



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FY 2024

Fiscal Year Ended
June 30, 2024



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City of Tolleson, Arizona



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Prepared by:
City of Tolleson Finance Department
9055 W. Van Buren
Tolleson, Arizona 85353

City of Tolleson, Arizona

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Introductory Section





CITY OF TOLLESON

9055 W. Van Buren St. • Tolleson, AZ 85353 • Direct: (623) 936-7111 • Fax: (623) 936-7117 • TTY users, dial 711 for Relay

December 18, 2024

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, 2024. 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 Baker Tilly, 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, 2024, 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, 2024, 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 growth. The state of Arizona is forecast to generate job, income, and population gains at a faster pace than the nation. Tolleson historically generates gains in excess of the nation and faster than the state average.

Revenues in the General Fund increased by 21.3% and General Fund revenues exceeded the budget by 29.8%. Expenditures in the General Fund increased by \$3,734,050, which is approximately 10.5%. 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 2024-2025 anticipated modest General Fund revenue growth.

Current Condition

The City continues to diversify its tax base, and is in the process of adding several new retail opportunities. Sales tax revenues are the major revenue source, and diversification of the sales tax revenue is a high priority for the city. The financial performance of the City as a whole is reflected in its governmental funds.

As of June 30, 2024, the City's governmental funds reported a combined fund balance of \$107,064,048 of which \$68,775,211 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 2025 remains stable. Retail sales tax growth is strong compared to the prior year, and combined with conservative budgeting, positive budget variances have been maintained. There is still caution associated with inflation, tight labor markets, and supply chain limitations that could impact economic conditions in the future. The long-term outlook for Tolleson continues to be 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 2024, the city had several significant accomplishments and initiatives.

The Police Department modernized the 911 call-taking system from a regional to statewide system.

The City expanded the Senior Center hours and rebranded the center to the Tolleson Social Club.

The City completed 15 housing rehabilitation projects, assisted 236 families with rental assistance (\$639,000) and 294 families with utility bill assistance (\$294,000).

The Tolleson micro transit program was initiated utilizing Uber/Lyft to provide transit services in the Tolleson area. The micro transit program replaced a fixed route bus and reduced budgeted costs by \$200,000.

The City received a federal appropriations grant and will utilize local funds to provide two pedestrian bridges to help facilitate safer pedestrian travel. One of the bridges is planned near the high school and will provide safer pedestrian travel and enhance vehicular flow in the area.

The City is in the design phase for a year-round aquatic facility and should begin construction this year. The facility has an initial budget of \$22M.

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 5, 2024, 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, 2023. This was the eighth year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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, Council and City Management for unfailing support in maintaining the highest standards of professionalism in the management of the City of Tolleson's finances.

Respectfully Submitted:



Kevin H. Artz, CPA
Chief Financial Officer



Joseph Wagner-Corona, CPA
Assistant Finance Director



Dora Hu, CPA
Finance Manager



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, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF TOLLESON, ARIZONA
PRINCIPAL OFFICIALS OF THE CITY
YEAR ENDED JUNE 30, 2024

