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 \$61,537,556, while total fund balance was \$62,036,357. 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 199% of total general fund expenditures, while total fund balance represents 201% of that same amount.

The fund balance of the City of Tolleson’s general fund increased by \$17,524,572 during the current fiscal year, with the increase primarily due to an increase in sales tax revenue.

The Public Safety Tax Fund had a \$4,324,523 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 had a \$10,074,230 decrease in fund balance as capital outlay expenditures for the City’s new Civic Center increased significantly in the current fiscal year.

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 \$15,584,855, the Wastewater and Sewer Fund was \$19,743,430, and the Sanitation and Trash Fund was \$405,240. The total growth in net position for each of the funds was \$1,796,663, \$1,280,915, and \$96,955, respectively. The charges for services decreased in the Water Fund, but increased in the Wastewater and Sewer and Sanitation and Trash Funds. Additionally, property taxes decreased in the both the Water Fund and the Wastewater and 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:

<u>Revenue source</u>	<u>Estimated revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Sales taxes	\$ 24,500,000	\$ 36,131,086	\$ 11,631,086
Charges for services	25,000	66,975	41,975

General Fund expenditures were less than budgeted appropriations by \$12,078,943. The five budget organizations with the largest variances include Fire Operations at \$765,921, Housing Services at \$561,158, Police Support Services at \$531,169, Human Services at \$416,111, and Fire Administration at \$319,934. All expenditure variances were 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, 2022, amounts to \$131,911,482 (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 increase in capital assets for the current fiscal year was 12.3%.

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,989,310	\$ 6,989,310	\$ 3,933,202	\$ 3,933,202	\$ 10,922,512	\$ 10,922,512
Construction in progress	18,414,140	1,780,443	125,243	-	18,539,383	1,780,443
Buildings	16,206,425	16,748,727	24,603,286	25,294,179	40,809,711	42,042,906
Furniture, Equipment, and vehicles	2,589,433	3,785,440	19,332,417	19,698,690	21,921,850	23,484,130
Improvements	30,302,741	29,863,787	9,415,288	9,345,433	39,718,029	39,209,220
Total	<u>\$ 74,502,049</u>	<u>\$ 59,167,707</u>	<u>\$ 57,409,436</u>	<u>\$ 58,271,504</u>	<u>\$ 131,911,485</u>	<u>\$ 117,439,211</u>

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

- Construction in progress of the City's new Civic Center totaling \$16,720,304
- Purchase a Bookmobile for the Library totaling \$188,311
- Replacement of the roof at the wastewater treatment plant totaling \$132,189

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

Debt Administration. At the end of the current fiscal year, the City of Tolleson had total bonded debt outstanding of \$21,070,000. Of this amount, \$17,340,000 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 compensated absences, a developer agreement payable, loans payable, and the City's pension liability.

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	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 12,028,518	\$ 13,513,122	\$ 3,576,482	\$ 4,241,878	\$ 15,605,000	\$ 17,755,000
General obligation bonds -refunding	1,388,000	1,548,000	347,000	387,000	1,735,000	1,935,000
Revenue bonds	-	-	-	-	-	-
Revenue bonds - refunding	3,730,000	4,185,000			3,730,000	4,185,000
Bond premiums	1,415,140	1,561,076	254,336	291,852	1,669,476	1,852,928
Loans payable	-	-	4,598,706	5,093,945	4,598,706	5,093,945
Total	<u>\$ 18,561,658</u>	<u>\$ 20,807,198</u>	<u>\$ 8,776,524</u>	<u>\$ 10,014,675</u>	<u>\$ 27,338,182</u>	<u>\$ 30,821,873</u>

The City of Tolleson’s total debt decreased by \$3,483,691 (11.3%) during the current fiscal year. This was due to the retirement of debt resulting from regularly scheduled debt payments.

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 2022-2023 fiscal year budget.

- The unemployment rate for the city of Tolleson is currently 2.90%, which is a decrease from a rate of 6.60% a year ago. Labor shortages continue to be an issue in all sectors of employment.
- The City anticipates that interest rates will steadily rise in the next year, while inflation will slightly decrease from the current level of approximately 8.5%.
- Increases are expected in wages, health insurance costs, pension costs, 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 during FY 2022 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.

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,493,621	\$ 28,322,022	\$ 77,815,643
Investments	25,045,934	9,864,466	34,910,400
Receivables (net of allowances)	6,512,452	3,464,968	9,977,420
Leases receivable	400,887	-	400,887
Restricted assets	-	4,616,833	4,616,833
Prepaid items	8,003	-	8,003
Capital assets:			
Not being depreciated/amortized	25,403,449	4,058,445	29,461,894
Being depreciated/amortized (net)	49,098,597	53,350,991	102,449,588
Total assets	<u>155,962,943</u>	<u>103,677,725</u>	<u>259,640,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>6,379,320</u>	<u>862,789</u>	<u>7,242,109</u>
LIABILITIES			
Accounts payable and other current liabilities	4,895,177	903,506	5,798,683
Accrued wages and benefits	636,680	133,312	769,992
Retainage payable	835,276	-	835,276
Deposits payable	3,338	171,750	175,088
Interest payable	-	75,971	75,971
Unearned revenue	34,113	7,181	41,294
Noncurrent liabilities:			
Due within one year:			
Compensated absences	538,094	271,331	809,425
Developer agreement payable	50,034	-	50,034
Loans payable	-	511,601	511,601
Bonds payable	2,201,376	738,624	2,940,000
Due in more than one year:			
Compensated absences	2,024,262	250,459	2,274,721
Loans payable	-	4,087,105	4,087,105
Bonds payable	16,360,281	3,439,194	19,799,475
Net pension liability	<u>11,150,865</u>	<u>3,863,899</u>	<u>15,014,764</u>
Total liabilities	<u>38,729,496</u>	<u>14,453,933</u>	<u>53,183,429</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	6,980,422	1,103,311	8,083,733
Deferred inflows of resources related to leases	390,639	-	390,639
Total deferred inflows of resources	<u>7,371,061</u>	<u>1,103,311</u>	<u>8,474,372</u>
NET POSITION			
Net investment in capital assets	55,890,355	52,648,010	108,538,365
Restricted for:			
General government	383,318	-	383,318
Public safety	10,615,557	-	10,615,557
Highways and streets	1,296,098	-	1,296,098
Debt service	500,282	528,467	1,028,749
Capital projects and other	-	73,268	73,268
Grants	221,258	-	221,258
Unrestricted	<u>47,334,838</u>	<u>35,733,525</u>	<u>83,068,363</u>
Total net position	<u>\$ 116,241,706</u>	<u>\$ 88,983,270</u>	<u>\$ 205,224,976</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 8,249,937	\$ 4,811,845	\$ 269,640	\$ 250,641
Public safety	13,637,171	1,253,789	97,277	22,708
Highways and streets	2,379,025	-	544,106	8,313
Culture and recreation	3,783,474	28,228	66,475	109,533
Economic development	1,220,010	-	-	-
Health and welfare	941,668	-	438,408	-
Interest on long-term debt	616,099	-	-	-
Total governmental activities	<u>30,827,384</u>	<u>6,093,862</u>	<u>1,415,906</u>	<u>391,195</u>
Business-type activities				
Water	5,980,303	7,097,130	-	-
Wastewater and Sewer	6,955,939	7,171,037	-	784,432
Sanitation and Trash	356,675	452,833	-	-
Total business-type activities	<u>13,292,917</u>	<u>14,721,000</u>	<u>-</u>	<u>784,432</u>
Total primary government	<u>\$ 44,120,301</u>	<u>\$ 20,814,862</u>	<u>\$ 1,415,906</u>	<u>\$ 1,175,627</u>

General revenues
Taxes:
 Sales tax
 Property tax
 Auto lieu tax
 Franchise tax
State revenue sharing
Urban revenue sharing (unrestricted)
Unrestricted investment earnings
 Interest income
 Change in the fair value of investments
Gain on sale of capital assets
Miscellaneous

Total general revenues

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
\$ (2,917,811)	\$ -	\$ (2,917,811)
(12,263,397)	-	(12,263,397)
(1,826,606)	-	(1,826,606)
(3,579,238)	-	(3,579,238)
(1,220,010)	-	(1,220,010)
(503,260)	-	(503,260)
(616,099)	-	(616,099)
<u>(22,926,421)</u>	<u>-</u>	<u>(22,926,421)</u>
-	1,116,827	1,116,827
-	999,530	999,530
-	96,158	96,158
<u>-</u>	<u>2,212,515</u>	<u>2,212,515</u>
<u>(22,926,421)</u>	<u>2,212,515</u>	<u>(20,713,906)</u>
44,587,118	-	44,587,118
6,699,035	1,212,016	7,911,051
544,683	-	544,683
53,575	-	53,575
1,020,466	-	1,020,466
953,371	-	953,371
208,816	133,732	342,548
(917,530)	(383,730)	(1,301,260)
30,568	-	30,568
20,566	-	20,566
<u>53,200,668</u>	<u>962,018</u>	<u>54,162,686</u>
30,274,247	3,174,533	33,448,780
<u>85,967,459</u>	<u>85,808,737</u>	<u>171,776,196</u>
<u>\$ 116,241,706</u>	<u>\$ 88,983,270</u>	<u>\$ 205,224,976</u>

See accompanying notes



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.

NON - MAJOR FUNDS

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





CITY OF TOLLESON, ARIZONA
BALANCE SHEET
June 30, 2022

ASSETS	General	Public Safety Tax	Capital Projects
Cash and cash equivalents	\$ 37,725,525	\$ 9,850,369	\$ -
Investments	25,045,934	-	-
Receivables, net:			
Accounts receivable	1,523,958	-	-
Interest receivable	32,484	-	-
Taxes receivable	62,099	696,286	-
Intergovernmental receivable	3,868,024	-	-
Leases receivable	400,887	-	-
Due from other funds	62,000	-	-
Prepays	8,003	-	-
	<u>68,728,914</u>	<u>10,546,655</u>	<u>-</u>
Total assets	<u>\$ 68,728,914</u>	<u>\$ 10,546,655</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 4,796,432	\$ 38,578	\$ -
Accrued wages and benefits	629,344	-	-
Retainage payable	835,276	-	-
Due to other funds	-	-	-
Deposit payable	3,338	-	-
Unearned revenue	-	-	-
	<u>6,264,390</u>	<u>38,578</u>	<u>-</u>
Total liabilities	<u>6,264,390</u>	<u>38,578</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	37,528	-	-
Deferred inflows of resources related to leases	390,639	-	-
	<u>428,167</u>	<u>-</u>	<u>-</u>
Total deferred inflow of resources	<u>428,167</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	8,003	-	-
Restricted			
General government	383,318	-	-
Public safety	107,480	10,508,077	-
Highways and streets	-	-	-
Debt service	-	-	-
Grants	-	-	-
Unassigned	61,537,556	-	-
	<u>62,036,357</u>	<u>10,508,077</u>	<u>-</u>
Total fund balances	<u>62,036,357</u>	<u>10,508,077</u>	<u>-</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 68,728,914</u>	<u>\$ 10,546,655</u>	<u>\$ -</u>

See accompanying notes

Non-Major Governmental Funds	Total Governmental Funds
\$ 1,917,727	\$ 49,493,621
-	25,045,934
-	1,523,958
-	32,484
32,752	791,137
296,849	4,164,873
-	400,887
-	62,000
-	8,003
<u>\$ 2,247,328</u>	<u>\$ 81,522,897</u>
\$ 60,167	\$ 4,895,177
7,336	636,680
-	835,276
62,000	62,000
-	3,338
34,113	34,113
<u>163,616</u>	<u>6,466,584</u>
66,074	103,602
-	390,639
<u>66,074</u>	<u>494,241</u>
-	8,003
-	383,318
-	10,615,557
1,296,098	1,296,098
500,282	500,282
221,258	221,258
-	61,537,556
<u>2,017,638</u>	<u>74,562,072</u>
<u>\$ 2,247,328</u>	<u>\$ 81,522,897</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2022

Total governmental funds balances		\$ 74,562,072
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	\$ 127,046,501	
Accumulated depreciation	<u>(52,544,455)</u>	74,502,046
Some revenues are unavailable in the governmental fund financial statements but recognized when earned in the statement of activities		
		103,602
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	(11,150,865)	
Developer agreement payable	(50,034)	
Bonds payable	(18,561,657)	
Compensated absences	<u>(2,562,356)</u>	(32,324,912)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,379,320	
Deferred inflows of resources related to pensions	<u>(6,980,422)</u>	(601,102)
Total net position of governmental activities		<u>\$ 116,241,706</u>



CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2022

REVENUES	General	Public Safety Tax	Capital Projects
Taxes:			
Sales taxes	\$ 36,131,086	\$ 7,979,848	\$ -
Property taxes	5,106,339	-	-
Franchise taxes	53,575	-	-
Intergovernmental revenues	1,992,104	-	-
Fines and forfeitures	197,352	-	-
Licenses and permits	881,248	-	-
Charges for services	4,983,128	166,496	-
Rents and royalties	69,707	-	-
Contributions and donations	66,975	-	-
Investment earnings			
Interest income	186,010	18,528	1,327
Change in the fair value of investments	(917,530)	-	-
Total revenues	<u>48,749,994</u>	<u>8,164,872</u>	<u>1,327</u>
EXPENDITURES			
Current:			
General government	7,672,146	-	-
Public safety	9,675,640	3,556,171	-
Highways and streets	1,105,373	-	-
Culture and recreation	3,317,280	-	-
Economic development	1,514,864	-	-
Health and welfare	-	-	-
Capital outlay	7,609,539	284,178	10,075,557
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	<u>30,894,842</u>	<u>3,840,349</u>	<u>10,075,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,855,152</u>	<u>4,324,523</u>	<u>(10,074,230)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	30,568	-	-
Transfers in	-	-	-
Transfers out	(361,148)	-	-
Total other financing sources and (uses)	<u>(330,580)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,524,572	4,324,523	(10,074,230)
Fund balances - beginning of year	<u>44,511,785</u>	<u>6,183,554</u>	<u>10,074,230</u>
Fund balances - end of year	<u>\$ 62,036,357</u>	<u>\$ 10,508,077</u>	<u>\$ -</u>

Non-Major Governmental Funds	Total Governmental Funds
\$ 476,184	\$ 44,587,118
1,864,167	6,970,506
-	53,575
2,056,992	4,049,096
-	197,352
-	881,248
-	5,149,624
-	69,707
-	66,975
2,951	208,816
-	(917,530)
<u>4,400,294</u>	<u>61,316,487</u>
-	7,672,146
396,040	13,627,851
384,482	1,489,855
14,414	3,331,694
-	1,514,864
940,237	940,237
289,951	18,259,225
2,099,604	2,099,604
762,035	762,035
<u>4,886,763</u>	<u>49,697,511</u>
<u>(486,469)</u>	<u>11,618,976</u>
-	30,568
361,148	361,148
-	(361,148)
<u>361,148</u>	<u>30,568</u>
(125,321)	11,649,544
<u>2,142,959</u>	<u>62,912,528</u>
<u>\$ 2,017,638</u>	<u>\$ 74,562,072</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, 2022

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

Net change in fund balances - total governmental funds		\$ 11,649,544
<p>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.</p>		
Capital outlay	\$ 18,337,604	
Depreciation expense	<u>(3,003,265)</u>	15,334,339
<p>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.</p>		
Amortization of bond premiums and discounts - net		145,936
<p>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.</p>		
City pension contributions	2,935,968	
City proportionate share of State's appropriation to EORP	20,566	
Pension expense	<u>(1,867,666)</u>	1,088,868
<p>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.</p>		
Bond principal repaid	2,099,604	
Developer agreement principal repaid	<u>416,339</u>	2,515,943
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(265,990)
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(194,393)</u>
Change in net position of governmental activities		<u><u>\$ 30,274,247</u></u>



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, 2022

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 11,545,646	\$ 16,092,891	\$ 683,485	\$ 28,322,022
Cash with paying agent				
Investments	4,791,813	5,072,653	-	9,864,466
Receivables (net of allowance):				
Accounts receivable	1,103,372	2,211,092	58,603	3,373,067
Interest receivable	10,406	4,813	-	15,219
Taxes receivable	71,348	5,334	-	76,682
Restricted assets	4,015,098	601,735	-	4,616,833
Total current assets	<u>21,537,683</u>	<u>23,988,518</u>	<u>742,088</u>	<u>46,268,289</u>
Noncurrent assets				
Capital assets:				
Not being depreciated/amortized	1,126,798	2,931,647	-	4,058,445
Being depreciated/amortized, net	7,894,446	45,456,545	-	53,350,991
Total noncurrent assets	<u>9,021,244</u>	<u>48,388,192</u>	<u>-</u>	<u>57,409,436</u>
Total assets	<u>30,558,927</u>	<u>72,376,710</u>	<u>742,088</u>	<u>103,677,725</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>259,811</u>	<u>555,967</u>	<u>47,011</u>	<u>862,789</u>
LIABILITIES				
Current liabilities				
Accounts payable	377,197	464,694	2,288	844,179
Accrued wages and benefits	41,913	90,114	1,285	133,312
Interest payable	-	75,971	-	75,971
Intergovernmental payable	59,327	-	-	59,327
Customer deposits payable	171,750	-	-	171,750
Unearned revenue	3,800	3,381	-	7,181
Compensated absences	67,311	204,020	-	271,331
Loans payable - current portion	-	511,601	-	511,601
Bonds payable - current portion	695,624	43,000	-	738,624
Total current liabilities	<u>1,416,922</u>	<u>1,392,781</u>	<u>3,573</u>	<u>2,813,276</u>
Noncurrent liabilities				
Compensated absences, net of current portion	62,133	188,326	-	250,459
Loans payable, net of current portion	-	4,087,105	-	4,087,105
Bonds payable, net of current portion	3,103,935	335,259	-	3,439,194
Net pension liability	1,043,138	2,484,544	336,217	3,863,899
Total noncurrent liabilities	<u>4,209,206</u>	<u>7,095,234</u>	<u>336,217</u>	<u>11,640,657</u>
Total liabilities	<u>5,626,128</u>	<u>8,488,015</u>	<u>339,790</u>	<u>14,453,933</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>370,972</u>	<u>688,270</u>	<u>44,069</u>	<u>1,103,311</u>
NET POSITION				
Net investment in capital assets	9,236,783	43,411,227	-	52,648,010
Restricted for debt service	-	528,467	-	528,467
Restricted for capital projects	-	73,268	-	73,268
Unrestricted	15,584,855	19,743,430	405,240	35,733,525
Total net position	<u>\$ 24,821,638</u>	<u>\$ 63,756,392</u>	<u>\$ 405,240</u>	<u>\$ 88,983,270</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Sanitation and Trash	Total
Operating revenues				
Charges for services	\$ 7,097,130	\$ 7,171,037	\$ 452,833	\$ 14,721,000
Operating expenses				
Salaries, wages and benefits	1,376,875	2,684,298	48,434	4,109,607
Contractual services, materials and supplies	4,009,626	2,222,877	308,241	6,540,744
Depreciation	493,451	1,890,512	-	2,383,963
Total operating expenses	5,879,952	6,797,687	356,675	13,034,314
Operating income (loss)	1,217,178	373,350	96,158	1,686,686
Non-operating Revenues (Expenses)				
Property taxes	799,808	412,208	-	1,212,016
Interest income	66,462	66,473	797	133,732
Change in the fair value of investments	(186,434)	(197,296)	-	(383,730)
Interest expense	(100,351)	(158,252)	-	(258,603)
Total nonoperating revenue (expense)	579,485	123,133	797	703,415
Income (loss) before capital contributions	1,796,663	496,483	96,955	2,390,101
Capital contributions	-	784,432	-	784,432
Change in net position	1,796,663	1,280,915	96,955	3,174,533
Net position, beginning of year	23,024,975	62,475,477	308,285	85,808,737
Total net position-end of year	\$ 24,821,638	\$ 63,756,392	\$ 405,240	\$ 88,983,270



CITY OF TOLLESON, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	<u>Business-type Activities-Enterprise Funds</u>			
	<u>Water</u>	<u>Wastewater and Sewer</u>	<u>Sanitation and Trash</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers, service fees	\$ 7,149,981	\$ 7,402,458	\$ 461,212	\$ 15,013,651
Payments for employee wages and benefits	(1,407,401)	(2,802,206)	(50,075)	(4,259,682)
Payments to suppliers	(3,997,071)	(2,018,286)	(306,107)	(6,321,464)
Net cash provided by (used for) operating activities	<u>1,745,509</u>	<u>2,581,966</u>	<u>105,030</u>	<u>4,432,505</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from property taxes	<u>809,518</u>	<u>420,219</u>	<u>-</u>	<u>1,229,737</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(198,435)	(1,323,460)	-	(1,521,895)
Capital contributions	-	784,432	-	784,432
Principal paid on long term debt	(665,396)	(535,239)	-	(1,200,635)
Interest paid on long-term debt	(133,401)	(170,900)	-	(304,301)
Net cash provided by (used for) capital and related financing activities	<u>(997,232)</u>	<u>(1,245,167)</u>	<u>-</u>	<u>(2,242,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	67,638	67,718	797	136,153
Purchase of investments	(32,509)	(34,403)	-	(66,912)
Net cash provided by (used for) investing activities	<u>35,129</u>	<u>33,315</u>	<u>797</u>	<u>69,241</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,592,924</u>	<u>1,790,333</u>	<u>105,827</u>	<u>3,489,084</u>
Cash and cash equivalents at beginning of year *	<u>13,967,820</u>	<u>14,904,293</u>	<u>577,658</u>	<u>29,449,771</u>
Cash and cash equivalents at end of year	<u>\$ 15,560,744</u>	<u>\$ 16,694,626</u>	<u>\$ 683,485</u>	<u>\$ 32,938,855</u>

* Reclassified

	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)	\$ 1,217,178	\$ 373,350	\$ 96,158	\$ 1,686,686
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	493,451	1,890,512	-	2,383,963
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	48,697	234,599	8,379	291,675
Deferred outflows of resources related to pensions	12,368	(313)	180	12,235
Increase/(decrease) in:				
Accounts payable	13,165	204,591	2,134	219,890
Accrued wages and benefits	(35,031)	(62,835)	(1,282)	(99,148)
Accrued liabilities	(610)	-	-	(610)
Customer deposits	6,531	-	-	6,531
Unearned revenue	(2,377)	(3,178)	-	(5,555)
Compensated absences	8,699	(25,444)	-	(16,745)
Net pension liability	(387,534)	(685,981)	(12,601)	(1,086,116)
Deferred inflows of resources related to pensions	370,972	656,665	12,062	1,039,699
Net cash provided by (used for) operating activities:	<u>\$ 1,745,509</u>	<u>\$ 2,581,966</u>	<u>\$ 105,030</u>	<u>\$ 4,432,505</u>
Noncash investing, capital, and financing activities:				
Change in the fair value of investments	\$ 186,434	\$ 197,296	\$ -	\$ 383,730
Reconciliation of cash, cash equivalents, and investments to the statement of net position				
Cash and cash equivalents	\$ 11,545,646	\$ 16,092,891	\$ 683,485	\$ 28,322,022
Restricted assets	4,015,098	601,735	-	4,616,833
Total cash, cash equivalents, and investments	<u>\$ 15,560,744</u>	<u>\$ 16,694,626</u>	<u>\$ 683,485</u>	<u>\$ 32,938,855</u>



Financial Section

NOTES TO THE FINANCIAL STATEMENTS



CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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.

There are no discretely presented component units and no blended component units.

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, 2022

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 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, 2022

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, 2022

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, 2022, 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, 2022

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), including those that are leased by the City, 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. Land, construction in progress, and water rights are not depreciated/amortized. The other property, plant, and equipment are depreciated/amortized 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

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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, 2022 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Leases

Lessee: As lessee, the City recognizes lease liabilities with an initial, individual value of \$50,000 or more. The City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into by the City.

Lessor: As lessor, the City recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The City's estimated incremental borrowing rate is calculated as described above.

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

M. 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.

N. Fund Balance Flow Assumptions

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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.

P. 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.

Q. Property taxes

Property taxes are levied by the City and collected by the Maricopa County Treasurer. Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Maricopa County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments on October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date. The County also levies various personal property taxes during the year. A lien against property assessed attaches on the first day of January preceding the assessment and levy.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. 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.

T. 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.

U. Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information 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, 2022, if any.

V. Change in Accounting Principle

For the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the City's financial statements have been modified to reflect the recognition of certain lease assets for leases that were previously classified as rental income and recognized as inflows of resources based on the contract payment provisions. The City's current lessee obligations are insignificant to the financial statements and have not been further disclosed.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the City's cash and investments at June 30, 2022:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 49,493,621	\$ 28,322,022	\$ 77,815,643
Investments	25,045,934	9,864,466	34,910,400
Restricted assets	-	4,616,833	4,616,833
 Total	 <u>\$ 74,539,555</u>	 <u>\$ 42,803,321</u>	 <u>\$ 117,342,876</u>

Deposits

Cash in bank - At June 30, 2022, the City had \$5,000 of cash on hand. The carrying amount of the City's cash in bank totaled \$12,191,287 and the bank balance was \$12,839,607. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$12,589,607 was covered by collateral held in the pledging bank's trust department not in the City's name.

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 AA Af/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, 2022, the City's funds invested with the State Treasurer totaled \$70,236,189.

Restricted assets - At June 30, 2022, the City had restricted cash and cash equivalents of \$4,616,833 which was restricted for debt payments and capital projects.

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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:

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	\$ 24,668,515	\$ -	\$ 10,420,823	\$ 14,247,691	\$ -
International Bank of Recon	338,633	97,891	240,742	-	-
Inter-American Development Bank Note	345,063	-	-	345,063	-
Asian Development Bank Note	1,329,737	-	1,021,704	308,032	-
Arizona State Highway Revenue Refunding Bond	222,343	-	222,343	-	-
Scottsdale, AZ Taxable GO Bonds	243,685	-	243,685	-	-
Federal Agency Collateralized Mortgage Obligations	1,827,558	563,961	488,543	775,054	-
Federal Agency Notes	5,669,670	2,042,894	3,626,776	-	-
PFM Government Money Market Fund	265,195	265,195	-	-	-
State Investment Pool (LGIP)	70,236,189	70,236,189	-	-	-
	<u>\$ 105,146,588</u>	<u>\$ 73,206,131</u>	<u>\$ 16,264,615</u>	<u>\$ 15,675,841</u>	<u>\$ -</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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.