MAYOR AND COUNCIL

Juan F. Rodriguez, Mayor

Jimmy Davis, Vice Mayor

Christine Chavira, Council Member

Clorinda Erives, Council Member

Adolfo Gamez, Council Member

Linda Laborin, Council Member

Cruzita V. Mendoza, Council Member



MANAGEMENT STAFF

Reyes Medrano, Jr., City Manager

Wendy Jackson, Deputy City Manager/Employee Resources Director

Pilar C. Sinawi, Deputy City Manager/Chief Government Affairs Officer

DEPARTMENT HEADS

John Lamb, Magistrate

Steve Holliday, Chief Technical Officer

Crystal Zamora, City Clerk

Rudy Mendoza, Public Safety Director/Police Chief

Randy Babchuk, Field Operations & Parks Director

Jamie McCracken, Utilities Director

Kevin Artz, Chief Financial Officer

Jason Earp, Development Services Director

Michael Young, Fire Chief

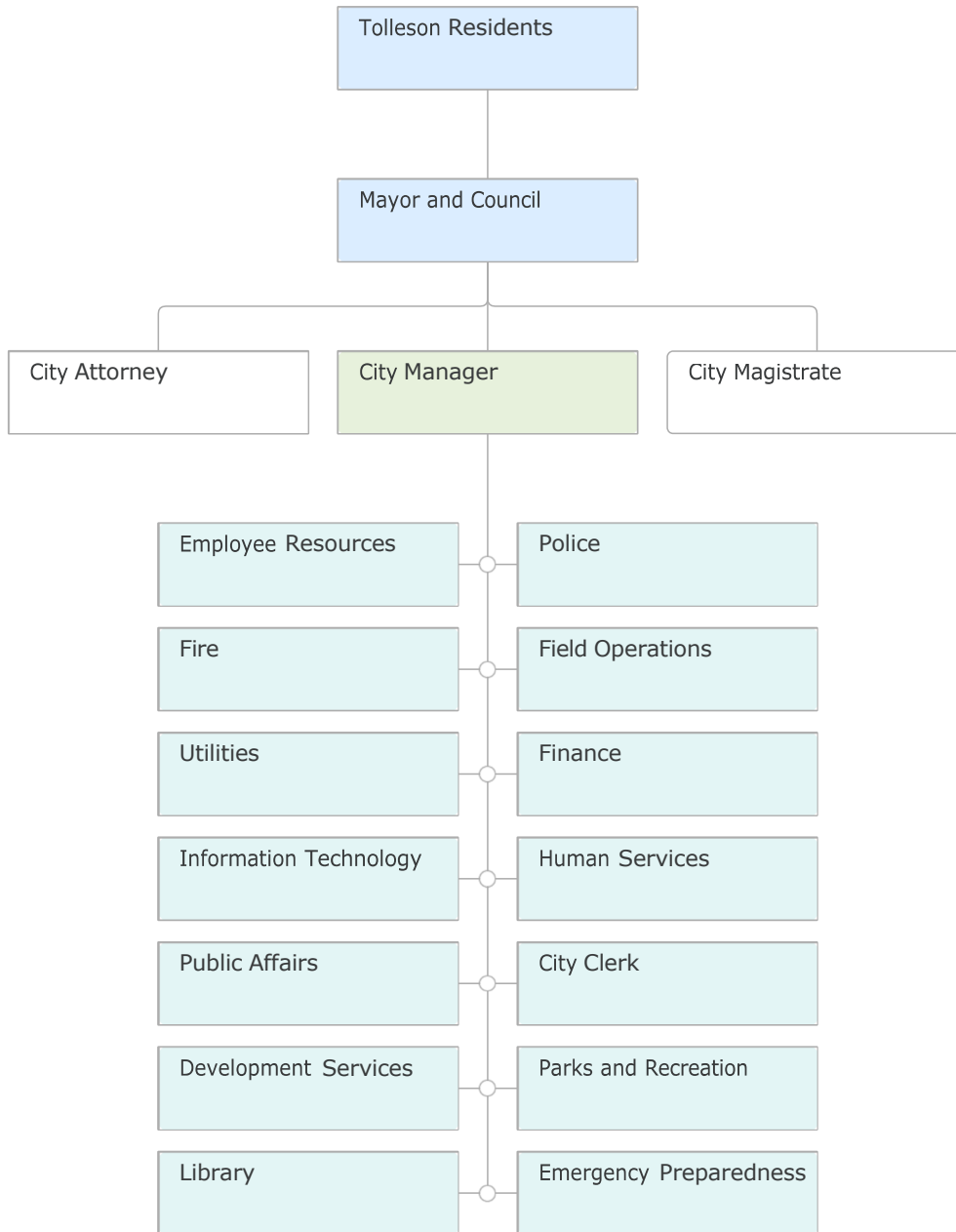
Mandy Carrico, Library Director

Santiago Cornejo, Human Services Director

George Good, Emergency Preparedness & Response
Director

City of Tolleson Organization Chart

Tolleson operates under the Council-Manager form of government. Legislative authority is vested in a seven-member City Council, consisting of a Mayor, Vice-Mayor and five council members, all elected at large for a term of four years. The Mayor and Council appoint the City Attorney, City Magistrate and City Manager. The City Manager is responsible for the oversight and administration of the operations of the City.





Financial Section



Independent Auditors' Report

To the Honorable Mayor and City Council of
City of 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, Arizona (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2024 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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.

Other Matters

Compliance Over 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.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, (the Arizona Auditor General,) the City's Council and management, and other responsible parties within the City and is not intended to be and should not be used by anyone other than these specified parties.

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'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 opinion. 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 GAAS 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 GAAS 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'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'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 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's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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 December 18, 2024 on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Tempe, Arizona
December 18, 2024

Financial Section

Management's Discussion and Analysis



City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

Management's Discussion and Analysis

As management of the City of Tolleson, Arizona (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. 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 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$265,772,936 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors was a positive \$121,533,094.
- The City's total net position increased by \$34,450,004 primarily due to an increase in the general revenues received and program revenues related to business-type activities. The largest increases of \$7,510,884 came from sales tax driven by a growing local economy and \$1,569,903 came from interest income.
- The governmental activities expenses of \$42,691,149 were higher than the prior year amount of \$37,955,786.
- The City had an unrealized gain on investment of \$497,880 comparing to the prior fiscal year of unrealized gain on investment of \$7,564.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$68,775,211 or 175% of total General Fund expenditures and is available for spending at the government's discretion. Assigned fund balance for the General Fund was \$23,665,158, which are spendable resources constrained by the City's intent to be used for specific purposes.
- General Fund revenues (on a budgetary basis) were higher than budgeted inflows by \$13,207,987 for the fiscal year ended June 30, 2024. Budgetary basis expenditures of the General fund were 73% (\$14,850,353 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's basic financial statements. The City'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's finances, in a manner similar to a private-sector business.

Statement of Net Position - presents financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, highways and streets, culture and recreation, economic development and health and welfare. The business-type activities of the City include water, wastewater and sewer and sanitation and trash.

The government-wide financial statements can be found on pages 21-22 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, 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 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 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 and Public Safety Tax Fund, which are considered to be major funds. Data from three additional governmental funds is presented separately. Fund data for the nonmajor 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 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 25-28 of this report.

Proprietary Funds - The City 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 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. Water Fund and Wastewater and Sewer Fund are considered to be major funds of the City. However, all three funds are displayed in their own separate column in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

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 37-72 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 75-84.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor governmental fund budgetary comparisons are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-93 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 \$265,772,936 as of June 30, 2024 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-Type Activities.

City of Tolleson, Arizona Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current and other assets	\$ 111,127,534	\$ 90,728,476	\$ 48,631,214	\$ 48,999,449	\$ 159,758,748	\$ 139,727,925
Capital assets	86,114,152	79,683,691	63,896,743	57,950,266	150,010,895	137,633,957
Total assets	197,241,686	170,412,167	112,527,957	106,949,715	309,769,643	277,361,882
Deferred outflows of resources	9,258,790	8,010,429	973,224	719,701	10,232,014	8,730,130
Long-term liabilities	35,002,933	35,751,255	11,764,675	12,619,556	46,767,608	48,370,811
Other liabilities	3,028,760	2,787,696	2,540,722	1,867,704	5,569,482	4,655,400
Total liabilities	38,031,693	38,538,951	14,305,397	14,487,260	52,337,090	53,026,211
Deferred inflows of resources	1,659,494	1,543,568	232,137	199,301	1,891,631	1,742,869
Net position:						
Net investment in capital assets	71,139,238	63,268,921	57,908,288	54,143,716	129,047,526	117,412,637
Restricted	14,612,531	13,983,979	579,785	549,112	15,192,316	14,533,091
Unrestricted	81,057,520	61,087,177	40,475,574	38,290,027	121,533,094	99,377,204
Total net position	\$ 166,809,289	\$ 138,340,077	\$ 98,963,647	\$ 92,982,855	\$ 265,772,936	\$ 231,322,932

Governmental Activities - Current and other assets increased in governmental activities by \$20.4 million. Deferred outflows of resources increased by \$1.2 million and deferred inflows of by \$241 thousand largely due to an increase in accounts payable.

City of Tolleson, Arizona

Management's Discussion and Analysis
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(Unaudited)

By far, the largest portion of the City's net position, \$129,047,526, 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 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'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's net position, \$15,192,316 represents resources that are subject to external restriction on how they may be used. As of the end of the current year, the City's unrestricted net position was a positive balance of \$121,533,094.