<u>Investment Type</u>	<u>Amount</u>	<u>Rating Agency</u>	<u>Rating</u>
U.S. Treasury Notes	\$ 24,668,515	Moody's	Aaa
International Bank of Recon	338,633	Moody's	Aaa
Inter-American Development Bank Note	345,063	Moody's	Aaa
Asian Development Bank Note	1,329,737	Moody's	Aaa
Arizona State Highway Revenue Refunding Bond	222,343	Moody's	Aa1
Scottsdale, AZ Taxable GO Bonds	243,685	Moody's	Aaa
Federal Agency Collateralized Mortgage Obligations	1,827,558	Moody's	Aaa
Federal Agency Notes	5,669,670	Moody's	Aaa
PFM Government Money Market Fund	265,196		Unrated
State Investment Pool (LGIP)	70,236,189	Standard and Poors	AAAf/S1+
	<u>\$ 105,146,589</u>		

Concentration of Credit Risk

At June 30, 2022, the City's investments are included as follows:

<u>Issuer</u>	<u>Reported Amount</u>	<u>Concentration</u>
U.S. Treasury Notes	\$ 24,668,515	23.5%
International Bank of Recon	338,633	0.3%
Inter-American Development Bank Note	345,063	0.3%
Asian Development Bank Note	1,329,737	1.3%
Arizona State Highway Revenue Refunding Bond	222,343	0.2%
Scottsdale, AZ Taxable GO Bonds	243,685	0.2%
Federal Agency Collateralized Mortgage Obligations	1,827,558	1.7%
Federal Agency Notes	5,669,670	5.4%
PFM Government Money Market Fund	265,196	0.3%
State Investment Pool (LGIP)	70,236,189	66.8%
	<u>\$ 105,146,589</u>	<u>100%</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022:

Investments By Fair Value Level	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 24,668,515	\$ -	\$ 24,668,515	\$ -
International Bank of Recon	338,633	-	338,633	-
Inter-American Development Bank Note	345,063	-	345,063	-
Asian Development Bank Note	1,329,737	-	1,329,737	-
Arizona State Highway Revenue Refunding Bond	222,343	-	222,343	-
Scottsdale, AZ Taxable GO Bonds	243,685	-	243,685	-
Federal Agency Collateralized Mortgage Obligations	1,827,558	-	1,827,558	-
Federal Agency Notes	5,669,670	-	5,669,670	-
Total Investments by Fair Value Level	\$ 34,645,204	\$ -	\$ 34,645,204	\$ -
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	\$ 70,236,189			
Total Investments Measured at Fair Value	104,881,393			
Investments Measured at Amortized Costs				
PFM Government Money Market Fund	265,196			
Total Investments	\$ 105,146,589			

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, 2022

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	Non-Major Gov. Funds	Total Gov. Funds
Receivables:				
Accounts receivable	\$ 1,523,958	\$ -	\$ -	\$ 1,523,958
Interest receivable	32,484	-	-	32,484
Taxes receivable	62,099	696,286	32,752	791,137
Intergovernmental receivable	3,868,024	-	296,849	4,164,873
Leases receivable	400,887	-	-	400,887
	<u>\$ 5,887,452</u>	<u>\$ 696,286</u>	<u>\$ 329,601</u>	<u>\$ 6,913,339</u>

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

	Water Fund	Wastewater and Sewer Fund	Sanitation and Trash Fund	Total Enterprise
Receivables:				
Accounts receivable	\$ 1,150,242	\$ 2,221,332	\$ 62,447	\$ 3,434,021
Interest receivable	10,406	4,813	-	15,219
Taxes receivable	71,348	5,334	-	76,682
Total receivables	1,231,996	2,231,479	62,447	3,525,922
Less: Allowance for doubtful accounts	(46,870)	(10,240)	(3,844)	(60,954)
Net Receivables	<u>\$ 1,185,126</u>	<u>\$ 2,221,239</u>	<u>\$ 58,603</u>	<u>\$ 3,464,968</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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	\$ 6,989,310	\$ -	\$ -	\$ 6,989,310
Construction in progress	1,780,443	16,734,736	(101,040)	18,414,139
Total capital assets not being depreciated	8,769,753	16,734,736	(101,040)	25,403,449
Capital assets, being depreciated:				
Buildings	23,637,739	82,110	-	23,719,849
Furniture, equipment, and vehicles	16,210,979	5,731	(152,427)	16,064,283
Improvements	60,242,853	1,616,067	-	61,858,920
Total capital assets being depreciated	100,091,571	1,703,908	(152,427)	101,643,052
Less accumulated depreciation for:				
Buildings	(6,889,012)	(624,414)	-	(7,513,426)
Furniture, equipment, and vehicles	(12,425,539)	(1,201,738)	152,427	(13,474,850)
Improvements	(30,379,066)	(1,177,113)	-	(31,556,179)
Total accumulated depreciation	(49,693,617)	(3,003,265)	152,427	(52,544,455)
Total capital assets, being depreciated, net	50,397,954	(1,299,357)	-	49,098,597
Governmental activities capital assets, net	<u>\$ 59,167,707</u>	<u>\$ 15,435,379</u>	<u>\$ (101,040)</u>	<u>\$ 74,502,046</u>

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

Governmental activities:	
General government	\$ 412,189
Public safety	1,078,265
Highways and streets	967,774
Culture and recreation	362,672
Economic development	143,951
Health and welfare	38,414
Total depreciation expense	<u>\$ 3,003,265</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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	-	125,243	-	125,243
Total capital assets not being depreciated	3,933,202	125,243	-	4,058,445
Capital assets, being depreciated:				
Buildings	42,489,756	132,819	-	42,622,575
Improvements other than buildings	17,726,490	429,652	-	18,156,142
Machinery and equipment	44,493,220	834,181	-	45,327,401
Vehicles	1,852,636	-	-	1,852,636
Total capital assets being depreciated	106,562,102	1,396,652	-	107,958,754
Less accumulated depreciation for:				
Buildings	(17,195,577)	(823,712)	-	(18,019,289)
Improvements other than buildings	(8,381,057)	(359,798)	-	(8,740,855)
Machinery and equipment	(25,295,906)	(1,117,192)	-	(26,413,098)
Vehicles	(1,351,260)	(83,261)	-	(1,434,521)
Total accumulated depreciation	(52,223,800)	(2,383,963)	-	(54,607,763)
Total capital assets, being depreciated, net	54,338,302	(987,311)	-	53,350,991
Business-Type activities capital assets, net	\$ 58,271,504	\$ (862,068)	\$ -	\$ 57,409,436

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

Business-type activities	
Wastewater & sewer	\$ 1,890,512
Water	493,451
Sanitation & trash	-
Total depreciation expense	\$ 2,383,963

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 5 LEASES

As of June 30, 2022, the City is reporting Leases Receivable of \$400,887 and Deferred Inflows Related to Leases of \$390,639. For the fiscal year 2022, the City reported lease revenue of \$74,322 and interest revenue of \$13,920, related to lease payments received. From time to time the City's lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. The City recognized an insignificant amount of revenue related to these variable lease payments and they have not been further disclosed or included in the measurement of the City's lease receivables. The City's leases are summarized as follows:

Lease	Lease Receivable	Deferred Inflows Related to Leases	Lease Revenue	Lease Interest Revenue
Maskadores Building Lease	\$ 52,381	\$ 49,895	\$ 31,513	\$ 2,191
Verizon	298,568	292,246	16,395	9,727
American Tower	49,938	48,498	26,414	2,002
Totals	<u>\$ 400,887</u>	<u>\$ 390,639</u>	<u>\$ 74,322</u>	<u>\$ 13,920</u>

In accordance with the provisions of GASB No. 87, each lease was retroactively measured as of July 1, 2021 at an interest rate of 3.5%, the City's incremental borrowing rate used for lease measurements. Below are the details of each lease.

Maskadores Building Lease - On February 1, 2019, the City entered into a five year lease as Lessor for the use of a building. The lessee has one extension option for an additional five years and the City is reasonably certain that the lessee will renew the lease. The lessee is required to make monthly fixed payments of \$2,838. The lease has an interest rate of 3.5%. Based on this agreement, the City is receiving payments through 2024.

Verizon Lease - On April 28, 2015, the City entered into a five year lease as Lessor for the use of land for a wireless tower. The lessee has three extension options, each for five years and the City is reasonably certain that the lessee will renew the lease for each additional term. The lessee is required to make monthly fixed payments of \$1,650. The lease has an interest rate of 3.5%. Based on this agreement, the City is receiving payments through 2040.

American Tower Lease - In of December 1980, the City entered into a five year lease as Lessor for the use of land for a wireless tower. The lessee has eight extension options, each for five years and the City is reasonably certain that the lessee will renew the lease for each additional term. The lessee is required to make monthly fixed payments of \$2,248. The lease has an interest rate of 3.5%. Based on this agreement, the City is receiving payments through 2024.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 5 LEASES (Continued)

Future payments due to the City are as follows for the years ending June 30:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 67,883	\$ 12,949	\$ 80,832
2024	53,776	10,618	64,394
2025	10,189	9,611	19,800
2026	10,552	9,248	19,800
2027	12,939	8,841	21,780
2028 - 2032	74,149	36,929	111,078
2033 - 2037	100,410	21,775	122,185
2038 - 2041	70,989	3,681	74,670
Total	\$ 400,887	\$ 113,652	\$ 514,539

NOTE 6 UNAVAILABLE REVENUE AND UNEARNED REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenue	Unearned Revenue
General Fund:		
Taxes receivable	\$ 37,528	\$ -
Non-Major Funds:		
Taxes receivable	20,757	-
Unspent grant funds	-	34,113
Grants receivable	45,317	-
Total	\$ 103,602	\$ 34,113

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 7 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Balance 6/30/21	Additions	Retirements	Balance 6/30/22	Due Within One Year
Governmental Activities:					
Bonds payable					
Public - General obligation bonds	\$ 13,513,122	\$ -	\$ (1,484,604)	\$ 12,028,518	\$ 1,554,376
Public - General obligation bonds - refunding	1,548,000	-	(160,000)	1,388,000	172,000
Public - Revenue bonds - refunding	4,185,000	-	(455,000)	3,730,000	475,000
Bond premiums	1,561,076	-	(145,935)	1,415,141	-
Total bonds payable	<u>20,807,198</u>	<u>-</u>	<u>(2,245,539)</u>	<u>18,561,659</u>	<u>2,201,376</u>
Compensated absences	2,367,963	1,337,857	(1,143,464)	2,562,356	538,094
Developer agreement payable	466,373	-	(416,339)	50,034	50,034
Net pension liability	18,912,261	-	(7,761,396)	11,150,865	-
Total other long term debt	<u>21,746,597</u>	<u>1,337,857</u>	<u>(9,321,199)</u>	<u>13,763,255</u>	<u>588,128</u>
Total Governmental Activities	<u>\$ 42,553,795</u>	<u>\$ 1,337,857</u>	<u>\$ (11,566,738)</u>	<u>\$ 32,324,914</u>	<u>\$ 2,789,504</u>
Business-type Activities:					
Bonds payable					
Public - General obligation bonds	\$ 4,241,878	\$ -	\$ (665,396)	\$ 3,576,482	\$ 695,624
Public - General obligation bonds - refunding	387,000	-	(40,000)	347,000	43,000
Bond premiums	291,852	-	(37,514)	254,338	-
Total bonds payable	<u>4,920,730</u>	<u>-</u>	<u>(742,910)</u>	<u>4,177,820</u>	<u>738,624</u>
Loans payable	5,093,945	-	(495,239)	4,598,706	511,601
Compensated absences	538,535	195,308	(212,053)	521,790	271,331
Net pension liability	4,950,015	-	(1,086,116)	3,863,899	-
Total other long term debt	<u>10,582,495</u>	<u>195,308</u>	<u>(1,793,408)</u>	<u>8,984,395</u>	<u>782,932</u>
Total Business-type Activities	<u>\$ 15,503,225</u>	<u>\$ 195,308</u>	<u>\$ (2,536,318)</u>	<u>\$ 13,162,215</u>	<u>\$ 1,521,556</u>
Total long-term liabilities	<u>\$ 58,057,020</u>	<u>\$ 1,533,165</u>	<u>\$ (14,103,056)</u>	<u>\$ 45,487,129</u>	<u>\$ 4,311,060</u>

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

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 7 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
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	500,000	358,500	196,000	22,470
2027	525,000	333,500	208,000	14,630
2028	550,000	307,250	220,000	8,390
2029 - 2033	3,100,000	1,144,500	228,000	3,990
2034 - 2038	3,750,000	460,000	-	-
Total	\$ 12,028,518	\$ 3,912,607	\$ 1,388,000	\$ 145,690

Fiscal year ending June 30,	Revenue Bonds - Refunding		Total Governmental Activities	
	Principal	Interest	Principal	Interest
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	530,000	90,000	1,226,000	470,970
2027	550,000	68,800	1,283,000	416,930
2028	570,000	46,800	1,340,000	362,440
2029 - 2033	600,000	24,000	3,928,000	1,172,490
2034 - 2038	-	-	3,750,000	460,000
Total	\$ 3,730,000	\$ 619,400	\$ 17,146,518	\$ 4,677,697

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 7 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
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	345,000	50,025	49,000	5,618
2027	360,000	36,225	52,000	3,658
2028 - 2030	1,125,000	55,000	112,000	3,093
Total	<u>\$ 3,576,482</u>	<u>\$ 390,118</u>	<u>\$ 347,000</u>	<u>\$ 36,423</u>

Fiscal year ending June 30,	Loans payable		Total Business-type Activities	
	Principal	Interest	Principal	Interest
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	564,005	80,902	958,005	136,545
2027	582,640	61,652	994,640	101,535
2028 - 2030	1,865,989	62,984	3,102,989	121,077
Total	<u>\$ 4,598,706</u>	<u>\$ 557,695</u>	<u>\$ 8,522,188</u>	<u>\$ 984,236</u>

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 7 LONG-TERM DEBT (Continued)

The following is a listing of loans and bonds payable outstanding as of June 30, 2022:

	Balance 6/30/22	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.	\$ 2,682,579	\$ 298,434
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.	1,916,127	213,167
Total loans payable	\$ 4,598,706	\$ 511,601
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. The reacquisition price exceeded the net carrying amount of the old debt and was expensed to interest expense due to its relative significance to the City's Statements. The refunding reduced its total debt service payments by \$777,415 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$718,941.	\$ 3,730,000	\$ 475,000
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. The reacquisition price of the refunding bonds exceeded the net carrying amount of the old debt and was expensed to interest expense due to its relative significance to the City's Statements. The refunding reduced its total debt service payments by \$307,306 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$291,060.	4,545,000	535,000
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.	3,020,000	1,480,000
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.	9,775,000	450,000
Total bonds payable	\$ 21,070,000	\$ 2,940,000
Total loans and bonds payable	\$ 25,668,706	\$ 3,451,601

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 7 LONG-TERM DEBT (Continued)

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, 2022, that amount was \$81,501,301. As of June 30, 2022, the total outstanding debt applicable to the limit was \$21,249,749 which is 26.07 percent of the total debt limit.