The City's overall net position increased by \$34,450,004 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	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:						
Program revenues:						
Charges for service	\$ 4,106,335	\$ 3,029,385	\$ 19,135,830	\$ 19,523,504	\$ 23,242,165	\$ 22,552,889
Operating grants and contributions	1,650,870	1,388,004	-	-	1,650,870	1,388,004
Capital grants and contributions	333,577	221,661	2,360,424	65,187	2,694,001	286,848
General revenues:						
Taxes	59,930,022	52,143,679	1,167,227	1,073,680	61,097,249	53,217,359
Urban revenue sharing	1,923,309	1,383,873	-	-	1,923,309	1,383,873
Other revenue/(expense)	3,216,248	1,887,555	1,898,377	1,159,854	5,114,625	3,047,409
Total revenues	71,160,361	60,054,157	24,561,858	21,822,225	95,722,219	81,876,382
Expenses:						
General government	12,285,858	11,705,795	-	-	12,285,858	11,705,795
Public safety	18,972,146	16,298,825	-	-	18,972,146	16,298,825
Highways and streets	2,636,514	3,122,637	-	-	2,636,514	3,122,637
Culture and recreation	5,470,852	4,740,527	-	-	5,470,852	4,740,527
Economic development	1,768,355	538,311	-	-	1,768,355	538,311
Health and welfare	1,081,804	1,014,599	-	-	1,081,804	1,014,599
Interest on long-term debt	475,620	535,092	-	-	475,620	535,092
Water	-	-	7,439,306	6,846,830	7,439,306	6,846,830
Wastewater and sewer	-	-	10,750,021	10,554,083	10,750,021	10,554,083
Sanitation	-	-	391,739	421,727	391,739	421,727
Total expenses	42,691,149	37,955,786	18,581,066	17,822,640	61,272,215	55,778,426
Change in net position	28,469,212	22,098,371	5,980,792	3,999,585	34,450,004	26,097,956
Net position, beginning	138,340,077	116,241,706	92,982,855	88,983,270	231,322,932	205,224,976
Net position, ending	\$ 166,809,289	\$ 138,340,077	\$ 98,963,647	\$ 92,982,855	\$ 265,772,936	\$ 231,322,932

City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

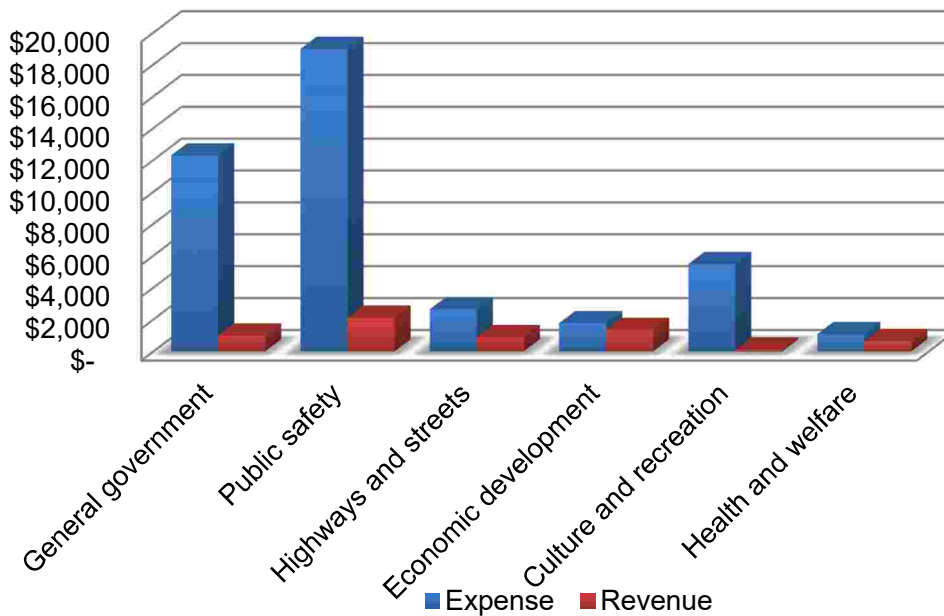
Governmental Activities - During the current fiscal year, net position for governmental activities increased \$28,469,212 from the prior fiscal year for an ending balance of \$166,809,289. The increase in the overall net position of governmental activities is primarily due to an increase in taxes revenue and interest income reported as part of other revenue and a decrease in highways and streets expenses.

Revenues increased \$11.1 million from the prior year mainly due to an increase in sales tax revenue and charges for services revenue. The City collected more zoning, building permit and building plans review fees comparing to the prior year.

Expenses increased from \$38.0 million in the prior year to \$42.7 million in the current year. Most of the City's programs expenses, such as General Government, Public Safety, Culture and Recreation, Economic Development, and Health and Welfare all increased in FY 2024.

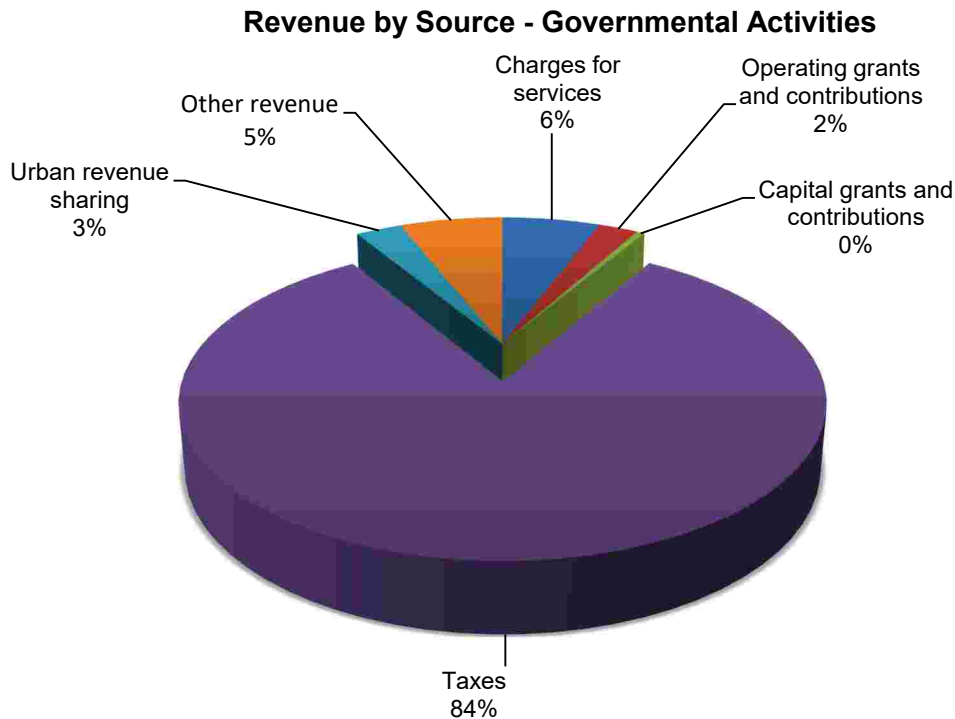
As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on sales taxes, property taxes and other general revenues to cover the costs associated with the various programs.