NOTE 8 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Short-term borrowings between funds are reported as due to/due from other funds. As of June 30, 2022, the City reported the following interfund receivables and payables:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ -	\$ 62,000
Non-major	62,000	-
Total	<u>\$ 62,000</u>	<u>\$ 62,000</u>

Interfund transfers for the fiscal year ended June 30, 2022 are as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 361,148	\$ -
Non-major	-	361,148
Total	<u>\$ 361,148</u>	<u>\$ 361,148</u>

Transfers were made to fund local matching requirements on various grants and to support operations.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS

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

At June 30, 2022, 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 Activites	Total
Net pension liabilities	\$ 11,150,865	\$ 3,863,899	\$ 15,014,764
Deferred outflows of resources	6,379,320	862,789	7,242,109
Deferred inflows of resources	6,980,422	1,103,311	8,083,733
Pension expense	1,867,666	296,638	2,164,304

The City reported \$2,935,968 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, 2022 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

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.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

A. Arizona State Retirement System (Continued)

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.

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, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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 10.22 percent (10.13 percent for retirement and 0.09 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, 2022 were \$1,221,037, \$21,351, and \$19,317, respectively.

During fiscal year 2022, the City paid for ASRS pension contributions as follows: 69 percent from the General Fund, 4 percent from other Non-Major Funds, 9 percent from the Water Fund, 3 percent from the Sewer Fund, and 15 percent from the Sanitation Fund.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

A. Arizona State Retirement System (Continued)

Pension Liability - At June 30, 2022, the City reported a liability of \$11,343,379 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent. 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, 2021. The City's proportion measured as of June 30, 2021, was 0.08633 percent, which was a decrease of 0.00127 percent from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2022, the City recognized pension expense for ASRS of \$1,047,313. At June 30, 2022, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 172,919	\$ -
Changes of assumptions or other inputs	1,476,431	-
Net difference between projected and actual earnings on pension plan investments	-	3,593,981
Changes in proportion and differences between City contributions and proportionate share of contributions	-	177,805
City contributions subsequent to the measurement date	<u>1,221,037</u>	<u>-</u>
Total	<u><u>\$ 2,870,387</u></u>	<u><u>\$ 3,771,786</u></u>

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

A. Arizona State Retirement System (Continued)

The \$1,221,037 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, 2023. 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,	
2023	\$ (70,810)
2024	(20,824)
2025	(792,289)
2026	(1,238,513)
2027	-
Thereafter	-

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

ASRS	
Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 20, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% 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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

A. Arizona State Retirement System (Continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 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%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real estate	20%	5.70%
Total	<u>100%</u>	

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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.

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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% increase (8.0%)
City's proportionate share of the net pension liability	\$ 17,842,185	\$ 11,343,379	\$ 5,925,173

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

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, 2022

NOTE 9 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 4.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal Retirement pension that the member is entitled to receive, prorated on Credited Service earned over the required Credited Service for Normal Retirement (maximum ratio of 1).	
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, 2022

NOTE 9 PENSIONS (Continued)

Employees Covered by Benefit Terms - At June 30, 2022, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	11	8
Inactive employees entitled to but not yet receiving benefits	4	6
Active employees	21	22
Total	<u>36</u>	<u>36</u>

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, 2022, 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	23.99%	25.52%
Health insurance permium benefit	0.28%	0.17%

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.18 percent for Police and 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, 2022

NOTE 9 PENSIONS (Continued)

For the agent plans, the City's contributions to the plans for the year ended June 30, 2022, were:

	PSPRS Police	PSPRS Fire
	<u> </u>	<u> </u>
Pension		
Contributions made	\$ 1,233,823	\$ 750,828
Health Insurance Permium Benefit		
Annual OPEB cost contributions made	6,507	4,301

During fiscal year 2022, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

Pension Liability - At June 30, 2022, the City reported a PSPRS net pension liabilities of \$2,804,343.

The net pension liability was measured as of June 30, 2021, 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, 2021
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, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 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
U.S. public equity	24%	4.08%
International public equity	16%	5.20%
Global public equity	20%	7.67%
Other assets (capital appreciation)	7%	5.43%
Core bonds	2%	42.00%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	<u>100%</u>	

Discount Rates – At June 30, 2021, the discount rate used to measure the PSPRS total pension liabilities was 7.3 percent. 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, 2022

NOTE 9 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, 2021	\$ 16,120,679	\$ 12,265,219	\$ 3,855,460
Adjustments to beginning of year	-	-	-
Changes for the year:			
Service cost	411,979	-	411,979
Interest on the total liability	1,179,741	-	1,179,741
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	109,920	-	109,920
Contributions - employer	-	887,957	(887,957)
Contributions - employee	-	161,957	(161,957)
Net investment income	-	3,422,011	(3,422,011)
Benefit payments, including refunds of employee contributions	(743,638)	(743,638)	-
Administrative expense	-	(16,157)	16,157
Net changes	958,002	3,712,130	(2,754,128)
Balances at June 30, 2022	\$ 17,078,681	\$ 15,977,349	\$ 1,101,332

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 9 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, 2021	\$ 19,433,048	\$ 15,477,669	\$ 3,955,379
Changes for the year:			
Service cost	472,274	-	472,274
Interest on the total liability	1,398,273	-	1,398,273
Differences between expected and actual experience in the measurement of the liability	809,130	-	809,130
Contributions - employer	-	687,315	(687,315)
Contributions - employee	-	176,699	(176,699)
Net investment income	-	4,266,708	(4,266,708)
Benefit payments, including refunds of employee contributions	(1,501,797)	(1,501,797)	-
Administrative expense	-	(19,984)	19,984
Other changes	-	(178,693)	178,693
Net changes	1,177,880	3,430,248	(2,252,368)
Balances at June 30, 2022	\$ 20,610,928	\$ 18,907,917	\$ 1,703,011

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:

PSPRS - Police	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
Net pension liability	\$ 3,493,814	\$ 1,101,332	\$ (845,176)
PSPRS - Fire	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
Net pension liability	\$ 4,672,253	\$ 1,703,011	\$ (725,407)

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

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

Pension Expense - For the year ended June 30, 2022, the City recognized \$997,043 of PSPRS pension expense.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 640,689	\$ 187,307
Changes of assumptions or other inputs	254,821	-
Net difference between projected and actual earnings on pension plan investments	-	1,486,146
City contributions subsequent to the measurement date	1,233,823	-
Total	<u>\$ 2,129,333</u>	<u>\$ 1,673,453</u>
PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,014,302	\$ 734,993
Changes of assumptions or other inputs	372,855	-
Net difference between projected and actual earnings on pension plan investments	-	1,847,789
City contributions subsequent to the measurement date	750,828	-
Total	<u>\$ 2,137,985</u>	<u>\$ 2,582,782</u>

CITY OF TOLLESON, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

Pension Deferred Outflows/Inflows of Resources (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, 2023. 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	
2023	\$	(135,415)
2024		(137,763)
2025		(164,788)
2026		(358,297)
2027		18,320
Thereafter		-

Year ending June 30,	PSPRS	
	Fire	
2023	\$	(188,658)
2024		(247,463)
2025		(353,045)
2026		(541,314)
2027		134,855
Thereafter		-

C. 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, 2022

NOTE 9 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:

Retirement and Disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 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 40% with 5-10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5 with 5-10 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, 2022

NOTE 9 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, 2022, 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 49.21 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 2022, the City paid 100 percent of the EORP pension contributions from the General Fund.

Liability - At June 30, 2022, 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	\$ 867,055
State's proportionate share of the EORP	
net pension liability associated with the City	<u>85,836</u>
Total	<u><u>\$ 952,891</u></u>

The net liability was measured as of June 30, 2021, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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, 2021. The City's proportion measured as of June 30, 2021, was 0.142476 percent, which was an increase of 0.013073 percent from its proportion measured as of June 30, 2020.

Expense—For the year ended June 30, 2022, the City recognized pension expense for EORP of \$123,540 and revenue of \$20,566 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, 2022

NOTE 9 PENSIONS (Continued)

Deferred outflows/inflows of resources - At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,539
Net difference between projected and actual earnings on pension plan investments	-	44,175
Changes in proportion and differences between City contributions and proportionate share of contributions	43,306	-
City contributions subsequent to the measurement date	61,099	-
Total	<u><u>\$ 104,405</u></u>	<u><u>\$ 55,714</u></u>

The \$61,099 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, 2023. 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,	<u>EORP</u>
2023	\$ 22,698
2024	(9,199)
2025	(10,865)
2026	(15,042)
2027	-
Thereafter	-

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

EORP	
Actuarial valuation date	June 30, 2021
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, 2022

NOTE 9 PENSIONS (Continued)

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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
U.S. Public Equity	24%	4.08%
International Public Equity	16%	5.20%
Global Private Equity	20%	7.67%
Other Assets (Capital Appreciation)	7%	5.43%
Core Bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying Strategies	10%	3.99%
Cash-Mellon	1%	-0.31%
Total	100%	

Discount rate - At June 30, 2021, the discount rate used to measure the EORP total pension liability was 7.30 percent. 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.

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	\$ 996,314	\$ 867,055	\$ 756,121

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

CITY OF TOLLESON, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 10 COMMITMENTS

The City has a remaining commitment relating to the construction of a new City Hall complex for approximately \$7,000,000 to be financed from the general fund. Additionally, the City has commitments for an aquatics center to be financed from the general fund and a primary clarifier #2 rehab to be financed from the water fund. These contracts will be paid in future periods.

NOTE 11 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

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND

PUBLIC SAFETY TAX FUND

PENSION SCHEDULES

CITY OF TOLLESON, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES- BUDGET AND ACTUAL
 Year Ended June 30, 2022

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes				
Sales taxes	\$ 24,500,000	\$ 24,500,000	\$ 36,131,086	\$ 11,631,086
Property taxes	4,883,110	4,883,110	5,106,339	223,229
Franchise taxes	50,000	50,000	53,575	3,575
Intergovernmental revenues	1,846,705	1,846,705	1,992,104	145,399
Fines and forfeitures	222,500	222,500	197,352	(25,148)
Licenses and permits	535,000	535,000	881,248	346,248
Charges for services	1,820,613	1,820,613	4,983,128	3,162,515
Rents and royalties	67,000	67,000	69,707	2,707
Other revenues:				
Contributions and donations	25,000	25,000	66,975	41,975
Investment earnings				
Interest income	170,500	170,500	186,010	15,510
Unrealized loss on investments	-	-	(917,530)	(917,530)
Other revenues	5,000	5,000	-	(5,000)
TOTAL REVENUES	34,125,428	34,125,428	48,749,994	14,624,566
EXPENDITURES				
Current:				
General Government				
Mayor & Council	798,600	798,600	593,400	205,200
City Management	562,300	562,300	382,985	179,315
Public Affairs Admin	593,470	593,470	469,776	123,694
Housing Services	809,780	809,780	248,622	561,158
City Clerk	420,200	420,200	344,548	75,652
Employee Resources	642,325	642,325	625,785	16,540
City Magistrate	274,650	274,650	222,809	51,841
Court Administration	612,870	612,870	474,673	138,197
City Prosecutor	85,500	85,500	85,500	-
Finance	954,550	954,550	790,611	163,939
Information Technology	883,300	883,300	840,796	42,504
Field Operations Vehicles	569,650	569,650	519,406	50,244
Field Operations Grounds	550,840	550,840	504,947	45,893
Field Operations Building	1,138,800	1,138,800	949,729	189,071
Human Services	931,500	931,500	515,389	416,111
Non Profit Donations	62,000	62,000	28,750	33,250
Employee Development Relations	87,000	87,000	74,420	12,580
Total General Government	<u>9,977,335</u>	<u>9,977,335</u>	<u>7,672,146</u>	<u>2,305,189</u>

See accompanying notes to the budgetary comparison schedules.

Public Safety				
Police Administration	586,000	586,000	358,105	227,895
Police Support Services	2,563,500	2,563,500	2,032,331	531,169
Police Investigation	745,200	745,200	510,266	234,934
Police Field Operations	2,498,000	2,498,000	2,241,466	256,534
Fire Administration	1,027,700	1,027,700	707,766	319,934
Fire Operations	4,138,950	4,138,950	3,373,029	765,921
Buildings Inspection	466,600	466,600	417,239	49,361
Impound	51,710	51,710	35,438	16,272
Total Public Safety	<u>12,077,660</u>	<u>12,077,660</u>	<u>9,675,640</u>	<u>2,402,020</u>
Highway & streets				
Field Operations Streets	987,950	987,950	936,796	51,154
Transportation	490,000	490,000	168,577	321,423
Total Highway & streets	<u>1,477,950</u>	<u>1,477,950</u>	<u>1,105,373</u>	<u>372,577</u>
Culture & recreation				
Library	1,146,000	1,146,000	865,468	280,532
Aquatics Center	615,000	615,000	518,076	96,924
Parks and Recreation	2,027,350	2,027,350	1,734,064	293,286
Teen Council	232,140	232,140	123,847	108,293
City Promotion	560,600	560,600	75,825	484,775
Total Culture & recreation	<u>4,581,090</u>	<u>4,581,090</u>	<u>3,317,280</u>	<u>1,263,810</u>
Economic development				
Economic Development	1,228,000	1,228,000	1,063,241	164,759
Planning & Engineering	326,750	326,750	451,623	(124,873)
Total Economic development	<u>1,554,750</u>	<u>1,554,750</u>	<u>1,514,864</u>	<u>39,886</u>
Capital outlay	<u>13,305,000</u>	<u>13,305,000</u>	<u>7,609,539</u>	<u>5,695,461</u>
TOTAL EXPENDITURES	<u>42,973,785</u>	<u>42,973,785</u>	<u>30,894,842</u>	<u>12,078,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,848,357)</u>	<u>(8,848,357)</u>	<u>17,855,152</u>	<u>2,545,623</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	15,000	15,000	30,568	15,568
Transfers in	879,535	879,535	-	(879,535)
Transfers out	<u>(507,737)</u>	<u>(507,737)</u>	<u>(361,148)</u>	<u>146,589</u>
Total other financing sources (uses)	<u>386,798</u>	<u>386,798</u>	<u>(330,580)</u>	<u>(717,378)</u>
Net change in fund balance	(8,461,559)	(8,461,559)	17,524,572	1,828,245
Fund balance - beginning of year	<u>44,511,785</u>	<u>44,511,785</u>	<u>44,511,785</u>	<u>-</u>
Fund balance - end of year	<u>\$ 36,050,226</u>	<u>\$ 36,050,226</u>	<u>\$ 62,036,357</u>	<u>\$ 1,828,245</u>

CITY OF TOLLESON, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 PUBLIC SAFETY TAX FUND SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 3,950,000	\$ 3,950,000	\$ 7,979,848	\$ 4,029,848
Charges for services	200,000	200,000	166,496	(33,504)
Investment earnings				
Interest income	-	-	18,528	18,528
Total revenues	4,150,000	4,150,000	8,164,872	4,014,872
EXPENDITURES				
Public safety				
Services, supplies and other	3,715,000	3,715,000	3,556,171	158,829
Capital outlay	370,000	370,000	284,178	85,822
Total expenditures	4,085,000	4,085,000	3,840,349	244,651
Net change in fund balance	65,000	65,000	4,324,523	4,259,523
Fund balance - beginning of year	6,183,554	6,183,554	6,183,554	-
Fund balance - end of year	<u>\$ 6,248,554</u>	<u>\$ 6,248,554</u>	<u>\$ 10,508,077</u>	<u>\$ 4,259,523</u>

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
Year Ended June 30, 2022

NOTE 1 BUDGETING AND BUDGETARY CONTROL

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

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, each year, prior to April 1, the Economic Estimates Commission provides the government with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager, subject to City Council approval, may at any time, transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were necessary during the year.

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.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

The City's budget is prepared on a basis consistent with generally accepted accounting principles.



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, 2022

Arizona Retirement System

	Reporting Fiscal Year (Measurement date)								2014 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.086330%	0.087600%	0.088600%	0.085460%	0.081630%	0.078415%	0.077390%	0.074250%	Information
City's proportionate share of the net pension liability	\$ 11,343,379	\$ 15,178,031	\$ 12,892,331	\$ 11,918,662	\$ 12,716,363	\$ 12,656,162	\$ 12,054,148	\$ 10,986,414	not
City's covered payroll	9,572,275	9,432,777	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	118.50%	160.91%	145.63%	134.00%	159.92%	166.69%	172.95%	161.58%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement date)								2014 through 2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.142476%	0.129403%	0.124057%	0.101939%	0.093390%	0.069212%	0.060990%	0.081390%	Information
City's proportionate share of the net pension liability	\$ 867,055	\$ 873,419	\$ 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	85,836	81,632	77,327	110,064	237,474	135,009	148,585	167,340	available*
Total	\$ 952,891	\$ 955,051	\$ 900,051	\$ 752,420	\$ 1,381,695	\$ 788,893	\$ 625,188	\$ 713,116	
City's covered payroll	\$ 96,943	\$ 106,767	\$ 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	894.40%	818.06%	792.83%	734.85%	1484.20%	1176.86%	872.56%	949.77%	
Plan fiduciary net position as a percentage of the total pension liability	36.28%	29.80%	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, 2022

City of Tolleson Police Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)								2014-2013
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability									
Service cost	\$ 411,979	\$ 416,974	\$ 489,506	\$ 465,683	\$ 473,995	\$ 398,983	\$ 385,782	\$ 381,895	Information
Interest on the total pension liability	1,179,741	1,078,433	1,007,765	892,898	863,811	764,905	708,237	606,076	not
Changes on benefit terms	-	-	-	-	40,808	530,259	-	164,727	available*
Differences between expected and actual experience in the measurement of the pension liability	109,920	517,687	(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	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)	
Net change in total pension liability	958,002	1,516,096	1,254,103	1,217,708	619,006	1,762,769	657,656	1,348,540	
Total pension liability - beginning	16,120,679	14,604,583	13,350,480	12,132,772	11,513,766	9,750,997	9,093,341	7,744,801	
Total pension liability - ending (a)	\$ 17,078,681	\$ 16,120,679	\$ 14,604,583	\$ 13,350,480	\$ 12,132,772	\$ 11,513,766	\$ 9,750,997	\$ 9,093,341	
Plan fiduciary net position									
Contributions - employer	\$ 887,957	\$ 1,150,934	\$ 1,127,202	\$ 1,922,331	\$ 1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364	
Contributions - employee	161,957	171,055	182,744	185,088	230,920	238,489	217,506	201,353	
Net investment income	3,422,011	147,349	550,647	566,510	753,490	31,927	179,481	577,456	
Benefit payments, including refunds of employee contributions	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)	
Hall/Parker Settlement	-	-	-	(254,140)	-	-	-	-	
Administrative expense	(16,157)	(12,017)	(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	3,712,130	960,323	1,406,941	1,811,710	2,024,336	979,230	239,820	770,442	
Plan fiduciary net position - beginning	12,265,219	11,326,218	9,924,324	8,112,614	6,088,278	5,109,048	4,869,228	4,098,786	
Adjustments to beginning of year	-	(21,322)	(5,047)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	15,977,349	12,265,219	11,326,218	9,924,324	8,112,614	6,088,278	5,109,048	4,869,228	
City's net pension liability - ending (a) - (b)	\$ 1,101,332	\$ 3,855,460	\$ 3,278,365	\$ 3,426,156	\$ 4,020,158	\$ 5,425,488	\$ 4,641,949	\$ 4,224,113	
Plan fiduciary net position as a percentage of the total pension liability	93.55%	76.08%	77.55%	74.34%	66.87%	52.88%	52.40%	53.55%	
Covered payroll	\$ 1,659,700	\$ 1,886,156	\$ 1,879,940	\$ 2,091,078	\$ 2,044,846	\$ 2,047,119	\$ 1,965,393	\$ 1,956,233	
City's net pension liability as a percentage of payroll	66.36%	204.41%	174.39%	163.85%	196.60%	265.03%	236.18%	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)

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2013
Total pension liability									
Service cost	\$ 472,274	\$ 476,161	\$ 612,498	\$ 512,618	\$ 553,129	\$ 434,330	\$ 437,425	\$ 416,879	Information
Interest on the total pension liability	1,398,273	1,328,189	1,320,018	1,176,421	1,078,336	902,804	809,086	721,067	not
Changes on benefit terms	-	-	-	-	107,196	1,210,896	-	(63,500)	available*
Differences between expected and actual experience in the measurement of the pension liability	809,130	380,523	(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	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Net change in total pension liability	1,177,880	1,244,811	842,034	1,582,037	1,542,176	2,822,981	1,195,403	1,031,649	
Total pension liability - beginning	19,433,048	18,188,237	17,346,203	15,764,166	14,221,990	11,399,009	10,203,606	9,171,957	
Total pension liability - ending (a)	<u>\$ 20,610,928</u>	<u>\$ 19,433,048</u>	<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	\$ 687,315	\$ 955,240	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947	
Contributions - employee	176,699	200,466	259,088	202,211	286,450	295,993	269,101	232,876	
Net investment income	4,266,708	189,383	725,413	817,294	1,157,802	51,108	289,531	913,806	
Benefit payments, including refunds of employee contributions	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)	
Hall/Parker Settlement	-	-	-	(440,563)	-	-	-	-	
Administrative expense	(19,984)	(15,444)	(13,603)	(13,139)	(10,645)	(7,754)	(7,452)	-	
Other changes	(178,693)	-	-	128	49,430	243,929	1,330	(12,064)	
Net change in plan fiduciary net position	3,430,248	389,583	2,008,584	1,483,222	2,075,243	1,103,339	723,189	1,105,898	
Plan fiduciary net position - beginning	15,477,669	15,088,086	13,083,989	11,600,767	9,525,524	8,422,185	7,698,996	6,593,098	
Adjustment to beginning of year	-	-	(4,487)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	<u>\$ 18,907,917</u>	<u>\$ 15,477,669</u>	<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>\$ 1,703,011</u>	<u>\$ 3,955,379</u>	<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	91.74%	79.65%	82.96%	75.43%	73.59%	66.98%	73.89%	75.45%	
Covered payroll	\$ 2,151,312	\$ 1,991,039	\$ 2,080,669	\$ 2,160,212	\$ 2,351,738	\$ 2,234,206	\$ 2,425,801	\$ 2,274,469	
City's net pension liability as a percentage of covered payroll	79.16%	198.66%	149.00%	197.31%	177.03%	210.21%	122.72%	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, 2022

	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,221,037	\$ 1,115,170	\$ 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	1,221,037	1,115,170	1,080,053	989,715	969,526	857,200	823,805	758,313	727,543	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 10,166,836	\$ 9,572,275	\$ 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	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	

	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 61,099	\$ 59,552	\$ 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	61,099	59,552	58,946	63,819	20,542	18,117	13,057	12,836	18,492	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 86,764	\$ 96,943	\$ 106,767	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621	\$ 57,464	
City's contributions as a percentage of covered payroll	70.42%	61.43%	55.21%	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

Reporting Fiscal Year

Public Safety Personnel Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 533,823	\$ 487,957	\$ 515,934	\$ 638,841	\$ 719,034	\$ 613,489	\$ 461,744	\$ 454,309	\$ 426,364	Information not available*
City's contributions in relation to the actuarially determined contribution	1,233,823	887,957	1,150,934	1,127,202	1,922,331	1,513,489	1,161,744	454,309	426,364	
City's contribution deficiency (excess)	<u>\$ (700,000)</u>	<u>\$ (400,000)</u>	<u>\$ (635,000)</u>	<u>\$ (488,361)</u>	<u>\$ (1,203,297)</u>	<u>\$ (900,000)</u>	<u>\$ (700,000)</u>	<u>\$ -</u>	<u>\$ -</u>	
City's covered payroll	\$ 2,225,190	\$ 1,659,700	\$ 1,886,156	\$ 1,879,940	\$ 2,091,078	\$ 2,044,846	\$ 2,047,119	\$ 1,965,393	\$ 1,956,233	
City's contributions as a percentage of covered payroll	55.45%	53.50%	61.02%	59.96%	91.93%	74.01%	56.75%	23.12%	21.80%	

City of Tolleson Fire

Reporting Fiscal Year

Public Safety Personnel Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 550,828	\$ 562,315	\$ 635,240	\$ 469,927	\$ 611,230	\$ 433,691	\$ 751,037	\$ 401,653	\$ 360,947	Information not available*
City's contributions in relation to the actuarially determined contribution	750,828	687,315	955,240	1,278,913	1,163,074	833,691	751,037	401,653	360,947	
City's contribution deficiency (excess)	<u>\$ (200,000)</u>	<u>\$ (125,000)</u>	<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	\$ 2,158,417	\$ 2,151,312	\$ 1,991,039	\$ 2,080,669	\$ 2,160,212	\$ 2,351,738	\$ 2,234,206	\$ 2,425,801	\$ 2,274,469	
City's contributions as a percentage of covered payroll	34.79%	31.95%	47.98%	61.47%	53.84%	35.45%	33.62%	16.56%	15.87%	

* 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, 2022

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 2020 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed fair value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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 and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%– 8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%– 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
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 2019 actuarial valuation, changed to PubS-2010 tables. 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, 2022

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

CAPITAL PROJECTS FUND

CITY OF TOLLESON, ARIZONA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings				
Interest income	\$ 20,000	\$ 20,000	\$ 1,327	\$ (18,673)
EXPENDITURES				
Capital outlay	16,000,000	16,000,000	10,075,557	5,924,443
Excess of revenues over (under) expenditures	(15,980,000)	(15,980,000)	(10,074,230)	5,905,770
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	21,000,000	21,000,000	-	(21,000,000)
Net change in fund balance	5,020,000	5,020,000	(10,074,230)	(15,094,230)
Fund balance - beginning of year	10,074,230	10,074,230	10,074,230	-
Fund balance - end of year	\$ 15,094,230	\$ 15,094,230	\$ -	\$ (15,094,230)

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.

Debt Service Fund

- **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.