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

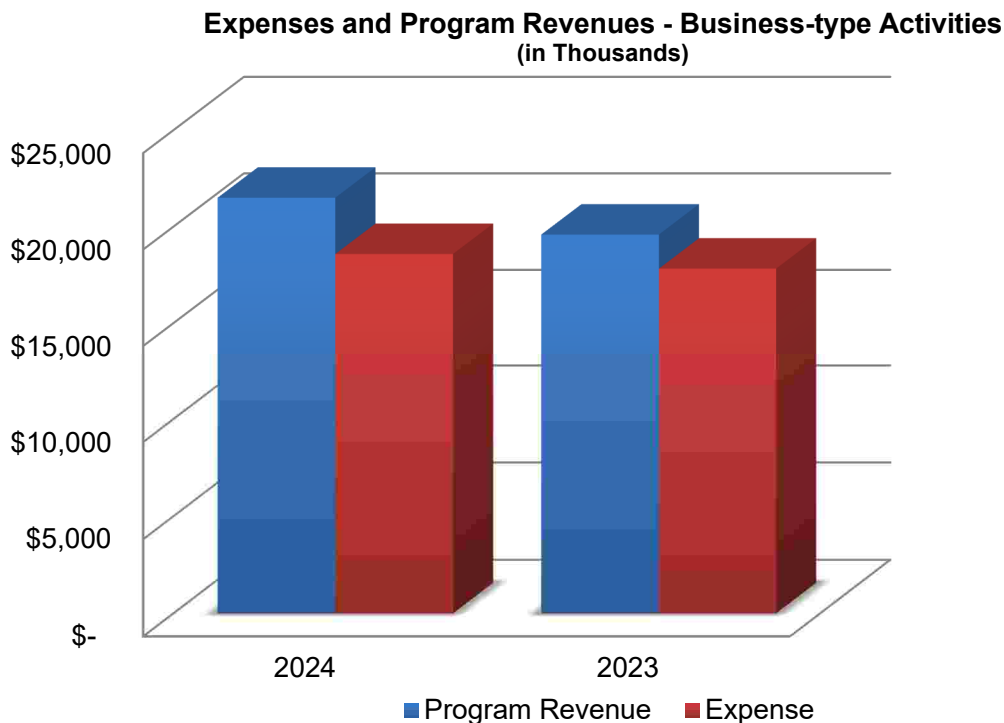


City of Tolleson, Arizona

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Business-Type Activities - For the City'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 \$98,963,647. The change in net position for business-type activities (water, sewer and wastewater, sanitation and trash) increased by \$1,981,207 from the prior fiscal year. This was due to an increase in capital grants and contributions and other revenue.



City of Tolleson, Arizona

Management's Discussion and Analysis
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Financial Analysis of the Governmental Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of 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 itself or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of June 30, 2024, the City's governmental funds reported combined fund balances of \$107,064,048, an increase of \$19,728,056 in comparison with the prior year. Of this amount, \$68,775,211 or 64.2% constitutes unassigned fund balance, which is available for spending at the government's discretion. \$23,665,158 or 22.1% constitutes assigned fund balance, which is funds set aside for specific purposes that are aligned with City's strategic priorities for planned expenditures or projects. The remainder of the fund balance is nonspendable or restricted, to indicate it is (1) not in spendable form, \$11,148; or (2) restricted for particular purposes, \$14,612,531.

Analysis of Individual Funds

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$68,775,211, while total fund balance was \$92,800,202. 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 175.2% of total general fund expenditures, while total fund balance represents 236.4% of that same amount.

The fund balance of the City's general fund increased by \$19,059,283 during the current fiscal year, with the increase primarily due to an increase in sales taxes, licenses and permits, and interest income.

The Public Safety Tax Fund had a \$1,013,479 increase in fund balance during the current fiscal year. The key factor to the increase was an increase in sales taxes.

Proprietary Funds

The City'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 \$17,866,815, the Wastewater and Sewer Fund was \$22,078,017, and the Sanitation and Trash Fund was \$530,742. The total growth in net position for each of the funds was \$2,173,132, \$3,722,163, and \$85,497, respectively. The charges for services increased in the Water and Sanitation and Trash Funds, but decreased in the Wastewater and Sewer Fund. Additionally, property taxes increased in both Water and Wastewater and Sewer Funds. Furthermore, interest income increased in Water, Wastewater and Sewer, and Sanitation and Trash Funds.

City of Tolleson, Arizona

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General Fund Budgetary Highlights

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

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Sales taxes	\$ 32,400,660	\$ 42,410,103	\$ 10,009,443
Interest income	1,008,000	2,471,293	1,463,293

General Fund expenditures were less than budgeted appropriations by \$14,850,353. The five budget organizations with the largest variances include Planning and Engineering at \$7,544,908, Field Operations Building at \$2,739,699, Finance at \$2,516,301, Economic Development at \$829,074, and Field Operations Parks at \$664,375. These expenditure variances were below the related appropriations. However, three budget organizations exceeded their related appropriations are Aquatics Center at \$(2,732,885), Police Field Operations at \$(339,021), and City Clerk at \$(16,805). Aquatics Center expenditures exceeded its budgeted appropriation due to the purchase of land for the City's new Aquatics Center. Both Police Field Operations and City Clerk expenditures exceeded their budgeted appropriations due to the effects of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$150,010,895 (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 9.0%.

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 12,618,580	\$ 7,608,899	\$ 7,047,180	\$ 4,034,932	\$ 19,665,760	\$ 11,643,831
Construction in progress	1,640,430	364,166	1,572,737	594,719	3,213,167	958,885
Buildings	37,446,607	38,653,202	22,942,578	23,772,932	60,389,185	62,426,134
Furniture, equipment and vehicles	4,285,674	3,530,137	21,707,153	19,934,289	25,992,827	23,464,426
Improvements	28,868,235	29,329,492	10,627,095	9,613,394	39,495,330	38,942,886
Intangible Right-to-use Subscription Assets	1,254,626	197,795	-	-	1,254,626	197,795
Total	<u>\$ 86,114,152</u>	<u>\$ 79,683,691</u>	<u>\$ 63,896,743</u>	<u>\$ 57,950,266</u>	<u>\$ 150,010,895</u>	<u>\$ 137,633,957</u>

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

- Purchased two plots of land totaling \$8,021,929.
- Construction in progress for the City's new fire truck totaling \$1,053,421.
- Improvements made to the City's Wastewater Treatment Plant totaling \$861,818.
- Purchase thirteen vehicles totaling \$831,091.
- Rehabilitation of Secondary Clarifier #3 at the City's Wastewater Treatment Plant totaling \$728,686.
- Purchase a street sweeper totaling \$375,862.
- Installation of a K9 Facility at the City's Police Department totaling \$135,163.