CITY OF TOLLESON, ARIZONA
 COMBINING BALANCE SHEET
 NON- MAJOR GOVERNMENTAL FUNDS
 June 30, 2022

	<u>Special Revenue</u>			Total
	Highway User Revenue Fund	Grants	Debt Service	
ASSETS				
Cash and cash equivalents	\$ 1,285,892	\$ 154,230	\$ 477,605	\$ 1,917,727
Receivables, net:				
Taxes receivable		-	32,752	32,752
Intergovernmental	66,066	191,101	39,682	296,849
Total assets	<u>\$ 1,351,958</u>	<u>\$ 345,331</u>	<u>\$ 550,039</u>	<u>\$ 2,247,328</u>
LIABILITIES				
Accounts payable	\$ 55,860	\$ 4,307	\$ -	\$ 60,167
Accrued wages and benefits	-	7,336	-	7,336
Due to other funds	-	33,000	29,000	62,000
Unearned revenue	-	34,113	-	34,113
Total liabilities	<u>55,860</u>	<u>78,756</u>	<u>29,000</u>	<u>163,616</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	45,317	20,757	66,074
FUND BALANCES				
Restricted				
Highways and streets	1,296,098	-	-	1,296,098
Debt service	-	-	500,282	500,282
Grants	-	221,258	-	221,258
Total fund balances	<u>1,296,098</u>	<u>221,258</u>	<u>500,282</u>	<u>2,017,638</u>
Total liabilities and fund balances	<u>\$ 1,351,958</u>	<u>\$ 345,331</u>	<u>\$ 550,039</u>	<u>\$ 2,247,328</u>

CITY OF TOLLESON, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON- MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

REVENUES	Special Revenue			Total
	Highway Revenue	User Fund	Grants	
Taxes:				
Sales taxes	\$ -	\$ -	\$ 476,184	\$ 476,184
Property taxes	-	-	1,864,167	1,864,167
Intergovernmental	888,789	1,168,203	-	2,056,992
Investment earnings				
Interest income	1,550	-	1,401	2,951
Total revenues	890,339	1,168,203	2,341,752	4,400,294
EXPENDITURES				
Current:				
Public safety	-	396,040	-	396,040
Highway and streets	384,482	-	-	384,482
Culture and recreation	-	14,414	-	14,414
Health & welfare	-	940,237	-	940,237
Capital outlay	101,742	188,209	-	289,951
Debt service:				
Principal retirement	-	-	2,099,604	2,099,604
Interest and fiscal charges	-	-	762,035	762,035
Total expenditures	486,224	1,538,900	2,861,639	4,886,763
Excess of revenues over (under) expenditures	404,115	(370,697)	(519,887)	(486,469)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	361,148	-	361,148
Net change in fund balances	404,115	(9,549)	(519,887)	(125,321)
Fund balances - beginning of year	891,983	230,807	1,020,169	2,142,959
Fund balances - end of year	\$ 1,296,098	\$ 221,258	\$ 500,282	\$ 2,017,638

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

HIGHWAY USER REVENUE FUND

GRANTS FUND

DEBT SERVICE 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 832,274	\$ 832,274	\$ 888,789	\$ 56,515
Investment earnings				
Interest income	500	500	1,550	1,050
Total revenues	<u>832,774</u>	<u>832,774</u>	<u>890,339</u>	<u>57,565</u>
EXPENDITURES				
Current:				
Highways & streets	873,000	873,000	384,482	488,518
Capital outlay	-	-	101,742	(101,742)
Total expenditures	<u>873,000</u>	<u>873,000</u>	<u>486,224</u>	<u>386,776</u>
Net change in fund balance	(40,226)	(40,226)	404,115	444,341
Fund balance - beginning of year	<u>891,983</u>	<u>891,983</u>	<u>891,983</u>	<u>-</u>
Fund balance - end of year	<u>\$ 851,757</u>	<u>\$ 851,757</u>	<u>\$ 1,296,098</u>	<u>\$ 444,341</u>

CITY OF TOLLESON, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 12,724,180	\$ 12,724,180	\$ 1,168,203	\$ (11,555,977)
EXPENDITURES				
Current:				
General government	10,000	10,000	-	10,000
Public safety	283,530	283,530	396,040	(112,510)
Culture and recreation	-	-	14,414	(14,414)
Health and welfare	1,163,852	1,163,852	940,237	223,615
Capital outlay	10,895,000	10,895,000	188,209	10,706,791
Total expenditures	12,352,382	12,352,382	1,538,900	10,813,482
Excess (deficiency) of revenues over (under) expenditures	371,798	371,798	(370,697)	(742,495)
OTHER FINANCING SOURCES (USES)				
Transfers in	507,737	507,737	361,148	(146,589)
Transfers out	(879,535)	(879,535)	-	879,535
Total other financing sources and (uses)	(371,798)	(371,798)	361,148	732,946
Net change in fund balance	-	-	(9,549)	(9,549)
Fund balance - beginning of year	230,807	230,807	230,807	-
Fund balance - end of year	\$ 230,807	\$ 230,807	\$ 221,258	\$ (9,549)

CITY OF TOLLESON, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 476,200	\$ 476,200	\$ 476,184	\$ (16)
Property taxes	2,098,800	2,098,800	1,864,167	(234,633)
Investment earnings				
Interest income	1,700	1,700	1,401	(299)
Total revenues	2,576,700	2,576,700	2,341,752	(234,948)
EXPENDITURES				
Debt service:				
Principal retirement	2,444,604	2,444,604	2,099,604	345,000
Interest	868,193	868,193	762,035	106,158
Total expenditures	3,312,797	3,312,797	2,861,639	451,158
Net change in fund balance	(736,097)	(736,097)	(519,887)	216,210
Fund balance - beginning of year	1,020,169	1,020,169	1,020,169	-
Fund balance - end of year	\$ 284,072	\$ 284,072	\$ 500,282	\$ 216,210



Statistical Section

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> <p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	118-129
<u>Revenue Capacity</u> <p>These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.</p>	130-140
<u>Debt Capacity</u> <p>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.</p>	142-152
<u>Demographic and Economic Statistics</u> <p>These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	153-155
<u>Operating Information</u> <p>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</p>	156 - 163



CITY OF TOLLESON, ARIZONA

Table 1
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 26,194,336	\$ 27,534,901	\$ 30,954,613	\$ 30,421,590
Restricted	3,426,973	5,110,928	2,633,181	4,896,402
Unrestricted	11,029,738	9,625,353	(373,945)	4,441,397
Total Governmental Activities Net Position	\$ 40,651,047	\$ 42,271,182	\$ 33,213,849	\$ 39,759,389
Business-Type Activities				
Net investment in capital assets	\$ 32,356,074	\$ 34,835,900	\$ 42,351,199	\$ 46,812,938
Restricted	493,772	494,335	494,852	-
Unrestricted	19,174,850	20,708,802	17,740,832	18,087,097
Total Business-Type Activities Net Position	\$ 52,024,696	\$ 56,039,037	\$ 60,586,883	\$ 64,900,035
Primary Government				
Net investment in capital assets	\$ 58,550,410	\$ 62,370,801	\$ 73,305,812	\$ 77,234,528
Restricted	3,920,745	5,605,263	3,128,033	4,896,402
Unrestricted	30,204,588	30,334,155	17,366,887	22,528,494
Total Primary Government Net Position	\$ 92,675,743	\$ 98,310,219	\$ 93,800,732	\$ 104,659,424

2017	2018	2019	2020	2021	2022
\$ 32,215,631	\$ 35,872,282	\$ 43,344,723	\$ 46,353,982	\$ 47,483,826	\$ 55,890,355
5,684,881	3,652,102	15,686,162	5,668,215	9,331,450	13,016,513
6,218,425	9,449,895	(1,626,497)	15,458,380	29,152,183	47,334,838
<u>\$ 44,118,937</u>	<u>\$ 48,974,279</u>	<u>\$ 57,404,388</u>	<u>\$ 67,480,577</u>	<u>\$ 85,967,459</u>	<u>\$ 116,241,706</u>
\$ 47,446,347	\$ 48,568,972	\$ 50,126,416	\$ 50,543,526	\$ 52,261,630	\$ 52,648,010
499,179	506,163	518,226	619,400	579,374	601,735
19,893,307	22,973,234	26,976,548	30,438,009	32,967,733	35,733,525
<u>\$ 67,838,833</u>	<u>\$ 72,048,369</u>	<u>\$ 77,621,190</u>	<u>\$ 81,600,935</u>	<u>\$ 85,808,737</u>	<u>\$ 88,983,270</u>
\$ 79,661,978	\$ 84,441,254	\$ 93,471,139	\$ 96,897,508	\$ 99,745,456	\$ 108,538,365
6,184,060	4,158,265	16,204,388	6,287,615	9,910,824	13,618,248
26,111,732	32,423,129	25,350,051	45,896,389	62,119,916	83,068,363
<u>\$ 111,957,770</u>	<u>\$ 121,022,648</u>	<u>\$ 135,025,578</u>	<u>\$ 149,081,512</u>	<u>\$ 171,776,196</u>	<u>\$ 205,224,976</u>

CITY OF TOLLESON, ARIZONA

Table 2

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

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General Government	\$ 4,160,877	\$ 4,069,698	\$ 5,415,488	\$ 5,596,149
Public Safety	9,921,501	9,342,079	10,820,773	11,510,678
Highways and Streets	2,497,012	4,278,584	2,155,241	2,146,277
Culture and Recreation	562,374	885,714	1,691,577	1,667,220
Economic Development	1,175,131	1,464,624	715,207	641,130
Health and Welfare	343,153	378,772	426,259	510,429
Interest on Long-Term Debt	864,780	812,432	776,981	750,181
Total Governmental Activities	<u>19,524,828</u>	<u>21,231,903</u>	<u>22,001,526</u>	<u>22,822,064</u>
Business-Type Activities				
Water	5,021,689	5,446,163	5,032,519	5,379,124
Sanitation	614,402	630,134	502,305	475,758
Wastewater and Sewer	<u>6,579,691</u>	<u>6,238,217</u>	<u>6,408,153</u>	<u>6,434,002</u>
Total Business-Type Activities	<u>12,215,782</u>	<u>12,314,514</u>	<u>11,942,977</u>	<u>12,288,884</u>
Total Primary Government Expenses	<u>\$ 31,740,610</u>	<u>\$ 33,546,417</u>	<u>\$ 33,944,503</u>	<u>\$ 35,110,948</u>
Program Revenues				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 554,874	\$ 795,223	\$ 888,639	\$ 883,447
Public Safety	226,830	302,522	273,624	598,221
Highways and Streets	-	-	-	126,794
Culture and Recreation	16,825	17,292	14,458	122,954
Redevelopment and Housing	-	10,978	-	-
Other	-	-	9,250	-
Operating Grants and Contributions	830,814	771,285	916,333	759,072
Capital Grants and Contributions	<u>171,515</u>	<u>370,799</u>	<u>-</u>	<u>21,240</u>
Total Governmental Activities Program Revenues	<u>1,800,858</u>	<u>2,268,099</u>	<u>2,102,304</u>	<u>2,511,728</u>
Business-Type Activities				
Charges for Services:				
Water	\$ 6,479,996	\$ 6,666,770	\$ 6,583,969	\$ 6,596,501
Sanitation	360,618	324,197	355,328	352,861
Wastewater and Sewer	5,535,850	6,713,988	5,420,273	5,899,361
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>4,673,401</u>	<u>150,584</u>
Total Business-Type Activities Program Revenues	<u>12,376,464</u>	<u>13,704,955</u>	<u>17,032,971</u>	<u>12,999,307</u>
Total Primary Government Revenues	<u>\$ 14,177,322</u>	<u>\$ 15,973,054</u>	<u>\$ 19,135,275</u>	<u>\$ 15,511,035</u>

2017	2018	2019	2020	2021	2022
\$ 6,057,979	\$ 6,699,834	\$ 6,244,732	\$ 8,293,849	\$ 8,802,055	\$ 8,249,937
13,703,866	13,256,375	14,014,601	13,327,589	15,922,346	13,637,171
2,158,993	2,702,277	2,709,339	2,980,662	2,520,959	2,379,025
2,438,231	2,382,861	2,907,590	3,545,868	3,085,615	3,783,474
1,196,079	794,512	1,000,307	701,000	807,093	1,220,010
455,278	506,590	545,600	602,713	805,115	941,668
717,956	636,533	727,733	1,093,652	735,730	616,099
<u>26,728,382</u>	<u>26,978,982</u>	<u>28,149,902</u>	<u>30,545,333</u>	<u>32,678,913</u>	<u>30,827,384</u>
5,294,611	5,926,382	5,287,268	5,927,310	6,130,858	5,980,303
418,557	373,399	362,235	362,020	390,518	6,955,939
6,720,582	6,639,875	6,298,733	6,885,266	6,739,960	356,675
<u>12,433,750</u>	<u>12,939,656</u>	<u>11,948,236</u>	<u>13,174,596</u>	<u>13,261,336</u>	<u>13,292,917</u>
<u>\$ 39,162,132</u>	<u>\$ 39,918,638</u>	<u>\$ 40,098,138</u>	<u>\$ 43,719,929</u>	<u>\$ 45,940,249</u>	<u>\$ 44,120,301</u>
\$ 1,005,417	\$ 1,527,499	\$ 1,562,514	\$ 1,314,784	\$ 3,116,069	\$ 4,811,845
404,051	321,968	303,551	1,056,164	1,450,784	1,253,789
-	-	-	-	-	-
22,316	36,482	64,882	60,419	5,999	28,228
-	-	-	-	-	-
-	-	-	-	-	-
973,563	972,700	1,355,565	1,923,497	2,471,673	1,415,906
18,472	69,939	161,413	31,883	10,242	391,195
<u>2,423,819</u>	<u>2,928,588</u>	<u>3,447,925</u>	<u>4,386,747</u>	<u>7,054,767</u>	<u>7,900,963</u>
\$ 6,460,671	\$ 6,873,286	\$ 6,609,408	\$ 6,682,768	\$ 7,296,769	\$ 7,097,130
384,453	449,095	457,751	449,137	448,320	452,833
5,743,503	6,293,079	6,085,228	6,917,860	6,679,392	7,171,037
49,811	-	-	-	1,217,479	784,432
<u>12,638,438</u>	<u>13,615,460</u>	<u>13,152,387</u>	<u>14,049,765</u>	<u>15,641,960</u>	<u>15,505,432</u>
<u>\$ 15,062,257</u>	<u>\$ 16,544,048</u>	<u>\$ 16,600,312</u>	<u>\$ 18,436,512</u>	<u>\$ 22,696,727</u>	<u>\$ 23,406,395</u>

(Continued)

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

	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 14,230,041	\$ 14,360,574	\$ 17,564,422	\$ 19,592,713
Property Taxes	4,478,071	4,481,523	4,508,560	3,917,340
Franchise Taxes	56,905	44,393	45,765	44,139
State Revenue Sharing	668,558	729,523	792,313	1,042,649
State Income Tax Revenue Sharing	535,720	569,695	598,140	788,017
Auto Lieu Tax Revenue Sharing	208,723	233,354	249,830	269,956
Investment earnings	72,680	56,799	38,073	147,383
Other	-	30,635	37,376	55,827
Transfers	-	110,500	(282,785)	(116,962)
Total Governmental Activities:	<u>20,250,698</u>	<u>20,616,996</u>	<u>23,551,694</u>	<u>25,741,062</u>
Business-type Activities:				
Property Taxes	2,420,551	2,553,157	2,654,745	3,293,011
Investment earnings	18,325	18,924	14,960	96,484
Other	97,616	27,424	77,861	96,272
Transfers	-	(110,500)	282,785	116,962
Total Business-Type Activities	<u>2,536,492</u>	<u>2,489,005</u>	<u>3,030,351</u>	<u>3,602,729</u>
Total Primary Government	<u>\$ 22,787,190</u>	<u>\$ 23,106,001</u>	<u>\$ 26,582,045</u>	<u>\$ 29,343,791</u>
Change in Net Position				
Governmental Activities	\$ 2,526,728	\$ 20,616,996	\$ 3,652,472	\$ 5,430,726
Business-Type Activities	<u>2,697,174</u>	<u>2,489,005</u>	<u>8,120,345</u>	<u>4,313,152</u>
Total Primary Government	<u>\$ 5,223,902</u>	<u>\$ 23,106,001</u>	<u>\$ 11,772,817</u>	<u>\$ 9,743,878</u>

	2017	2018	2019	2020	2021	2022
\$	20,910,180	\$ 21,434,225	\$ 25,448,636	\$ 26,365,478	\$ 34,079,997	\$ 44,587,118
	5,615,157	4,955,918	4,859,308	6,514,517	7,386,020	6,699,035
	49,514	42,647	47,217	51,390	55,333	53,575
	1,093,270	689,720	725,514	754,547	874,563	1,020,466
	857,378	889,064	872,525	943,866	1,053,562	953,371
	275,697	583,704	510,081	509,050	549,384	544,683
	162,952	285,082	838,282	873,182	67,930	(708,714)
	119,963	164,376	152,928	222,745	44,041	51,134
	(420,000)	(139,000)	(25,447)	-	-	-
	<u>28,664,111</u>	<u>28,905,736</u>	<u>33,429,044</u>	<u>36,234,775</u>	<u>44,110,830</u>	<u>53,200,668</u>
	2,157,082	3,224,893	3,637,831	2,451,096	1,773,206	1,212,016
	99,441	169,839	705,392	653,480	53,972	(249,998)
	57,587	-	-	-	-	-
	420,000	139,000	25,447	-	-	-
	<u>2,734,110</u>	<u>3,533,732</u>	<u>4,368,670</u>	<u>3,104,576</u>	<u>1,827,178</u>	<u>962,018</u>
\$	<u>31,398,221</u>	<u>\$ 32,439,468</u>	<u>\$ 37,797,714</u>	<u>\$ 39,339,351</u>	<u>\$ 45,938,008</u>	<u>\$ 54,162,686</u>
\$	4,359,548	\$ 4,855,342	\$ 4,855,342	\$ 8,727,067	\$ 10,076,189	\$ 30,274,247
	2,938,798	4,209,536	5,572,821	3,979,745	3,979,745	3,174,533
\$	<u>7,298,346</u>	<u>\$ 9,064,878</u>	<u>\$ 10,428,163</u>	<u>\$ 12,706,812</u>	<u>\$ 14,055,934</u>	<u>\$ 33,448,780</u>

(Concluded)

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

	2013	2014	2015	2016
General Fund				
Restricted	\$ 376,237	\$ 336,340	\$ 485,014	\$ 563,507
Nonspendable	141,648	5,000	4,446	-
Assigned	1,126,841	-	-	-
Unassigned	7,405,570	7,556,991	9,879,027	16,564,021
Total General Fund	\$ 9,050,296	\$ 7,898,331	\$ 10,368,487	\$ 17,127,528
All Other Governmental Funds				
Restricted:				
Highways and streets	\$ 873,739	\$ 871,385	\$ 884,657	\$ 1,030,489
Debt service	944,792	1,133,469	938,131	879,996
Capital projects	6,705,563	3,718,026	474,052	242,592
Public safety	3,359,496	3,118,808	3,821,797	3,773,814
Other purposes	-	-	-	266,943
Nonspendable:				
Prepaid items	13,117	-	-	-
Assigned for:				
Other purposes	330,144	382,343	306,810	-
Funds	\$ 12,226,851	\$ 9,224,031	\$ 6,425,447	\$ 6,193,834

2017	2018	2019	2020	2021	2022
\$ 829,648	\$ 509,582	\$ 545,198	\$ 526,278	\$ 520,396	\$ 490,798
1,017	4,505	23,095	5,711	6,744	8,003
-	-	-	-	-	-
21,220,634	23,303,394	23,333,773	28,798,314	43,984,645	61,537,556
<u>\$ 22,051,299</u>	<u>\$ 23,817,481</u>	<u>\$ 23,902,066</u>	<u>\$ 29,330,303</u>	<u>\$ 44,511,785</u>	<u>\$ 62,036,357</u>
\$ 1,040,487	\$ 283,631	\$ 545,458	\$ 650,231	\$ 891,983	\$ 1,296,098
609,568	325,667	456,077	786,808	1,020,169	500,282
169,021	25,447	11,574,765	11,563,422	10,074,230	-
2,810,608	2,241,200	2,298,089	3,489,348	6,183,554	10,508,077
225,549	-	266,575	176,377	230,807	221,258
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,855,233</u>	<u>\$ 2,875,945</u>	<u>\$ 15,140,964</u>	<u>\$ 16,666,186</u>	<u>\$ 18,400,743</u>	<u>\$ 12,525,715</u>

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

	2013	2014	2015	2016
Revenues				
Taxes	\$ 18,440,757	\$ 18,514,067	\$ 21,730,411	\$ 23,625,789
Intergovernmental	2,352,598	2,471,590	2,740,020	2,686,665
Fines and Penalties	228,788	256,498	236,270	272,888
Licenses and Permits	250,467	396,364	462,220	305,411
Charges for Services	372,889	521,705	537,114	628,428
Rents and Royalties	11,340	11,340	11,340	-
Contributions and Donations	119,578	105,353	126,881	74,790
Impact fees	171,515	370,799	-	-
Investment earnings	72,682	56,800	38,077	146,674
Other	65,467	35,920	55,702	74,675
Total revenues	22,086,081	22,740,436	25,938,035	27,815,320
Expenditures				
General government	3,815,498	4,415,415	5,078,029	4,826,824
Public Safety	8,614,560	9,129,552	9,482,850	10,965,063
Highways and Streets	1,938,342	6,866,301	6,137,597	1,360,043
Culture and Recreation	1,003,847	1,305,402	1,509,987	1,628,078
Economic Development	626,154	881,237	725,924	619,344
Health and Welfare	326,804	366,784	405,236	476,396
Capital Outlay	956,887	2,232,168	937,440	1,447,693
Debt Service				
Principal Retirement	1,730,000	945,000	835,000	785,000
Interest on Long-Term Debt	903,538	839,087	803,637	776,837
Issuance Costs	-	-	-	-
Total Expenditures	19,915,630	26,980,946	25,915,700	22,885,278
Excess of Revenues				
Over (Under) Expenditures	2,170,451	(4,240,510)	22,335	4,930,042

	2017	2018	2019	2020	2021	2022
\$	26,519,434	\$ 26,406,680	\$ 30,369,457	\$ 32,922,112	\$ 41,653,930	\$ 51,611,199
	2,957,255	3,095,010	3,436,410	4,024,435	3,575,547	4,049,096
	325,149	292,883	283,882	223,321	215,889	197,352
	506,796	650,962	644,556	422,794	770,437	881,248
	1,096,911	1,319,914	1,381,940	1,354,241	3,356,929	5,149,624
	-	62,525	47,045	54,054	54,054	69,707
	66,681	40,437	66,619	52,218	1,270,908	66,975
	-	-	-	-	-	-
	168,706	285,082	838,282	873,182	67,930	(708,714)
	88,835	254,617	405,051	585,522	-	-
	<u>31,729,767</u>	<u>32,408,110</u>	<u>37,473,242</u>	<u>40,511,879</u>	<u>50,965,624</u>	<u>61,316,487</u>
	5,631,593	6,688,536	6,692,032	7,500,493	7,752,645	7,672,146
	11,837,178	13,257,541	13,323,395	13,228,591	13,474,776	13,627,851
	1,382,414	1,694,376	1,989,758	1,973,409	1,492,239	1,489,855
	1,800,987	2,032,198	2,559,148	3,164,620	2,606,480	3,331,694
	1,201,318	1,006,559	1,284,470	1,090,113	1,492,553	1,514,864
	457,557	481,220	518,667	631,734	762,709	940,237
	2,648,333	4,995,043	8,906,309	3,182,235	3,160,158	18,259,225
	2,035,000	1,406,500	958,100	1,823,715	2,447,563	2,099,604
	744,612	663,188	770,870	1,022,360	881,666	762,035
	-	-	226,656	180,388	-	-
	<u>27,738,992</u>	<u>32,225,161</u>	<u>37,229,405</u>	<u>33,797,658</u>	<u>34,070,789</u>	<u>49,697,511</u>
	3,990,775	182,949	243,837	6,714,221	16,894,835	11,618,976

(Continued)

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

	2013	2014	2015	2016
Other Financing Sources (Uses)				
Transfers In	1,763,792	3,751,052	3,091,764	3,134,362
Transfers Out	(1,763,792)	(3,640,552)	(3,374,549)	(3,251,324)
Proceeds of refunding debt issuance	-	-	-	-
Premium on refunding debt issuance	-	-	-	-
Proceeds of general obligation bond issuance	-	-	-	-
Premium on general obligation bond issuance	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-
Proceeds from Sale of Capital Assets	14,441	8,282	15,023	17,525
Total other Financing Sources (Uses)	<u>14,441</u>	<u>118,782</u>	<u>(267,762)</u>	<u>(99,437)</u>
Net Change in Fund Balance	<u>\$ 2,184,892</u>	<u>\$ (4,121,728)</u>	<u>\$ (245,427)</u>	<u>\$ 4,830,605</u>
Debt Service as a Percentage of Noncapital Expenditures	13.9%	7.2%	6.6%	7.3%

2017	2018	2019	2020	2021	2022
2,596,590	1,518,209	305,239	1,608,678	360,569	361,148
(3,016,589)	(1,657,209)	(330,686)	(1,608,678)	(360,569)	(361,148)
-	-	-	6,737,000	-	-
-	-	-	686,780	-	-
-	-	10,850,000	-	-	-
-	-	1,005,367	-	-	-
-	-	-	(7,190,000)	-	-
14,394	9,520	9,272	5,458	21,204	30,568
(405,605)	(129,480)	11,839,192	239,238	21,204	30,568
<u>\$ 3,585,170</u>	<u>\$ 53,469</u>	<u>\$ 12,083,029</u>	<u>\$ 6,953,459</u>	<u>\$ 16,916,039</u>	<u>\$ 11,649,544</u>
10.8%	7.5%	6.9%	9.9%	10.7%	9.1%

(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
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
2021	7,518,600	34,079,997	55,333	41,653,930
2022	7,982,524	44,451,806	53,575	52,487,905
Change 2013-2022	92.2%	212.4%	-5.9%	184.6%

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
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%
2021	329,937	10,283	26,591	1,908	368,719	3.5259	368,719	100.000%
2022	349,483	13,048	30,665	2,000	395,196	2.7476	395,196	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	
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
2021	1.6584	1.8675	3.5259	N/A	N/A	N/A	3.5259
2022	1.6551	1.0925	2.7476	N/A	N/A	N/A	2.7476

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	2022			2013		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
CLNC NNN Alberts AZ LLC	\$ 14,737,783	1	6.55%	-	-	-
FR CAL 3 Tolleson Buckeye LLC	15,763,138	2	7.00%	-	-	-
Smiths Food & Drug Centers Inc	16,956,863	3	7.53%	\$ 13,324,809	2	5.04%
Prologis-Exchange Westside Business Park LLC	15,117,711	4	6.71%	-	-	-
SVC Manufacturing Inc	14,216,267	5	6.31%	22,479,346	1	8.50%
SBSS W Jefferson LLC/CI448 W Jefferson LLC	7,759,448	6	3.45%	-	-	-
Greater Arizona Auto Auctions Inc	5,929,019	7	2.63%	4,027,931	6	1.52
Liberty Property LP	9,178,123	8	4.08%	-	-	-
SREIT Loop 101 Phase II LLC	5,925,618	9	2.63%	-	-	-
FIP Master Funding I LLC	5,803,838	10	2.58%	-	-	-
LBA Realty Fund III Company IX LLC	-	-	-	7,578,128	3	2.86%
ABS SW Investor LLC (Albertson)	-	-	-	5,388,448	4	2.04%
Cole HD Tolleson AZ LLC	-	-	-	5,250,235	5	1.98%
Continental Pet Technologies	-	-	-	4,197,490	7	1.59%
Price Company	-	-	-	3,536,201	8	1.34%
AZEJM Land Holdings/Oxnard	-	-	-	3,326,693	9	1.26%
91st Avenue Investment Co.	-	-	-	2,750,000	10	1.04
Total	\$ 111,387,808			\$ 71,859,281		27.17%

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		Total Collections to Date			Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
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%
2021	8,651,852	8,463,805	97.83%	76,114	8,539,919	98.71%	148,209	1.71%
2022	7,243,168	7,230,004	99.82%	219,715	7,449,719	102.85%	82,801	1.14%

Source: Maricopa County Finance Department



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

Sales Category	2013	2014	2015	2016
Commercial & Utilities	\$ 1,340,608	\$ 1,332,053	\$ 1,486,385	\$ 1,484,711
Construction	696,757	768,790	1,417,419	907,458
Manufacturing	273,890	501,565	649,799	769,714
Wholesale	1,739,508	2,281,582	3,261,898	4,387,437
Retail	6,900,851	6,375,361	7,073,146	7,723,550
Real estate	1,843,998	1,525,374	1,851,697	2,150,547
Services	674,710	745,858	871,641	1,232,577
All other outlets	759,719	829,991	952,436	936,790
Total	\$ 14,230,041	\$ 14,360,574	\$ 17,564,421	\$ 19,592,784

City Sales Tax Rate	2.50%	2.50%	2.50%	2.50%
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Source: Arizona State Revenue

Note: This schedule requires that governments present revenue information about their most significant own-source revenue.