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

City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,125,000. Of this amount, \$12,365,000 is debt backed by the full faith and credit of the government. The remainder of the City's long-term obligations is comprised of compensated absences, subscription liabilities, loans payable and the City's net pension liability.

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 8,900,000	\$ 10,474,142	\$ 2,165,000	\$ 2,880,858	\$ 11,065,000	\$ 13,355,000
General obligation bonds, refunding	1,040,000	1,216,000	260,000	304,000	1,300,000	1,520,000
Revenue bonds, refunding	2,760,000	3,255,000	-	-	2,760,000	3,255,000
Bond premiums	1,123,229	1,269,203	179,385	216,822	1,302,614	1,486,025
Loans payable	-	-	3,558,600	4,087,105	3,558,600	4,087,105
Total	<u>\$ 13,823,229</u>	<u>\$ 16,214,345</u>	<u>\$ 6,162,985</u>	<u>\$ 7,488,785</u>	<u>\$ 19,986,214</u>	<u>\$ 23,703,130</u>

The City's total debt decreased by \$3,716,916 (15.7%) during the current fiscal year. This was due to the retirement of debt resulting from regularly scheduled debt payments.

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

The State constitution imposes certain debt limitations on the City, which are 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 and were considered in developing the 2024-2025 fiscal year budget.

The unemployment rate for the City is currently 3.4%, which remains unchanged from a rate of 3.4% a year ago. Labor shortages continue to be an issue in all sectors of employment.

The City anticipates that interest rates will start to trend downward in the next year, while inflation will slightly decrease from the current level of approximately 2.6%.

Increases are expected in wages, health insurance costs, pension costs and other employee benefit costs.

The City 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's daytime population exceeds 25,000 persons a day requiring 24-hour services for residents and nonresidents alike.

Overall, the financial condition of the City has improved during FY 2024 and the actions of the City Council will help to ensure this continues.

City of Tolleson, Arizona

Management's Discussion and Analysis
June 30, 2024
(Unaudited)

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 at:

City of Tolleson, Arizona
9055 West Van Buren Street
Tolleson, Arizona, 85353

Or visit our website at: <https://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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 46,569,486	\$ 26,170,109	\$ 72,739,595
Investments	56,154,348	15,333,955	71,488,303
Receivables (net of allowances)	7,845,035	6,372,835	14,217,870
Leases receivable	547,517	-	547,517
Restricted assets	-	754,315	754,315
Prepaid items	11,148	-	11,148
Capital assets:			
Not being depreciated/amortized	14,259,010	8,619,917	22,878,927
Being depreciated/amortized (net)	71,855,142	55,276,826	127,131,968
Total assets	197,241,686	112,527,957	309,769,643
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	9,258,790	973,224	10,232,014
Total deferred outflows of resources	9,258,790	973,224	10,232,014
Liabilities			
Accounts payable and other current liabilities	2,618,033	2,148,591	4,766,624
Accrued wages and benefits	407,889	91,941	499,830
Intergovernmental payable	-	69,112	69,112
Deposits payable	2,838	166,175	169,013
Interest payable	-	58,789	58,789
Unearned revenue	-	6,114	6,114
Noncurrent liabilities:			
Due within one year:			
Compensated absences	760,362	236,144	996,506
Subscriptions liability	246,987	-	246,987
Loans payable	-	545,967	545,967
Bonds payable	1,173,000	382,000	1,555,000
Due in more than one year:			
Compensated absences	2,407,811	300,545	2,708,356
Subscriptions liability	904,698	-	904,698
Loans payable	-	3,012,633	3,012,633
Bonds payable	12,650,229	2,222,385	14,872,614
Net pension liability	16,859,846	5,065,001	21,924,847
Total liabilities	38,031,693	14,305,397	52,337,090
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	1,142,436	232,137	1,374,573
Deferred inflows of resources related to leases	517,058	-	517,058
Total deferred inflows of resources	1,659,494	232,137	1,891,631
Net Position			
Net investment in capital assets	71,139,238	57,908,288	129,047,526
Restricted for:			
General government	296,622	-	296,622
Public safety	12,876,448	-	12,876,448
Highways and streets	998,770	-	998,770
Debt service	140,654	579,785	720,439
Grants	300,037	-	300,037
Unrestricted	81,057,520	40,475,574	121,533,094
Total net position	\$ 166,809,289	\$ 98,963,647	\$ 265,772,936

See notes to financial statements

City of Tolleson, Arizona

Statement of Activities

Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses							
Functions/Programs							
Primary government:							
Governmental activities:							
General government	\$ 12,285,858	\$ 667,802	\$ 322,866	\$ -	\$ (11,295,190)	\$ -	\$ (11,295,190)
Public safety	18,972,146	1,828,817	283,827	-	(16,859,502)	-	(16,859,502)
Highways and streets	2,636,514	-	560,662	333,577	(1,742,275)	-	(1,742,275)
Culture and recreation	5,470,852	97,115	14,618	-	(5,359,119)	-	(5,359,119)
Economic development	1,768,355	1,339,209	6,502	-	(422,644)	-	(422,644)
Health and welfare	1,081,804	173,392	462,395	-	(446,017)	-	(446,017)
Interest on long-term debt	475,620	-	-	-	(475,620)	-	(475,620)
Total governmental activities	42,691,149	4,106,335	1,650,870	333,577	(36,600,367)	-	(36,600,367)
Business-type activities:							
Water	7,439,306	7,893,323	-	-	-	454,017	454,017
Wastewater and sewer	10,750,021	10,783,320	-	2,360,424	-	2,393,723	2,393,723
Sanitation and trash	391,739	459,187	-	-	-	67,448	67,448
Total business-type activities	18,581,066	19,135,830	-	2,360,424	-	2,915,188	2,915,188
Total primary government	<u>\$ 61,272,215</u>	<u>\$ 23,242,165</u>	<u>\$ 1,650,870</u>	<u>\$ 2,694,001</u>	<u>(36,600,367)</u>	<u>2,915,188</u>	<u>(33,685,179)</u>
General Revenues							
Taxes:							
Sales tax					51,108,820	-	51,108,820
Property tax					7,296,622	1,167,227	8,463,849
Auto lieu tax					376,427	-	376,427
Franchise tax					54,575	-	54,575
State revenue sharing					1,093,578	-	1,093,578
Urban revenue sharing (unrestricted)					1,923,309	-	1,923,309
Unrestricted investment earnings:							
Interest income					2,824,395	1,744,910	4,569,305
Change in the fair value of investments					322,536	175,344	497,880
Gain (loss) on sale of capital assets					-	(25,765)	(25,765)
Miscellaneous					73,205	-	73,205
Transfers (out) in					(3,888)	3,888	-
Total general revenues					<u>65,069,579</u>	<u>3,065,604</u>	<u>68,135,183</u>
Change in net position					28,469,212	5,980,792	34,450,004
Net Position, Beginning					<u>138,340,077</u>	<u>92,982,855</u>	<u>231,322,932</u>
Net Position, Ending					<u>\$ 166,809,289</u>	<u>\$ 98,963,647</u>	<u>\$ 265,772,936</u>

See notes to financial statements

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.

Nonmajor Funds



City of Tolleson, Arizona

Balance Sheet

Governmental Funds

June 30, 2024

	General	Public Safety Tax	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 38,040,848	\$ 7,239,177	\$ 1,289,461	\$ 46,569,486
Investments	51,173,758	4,980,590	-	56,154,348
Receivables, net:				
Accounts receivable	740,059	-	-	740,059
Interest receivable	384,823	37,454	-	422,277
Taxes receivable	51,022	-	29,491	80,513
Intergovernmental receivable	5,612,532	662,065	327,589	6,602,186
Leases receivable	547,517	-	-	547,517
Due from other funds	106,000	-	-	106,000
Prepays	11,148	-	-	11,148
Total assets	\$ 96,667,707	\$ 12,919,286	\$ 1,646,541	\$ 111,233,534
Liabilities				
Accounts payable	\$ 2,476,240	\$ 94,901	\$ 46,892	\$ 2,618,033
Accrued wages and benefits	399,109	-	8,780	407,889
Due to other funds	-	-	106,000	106,000
Deposit payable	2,838	-	-	2,838
Total liabilities	2,878,187	94,901	161,672	3,134,760
Deferred Inflows of Resources				
Unavailable revenue	472,260	-	45,408	517,668
Deferred inflows of resources related to leases	517,058	-	-	517,058
Total deferred inflow of resources	989,318	-	45,408	1,034,726
Fund Balances				
Nonspendable:				
Prepaid items	11,148	-	-	11,148
Restricted:				
General government	296,622	-	-	296,622
Public safety	52,063	12,824,385	-	12,876,448
Highways and streets	-	-	998,770	998,770
Debt service	-	-	140,654	140,654
Grants	-	-	300,037	300,037
Assigned:				
General fund reserve (40% of expenditures)	15,704,777	-	-	15,704,777
Subsequent year's budget:				
appropriation of fund balance	7,960,381	-	-	7,960,381
Unassigned	68,775,211	-	-	68,775,211
Total fund balances	92,800,202	12,824,385	1,439,461	107,064,048
Total liabilities, deferred inflows of resources and fund balances	\$ 96,667,707	\$ 12,919,286	\$ 1,646,541	\$ 111,233,534

See notes to financial statements

City of Tolleson, Arizona

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2024

Total Governmental Funds Balances \$ 107,064,048

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	\$ 145,830,334	
Accumulated depreciation/amortization	<u>(59,716,182)</u>	86,114,152

Some revenues are unavailable in the governmental fund financial statements but recognized when earned in the statement of activities

517,668

Some liabilities, including net pension liabilities, leases, loans payable and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability	(16,859,846)	
Subscription-based information technology arrangements liability	(1,151,685)	
Bonds payable	(12,700,000)	
Bond premiums	(1,123,229)	
Compensated absences	<u>(3,168,173)</u>	(35,002,933)

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	9,258,790	
Deferred inflows of resources related to pensions	<u>(1,142,436)</u>	<u>8,116,354</u>

Total Net Position of Governmental Activities \$ 166,809,289

City of Tolleson, Arizona**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds**

Year Ended June 30, 2024

	General	Public Safety Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Sales taxes	\$ 42,410,103	\$ 8,072,833	\$ 625,884	\$ 51,108,820
Property taxes	5,190,863	-	2,094,509	7,285,372
Franchise taxes	54,575	-	-	54,575
Intergovernmental revenues	3,064,707	-	2,015,530	5,080,237
Fines and forfeitures	188,749	-	-	188,749
Licenses and permits	1,339,209	-	-	1,339,209
Charges for services	2,347,312	28,450	173,392	2,549,154
Rents and royalties	35,852	-	-	35,852
Contributions and donations	56,316	-	-	56,316
Investment earnings:				
Interest income	2,471,293	320,216	32,886	2,824,395
Change in the fair value of investments	322,536	-	-	322,536
Other revenues	16,632	-	-	16,632
Total revenues	57,498,147	8,421,499	4,942,201	70,861,847
Expenditures				
Current:				
General government	10,380,197	-	-	10,380,197
Public safety	13,467,425	5,781,438	459,277	19,708,140
Highways and streets	1,136,003	-	1,206,910	2,342,913
Culture and recreation	4,577,754	-	-	4,577,754
Economic development	1,584,795	-	-	1,584,795
Health and welfare	-	-	1,209,939	1,209,939
Capital outlay	7,723,294	1,626,582	60,813	9,410,689
Debt service:				
Principal retirement	373,415	-	2,245,142	2,618,557
Interest	19,059	-	602,535	621,594
Total expenditures	39,261,942	7,408,020	5,784,616	52,454,578
Excess (deficiency) of revenues over (under) expenditures	18,236,205	1,013,479	(842,415)	18,407,269
Other Financing Sources (Uses)				
Subscription-based information technology arrangements	1,324,675	-	-	1,324,675
Transfers in	-	-	537,328	537,328
Transfers out	(501,597)	-	(39,619)	(541,216)
Total other financing sources and (uses)	823,078	-	497,709	1,320,787
Net change in fund balances	19,059,283	1,013,479	(344,706)	19,728,056
Fund Balances, Beginning	73,740,919	11,810,906	1,784,167	87,335,992
Fund Balances, Ending	\$ 92,800,202	\$ 12,824,385	\$ 1,439,461	\$ 107,064,048

See notes to financial statements

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, 2024

Net Change in Fund Balances - Total Governmental Funds

\$ 19,728,056

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

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/amortization expense and
capital outlay in the current period.

Capital outlay	\$ 10,625,195	
Depreciation/amortization expense	<u>(4,194,734)</u>	6,430,461

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

Amortization of bond premiums and discounts, net		145,974
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City pension contributions are reported as expenditures in the governmental
funds when made. However, they are reported as deferred outflows of
resources in the statement of net position because the reported net
pension liability is measured a year before the City's report date.
Pension expense, which is the change in the net pension liability
adjusted for changes in deferred outflows and inflows of resources
related to pensions, is reported in the statement of activities.