	2017	2018	2019	2020	2021	2022
\$	1,471,733	\$ 1,429,106	\$ 1,472,126	\$ 1,419,507	\$ 1,535,042	\$ 1,600,746
	1,337,854	1,553,611	2,534,686	1,224,339	1,424,785	3,987,937
	973,913	955,024	998,523	680,611	820,935	1,250,592
	3,980,112	3,487,881	3,774,365	3,914,447	4,651,274	5,549,732
	8,545,050	9,362,838	11,481,732	13,464,737	18,580,686	23,374,584
	2,085,554	2,454,322	2,528,580	2,654,247	3,653,986	4,341,858
	1,317,928	1,397,260	1,444,529	1,671,286	1,847,042	1,874,043
	1,198,107	794,183	1,214,095	1,336,304	1,540,419	2,472,314
\$	<u>20,910,251</u>	<u>\$ 21,434,225</u>	<u>\$ 25,448,636</u>	<u>\$ 26,365,478</u>	<u>\$ 34,054,169</u>	<u>\$ 44,451,806</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
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%
2021	2.50%	8.80%
2022	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
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	-
2021	16,117	4,690	-	-	4,921	-
2022	14,389	4,172	-	-	4,178	-

* 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.

<u>Business-type Activities</u>				
<u>Capital Leases</u>	<u>Waste Water WIFA Loan</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
-	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
-	5,094	30,822	*	4,181
-	4,599	27,338	*	3,747



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
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
2021	21,037	2,971	24,008	368,719	6.51%	7,372	3,257
2022	18,567	2,683	21,250	395,196	5.38%	7,295	2,913

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, 2022
(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	\$ 20,855,000	70.29	\$ 14,659,875
Fowler Elementary School District No. 45	6,425,000	9.98	641,204
Littleton Elementary School District No. 65	46,755,000	15.52	7,256,540
Tolleson Union High School District No. 214	200,720,000	17.57	35,269,272
Maricopa County Community College District	135,585,000	0.53	719,612
Maricopa County Special Health Care District	600,335,000	0.53	3,178,849
Western Maricopa Education Center District No. 402	130,195,000	1.43	<u>1,865,748</u>
Subtotal, overlapping debt			\$ 63,591,100
City of Tolleson, Arizona Direct Debt	18,561,658	100.00	<u>\$ 18,561,658</u>
Total direct and overlapping debt			<u><u>\$ 82,152,758</u></u>

(a) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for 2021/22

(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: The various entities, State and County Abstract of the Assessment Roll, Arizona Department of Revenue, Property Tax Rates and Assessed Values, Arizona Tax Research Association and the Assessor, Office of Budget and Finance and Treasurer of Maricopa County. Prepared by: Stifel, Nicolaus & Company, Incorporated

CITY OF TOLLESON, ARIZONA
Table 15
Calculation of Legal Debt Margin
June 30, 2022
(Unaudited)

Net Assessed Valuation		<u>\$ 395,196,343</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 79,039,269
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 10,634,183	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>10,634,183</u>
20% Legal Debt Margin		<u>68,405,086</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Secondary Net Assessed Valuation		23,711,781
Debt Applicable to Limit		
General Obligation Bonds Outstanding	10,615,566	
Less Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>10,615,566</u>
All Other General Obligation Bonds Debt Margin		<u>13,096,215</u>
Total Legal Debt Margin		<u>\$ 81,501,301</u>

Source: Maricopa County Assessor's Office



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

	2013	2014	2015	2016
Net Secondary Assessed Valuation	\$ 180,067,717	\$ 162,254,481	\$ 168,629,759	\$ 199,662,057
Debt Limit	46,817,606	42,186,165	43,843,737	51,912,135
Total net debt applicable to limit	<u>31,735,000</u>	<u>33,160,790</u>	<u>29,738,090</u>	<u>26,192,537</u>
Legal debt margin	<u>\$ 15,082,606</u>	<u>\$ 9,025,375</u>	<u>\$ 14,105,647</u>	<u>\$ 25,719,598</u>
Total net debt applicable to the limit as a percentage of debt limit.	67.78%	78.61%	67.83%	50.46%

2017	2018	2019	2020	2021	2022
\$ 239,605,939	\$ 271,256,677	\$ 295,958,429	\$ 328,931,929	\$ 368,719,284	\$ 395,196,343
62,297,544	70,526,736	76,949,192	85,522,302	95,867,014	102,751,049
<u>22,702,537</u>	<u>18,798,871</u>	<u>25,876,823</u>	<u>26,166,178</u>	<u>24,008,903</u>	<u>21,249,749</u>
<u>\$ 39,595,007</u>	<u>\$ 51,727,865</u>	<u>\$ 51,072,369</u>	<u>\$ 59,356,124</u>	<u>\$ 71,858,111</u>	<u>\$ 81,501,300</u>
36.44%	26.65%	33.63%	30.60%	25.04%	20.68%

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

Revenue Bonds*						
Fiscal Year	Public Safety Sales Tax	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2021	678	-	678	420	201	1.09
2022	476	-	476	455	167	0.77

*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
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%
2021	7,372	45,952	17,998	N/A	N/A	N/A	6.60%
2022	7,295	54,494	21,402	N/A	N/A	N/A	2.90%

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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,150	1	7.17%	1,100	1	10.27%
Papa Johns Salads Produce	960	2	5.17%	-	-	-
Albertsons, Inc.	810	3	5.05%	-	-	-
Atlas Retail Services	650	4	4.05%	500	2	4.67%
SK Food Group	550	5	3.43%	-	-	-
Pepsico	440	6	3.12%	-	-	-
Carvana Co	400	7	2.99%	462	3	4.32%
Autozone	380	8	3.27%			
SRP	380	9	2.31%	273	9	2.55%
Sysco Food Services of Arizona	370	10	2.18%	314	7	2.93%
Fry's Distribution	-	-	-	400	4	3.74%
Greater Auto Auction	-	-	-	341	5	3.19%
Home Depot	-	-	-	322	6	3.01%
Berry Plastics, Inc.	-	-	-	296	8	2.76%
Total	6,090		38.74%	4,008		37.44%

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

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government	34	45	46.5	41	47	48	60	55.5	55	54
Police	43	42	42	48	49	49	49	49	53	54
Fire	31	31	33	33	32	32	33	33	33	34
Public Works	20	18.5	18	19	19	21	22	22	22	23
Community Services	8	8	8	8.5	8	9	10.5	12.5	12.5	11.5
Water	8	8	8	10.5	12	12.6	14	14	14	14
Sanitation	2	1.5	1.5	2.5	2	-	-	-	-	-
Wastewater/Sewer	20	21	24	28	28.5	27.4	28.5	29	28	28
Total	<u>166</u>	<u>175</u>	<u>181</u>	<u>191</u>	<u>197.5</u>	<u>199</u>	<u>217</u>	<u>215</u>	<u>217.5</u>	<u>218.5</u>

Source: City Records

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

Function/Program	2013	2014	2015	2016	2017
Police					
Physical arrests	293	257	248	293	352
Call for services	14,511	12,484	11,712	14,650	15,428
Traffic violations	1,944	3,582	2,758	3,599	3,433
Fire					
Emergency responses	2,122	2,212	2,322	2,636	2,915
Fires extinguished	138	134	135	120	116
Inspections	271	43	116	633	52**
Planning and Building Safety					
Building permits issued	344	386	327	336	383
Building inspections conducted	912	1425	1460	694*	860*
Transit					
Total route miles	6	6	6	6	6
Sanitation					
Refuse collected (<i>tons/day</i>)	15.0	8.45	8.87	8.46	0.42***
Library					
Volumes in collection	27,240	26,983	23,172	22,894	24,337
Total volumes borrowed	37,690	36,480	33,183	29,166	34,419
Water					
New connections	257	44	35	19	26
Water main breaks					
Average daily consumption (<i>thousands of gallons</i>)	3,876	3,877	3,000	3,823	3,082
Peak daily consumption (<i>thousands of gallons</i>)	5,174	5,384	6,000	7,100	6,480
Wastewater					
Average daily sewage treatment (<i>thousands of gallons</i>)	5,180	5,274	8,230	5,347	5,353

* Represents 8 months

** Represents 2 months

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

Source: City Records

2018	2019	2020	2021	2022
330	404	978	1,064	982
15,942	16,560	15,507	17,376	17,901
2,456	1,825	1,263	1,551	1,350
3,688	3,701	3,944	4,085	2,993
1,088	1,099	1,195	1,054	647
1	24	94	162	218
429	488	429	332	411
1286	1,565	984	1,090	788
6	6	6	6	6
0.54	0.76	11	12	6.50
23,809	25,210	24,244	42,311	43,886
31,110	39,211	36,281	16,415	19,213
8	59	35	17	36
	5	7	6	8
3,940	3,774	3,875	4,044	4,037
5,602	5,721	5,836	5,274	5.56
5,359	5,490	5,739	5,534	6,061

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police				
Stations	1	1	1	1
Patrol Units	23	24	24	24
Fire Stations	1	1	1	1
Refuse collection				
Collection trucks	2	6	6	6
Other public works				
Streets (<i>miles</i>)	34	34	34	34
Streetlights	778	778	778	778
Traffic signals		12	12	12
Parks and recreation				
Acreage	20	20	20	20
Playgrounds	3	3	3	4
Baseball/softball diamonds		1	3	3
Soccer/football fields		1	2	2
Community/Youth Centers	2	2	2	3
Water				
Water mains (<i>miles</i>)	50	56	60	60
Fire hydrants	475	420	700	700
Storage capacity (<i>thousands of gallons</i>)				5,250
Wastewater				
Sanitary sewers (<i>miles</i>)	37.07	34.63	35.03	38.12
Storm sewers (<i>miles</i>)		2	2	2
Treatment capacity (<i>thousands of gallons</i>)	17,500	17,500	17,500	17,500

Source: City Records

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
24	24	22	27	34	34
1	1	1	1	1	1
2	2	2	2	2	2
34	34	34	34	34	30
778	778	944	965	1,071	955
12	13	14	15	15	14
20	20	24	24	24	29
4	4	4	4	4	4
3	3	3	3	3	3
2	2	2	2	2	2
3	3	3	2	2	2
56.75	57.75	60	63.75	64.00	64.03
730	737	748	765	765	768
	5,250	5,250	5,250	5,250	5,250
38.62	38.62	39.46	40.06	40.06	40.16
2	2	2	2	2	2
17,500	17,500	17,500	17,500	17,500	17,500

CITY OF TOLLESON, ARIZONA
Table 23
Property Valuations
For the Fiscal Year Ended June 30, 2022
(Unaudited)

	<u>2021-2022</u> <u>Fiscal Year</u>
Estimated actual valuation	\$ 2,584,491,200
Net primary assessed valuation	258,601,288

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
2021-22	\$ 395,196,343	\$ 2,584,491,200	15.29%
2020-21	\$ 368,719,284	\$ 2,400,108,151	15.36%
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%

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, 2022
(Unaudited)

Legal Class	Description	2020-2021 Secondary Assessed Valuation	2021 Percent of Total	2021-2022 Secondary Assessed Valuation	2022 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	329,937,175	89.48%	349,482,677	88.42%
2	Agricultural and Vacant	10,282,440	2.79%	13,048,653	3.30%
3	Residential (Owner occupied)	15,300,827	4.15%	17,539,103	4.44%
4	Residential (Rental)	11,290,512	3.06%	13,126,010	3.32%
5	Railroad	689,675	0.19%	739,290	0.19%
6	Non-commercials	1,218,655	0.33%	1,260,610	0.32%
Total		<u>\$ 368,719,284</u>	<u>100.00%</u>	<u>\$ 395,196,343</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, 2022
(Unaudited)

Taxpayers	Business	Estimated Secondary 2021-22 Assessed Valuation	Estimated as a Percent of the City's 2021-22 Net Secondary Assessed Valuation
CLNC NNN Alberts AZ LLC (Albertsons)	Grocery Retailer	\$ 12,505,266	4.84%
FR CAL 3 Tolleson Buckeye LLC	Industrial Property	11,648,664	4.50%
Smiths Food & Drugs	Grocery Retailer	11,204,312	4.33%
Prologis-Exchange Westside Business Park LLC	Industrial Property	8,455,627	3.27%
SVC Manufacturing INC	Food Manufacture	8,180,682	3.16%
SBSS W Jefferson LLC/CI448 W Jefferson LLC		5,962,574	2.31%
Greater Arizona Auto Auctions Inc.	Auto auctions	5,062,748	1.96%
Liberty Property LP	Real Estate	4,659,448	1.80%
SREIT Loop 101 Phase II LLC		4,602,865	1.78%
FIP Master Funding I LLC		4,315,150	1.67%
Total		<u>\$ 76,597,336</u>	<u>29.62%</u>

Source: Maricopa County Assessor's Office