City pension contributions	4,652,109	
City proportionate share of State's appropriation to EORP	73,205	
Pension expense	<u>(3,751,087)</u>	974,227

Long-term debt proceeds provide current financial resources to governmental
funds, but issuing debt instruments increases long-term liabilities in the
statement of net position. The following long-term liabilities were incurred:

Subscription-based information technology arrangements incurred		(1,324,675)
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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.

Principal repaid - bonds	2,245,142	
Principal repaid - subscription-based information technology arrangements	<u>373,415</u>	2,618,557

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

229,196

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.

(332,584)

Change in Net Position of Governmental Activities

\$ 28,469,212

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 and Sewer Fund** - This fund is used to account for the activities of the City's sewer utility operations.
- **Sanitation and Trash Fund** - This fund is used to account for the activities of the City's sanitation and trash utility operations.



City of Tolleson, Arizona

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-Type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 11,356,571	\$ 14,008,106	\$ 805,432	\$ 26,170,109
Investments	7,520,427	7,813,528	-	15,333,955
Receivables (net of allowance):				
Accounts receivable	1,253,127	4,851,199	65,324	6,169,650
Interest receivable	56,553	58,757	-	115,310
Taxes receivable	83,421	4,454	-	87,875
Restricted assets	174,530	579,785	-	754,315
Total current assets	20,444,629	27,315,829	870,756	48,631,214
Noncurrent Assets				
Capital assets:				
Not being depreciated/amortized	4,712,906	3,907,011	-	8,619,917
Being depreciated/amortized, net	8,236,227	47,040,599	-	55,276,826
Total noncurrent assets	12,949,133	50,947,610	-	63,896,743
Total assets	33,393,762	78,263,439	870,756	112,527,957
Deferred Outflows of Resources				
Deferred outflows of resources related to pensions	290,078	636,429	46,717	973,224
Liabilities				
Current liabilities:				
Accounts payable	756,882	1,389,513	2,196	2,148,591
Accrued wages and benefits	30,405	60,906	630	91,941
Interest payable	-	58,789	-	58,789
Intergovernmental payable	69,112	-	-	69,112
Customer deposits payable	166,175	-	-	166,175
Unearned revenue	3,057	3,057	-	6,114
Compensated absences	65,846	170,298	-	236,144
Loans payable, current portion	-	545,967	-	545,967
Bonds payable, current portion	335,000	47,000	-	382,000
Total current liabilities	1,426,477	2,275,530	2,826	3,704,833
Noncurrent liabilities:				
Compensated absences, net of current portion	83,803	216,742	-	300,545
Loans payable, net of current portion	-	3,012,633	-	3,012,633
Bonds payable, net of current portion	1,987,057	235,328	-	2,222,385
Net pension liability	1,437,283	3,277,864	349,854	5,065,001
Total noncurrent liabilities	3,508,143	6,742,567	349,854	10,600,564
Total liabilities	4,934,620	9,018,097	352,680	14,305,397
Deferred Inflows of Resources				
Deferred inflows of resources related to pensions	80,799	117,287	34,051	232,137
Net Position				
Net investment in capital assets	10,801,606	47,106,682	-	57,908,288
Restricted for debt service	-	579,785	-	579,785
Unrestricted	17,866,815	22,078,017	530,742	40,475,574
Total net position	\$ 28,668,421	\$ 69,764,484	\$ 530,742	\$ 98,963,647

See notes to financial statements

City of Tolleson, Arizona

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
Operating Revenues				
Charges for services	\$ 7,893,323	\$ 10,783,320	\$ 459,187	\$ 19,135,830
Total operating revenue	7,893,323	10,783,320	459,187	19,135,830
Operating Expenses				
Salaries, wages and benefits	2,020,749	4,154,733	54,226	6,229,708
Contractual services, materials and supplies	4,698,212	4,342,252	337,513	9,377,977
Depreciation	667,955	2,131,609	-	2,799,564
Total operating expenses	7,386,916	10,628,594	391,739	18,407,249
Operating income	506,407	154,726	67,448	728,581
Nonoperating Revenues (Expenses)				
Property taxes	752,987	414,240	-	1,167,227
Interest income	881,182	845,679	18,049	1,744,910
Change in the fair value of investments	84,472	90,872	-	175,344
Interest expense	(52,390)	(121,427)	-	(173,817)
Loss on disposal of assets	-	(25,765)	-	(25,765)
Total nonoperating revenues (expenses)	1,666,251	1,203,599	18,049	2,887,899
Income before capital contributions and transfers	2,172,658	1,358,325	85,497	3,616,480
Capital Contributions	-	2,360,424	-	2,360,424
Transfer In	474	171,294	-	171,768
Transfers Out	-	(167,880)	-	(167,880)
Change in net position	2,173,132	3,722,163	85,497	5,980,792
Net Position, Beginning	26,495,289	66,042,321	445,245	92,982,855
Net Position, Ending	\$ 28,668,421	\$ 69,764,484	\$ 530,742	\$ 98,963,647

See notes to financial statements

City of Tolleson, Arizona

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
Cash Flows From Operating Activities				
Cash received from customers, service fees	\$ 7,738,896	\$ 10,249,644	\$ 460,833	\$ 18,449,373
Payments for employee wages and benefits	(1,953,997)	(4,004,936)	(51,006)	(6,009,939)
Payments to suppliers	(4,314,338)	(3,979,967)	(335,409)	(8,629,714)
Net cash provided by operating activities	1,470,561	2,264,741	74,418	3,809,720
Cash Flows From Noncapital Financing Activities				
Cash received from property taxes	747,340	416,164	-	1,163,504
Cash transferred from other funds	474	171,294	-	171,768
Cash transferred to other funds	-	(167,880)	-	(167,880)
Net cash provided by noncapital financing activities	747,814	419,578	-	1,167,392
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(4,565,971)	(4,205,844)	-	(8,771,815)
Capital contributions	-	2,360,424	-	2,360,424
Principal paid on long term debt	(715,858)	(572,504)	-	(1,288,362)
Interest paid on long-term debt	(85,361)	(134,624)	-	(219,985)
Net cash (used in) provided by capital and related financing activities	(5,367,190)	(2,552,548)	-	(7,919,738)
Cash Flows From Investing Activities				
Interest received on investments	850,232	807,818	18,049	1,676,099
Purchase of investments from sale and maturities of investments	(2,660,828)	(2,669,312)	-	(5,330,140)
Net cash (used in) provided by investing activities	(1,810,596)	(1,861,494)	18,049	(3,654,041)
Net change in cash and cash equivalents	(4,959,411)	(1,729,723)	92,467	(6,596,667)
Cash and Cash Equivalents, Beginning	16,490,512	16,317,614	712,965	33,521,091
Cash and Cash Equivalents, Ending	<u>\$ 11,531,101</u>	<u>\$ 14,587,891</u>	<u>\$ 805,432</u>	<u>\$ 26,924,424</u>

See notes to financial statements

City of Tolleson, Arizona

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Net operating income (loss)	\$ 506,407	\$ 154,726	\$ 67,448	\$ 728,581
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	667,955	2,131,618	-	2,799,573
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	(162,872)	(534,481)	1,646	(695,707)
Deferred outflows of resources related to pensions	(82,777)	(169,251)	(1,495)	(253,523)
Increase/(decrease) in:				
Accounts payable	374,694	362,276	2,104	739,074
Accrued wages and benefits	(8,648)	(21,361)	(453)	(30,462)
Accrued liabilities	9,180	-	-	9,180
Customer deposits	7,850	-	-	7,850
Unearned revenue	595	805	-	1,400
Compensated absences	9,359	29,636	-	38,995
Net pension liability	138,304	288,816	4,803	431,923
Deferred inflows of resources related to pensions	10,514	21,957	365	32,836
Net cash provided by operating activities	<u>\$ 1,470,561</u>	<u>\$ 2,264,741</u>	<u>\$ 74,418</u>	<u>\$ 3,809,720</u>
Noncash Investing, Capital and Financing Activities				
Disposal of assets	<u>\$ -</u>	<u>\$ 25,765</u>	<u>\$ -</u>	<u>\$ 25,765</u>
Change in the fair value of investments	<u>\$ 84,472</u>	<u>\$ 90,872</u>	<u>\$ -</u>	<u>\$ 175,344</u>
Amortization of bond premium	<u>\$ 32,971</u>	<u>\$ 4,466</u>	<u>\$ -</u>	<u>\$ 37,437</u>
Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Position				
Cash and cash equivalents	\$ 11,356,571	\$ 14,008,106	\$ 805,432	\$ 26,170,109
Restricted assets	<u>174,530</u>	<u>579,785</u>	<u>-</u>	<u>754,315</u>
Total cash, cash equivalents and investments	<u>\$ 11,531,101</u>	<u>\$ 14,587,891</u>	<u>\$ 805,432</u>	<u>\$ 26,924,424</u>

See notes to financial statements

Financial Section

Notes to Financial Statements



1. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Tolleson, Arizona (the 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.

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.

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.

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 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.

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.

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 lease contracts and subscription-based information technology arrangements 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.

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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

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.

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, 2024, 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.

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.

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 or subscription based contracts, 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:

	Years
Building and improvements	40
Water plant	50
Sewer plant	50
Furniture, equipment and vehicles	5 - 20
Infrastructure	50

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying information-technology assets.

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 assets 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 assets or fund balance that applies to future periods and will be recognized as a revenue in future periods.

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, 2024 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

Leases and Subscription-Based Information Technology Arrangements

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.

Subscription-Based Information Technology Arrangements

The City recognizes subscription liabilities with an initial, individual value of \$25,000 or more. The City uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The City's estimated incremental borrowing rate is calculated as described above.

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.

The Net Investment in Capital Assets on the Statement of Net Position are Calculated as Follows:

	Governmental Activities	Business-Type Activities
Net Investment in capital asset:		
Nondepreciable capital assets	\$ 14,259,010	\$ 8,619,917
Other capital and right-of-use, net of accumulated depreciation/amortization	71,855,142	55,276,826
Plus restricted cash for capital projects	-	174,530
Less loans-payable outstanding	-	3,558,600
Less long-term debt outstanding	13,823,229	2,604,385
Less subscription liability outstanding	1,151,685	-
Total	\$ 71,139,238	\$ 57,908,288

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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 Finance Director 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.

The General Fund has assigned funds consisting of a stabilization arrangement in the amount of \$22,798,620. The stabilization arrangement is used to set aside resources for use in response to emergency contingency concerns. The amount of the Stabilization Arrangement for contingencies is equal to 20-40% of General Fund operating expenditures.

Program Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property 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.

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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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 nonoperating revenues and expenses.

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.

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, 2024, if any.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

When they become effective, application of these standards may restate portions of the financial statements. The City continues to monitor and evaluate the impact of these new standards, and any future accounting standards issued by GASB, to ensure compliance and accurate financial reporting on its future financial statements. The adoption of these standards is expected to enhance the transparency and comparability of the City's financial reporting. The City will provide additional disclosures in the financial statements for the periods in which these standards become effective.

2. Cash and Investments

The following table summarizes the City's cash and investments at June 30, 2024:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 46,569,486	\$ 26,170,109	\$ 72,739,595
Investments	56,154,348	15,333,955	71,488,303
Restricted assets	-	754,315	754,315
Total	<u>\$ 102,723,834</u>	<u>\$ 42,258,379</u>	<u>\$ 144,982,213</u>

Cash and Cash Equivalents

Cash on hand - At June 30, 2024, the City had \$3,000 of cash on hand.

Cash in bank - At June 30, 2024, the carrying amount of the City's cash in bank totaled \$30,263,989 and the bank balance was \$30,361,860. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$30,111,860 was covered by collateral held in the pledging bank's trust department not in the City's name.

Local government Investment pool - 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 AAf/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, 2024, the City's unrestricted funds invested with the State Treasurer totaled \$42,378,058.

PFM Government Money Market Fund - At June 30, 2024, the carrying amount of the City's cash in the PFM money market fund totaled \$94,548 and was covered by Federal Depository Insurance.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Investments

The City purchases investment securities outside of the LGIP, through a third-party investment advisor. At June 30, 2024, the fair value of the investments totaled \$71,488,303. Interest Rate Risk, Credit Risk, Concentration of Credit Risk and Fair Value Measurement are discussed on the following pages.

Restricted Assets

At June 30, 2024, the City had restricted cash and cash equivalents of \$754,315 which was restricted for debt payments.

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	\$ 56,176,279	\$ 4,004,500	\$ 15,866,441	\$ 36,305,338	\$ -
African Development Bank Note	1,208,985	-	-	1,208,985	-
Inter-American Development Bank Note	744,542	-	-	744,542	-
Asian Development Bank Note	1,227,514	303,972	923,542	-	-
Federal Agency Collateralized Mortgage Obligations	12,130,984	1,132,766	849,670	10,148,548	-
PFM Government Money Market Fund	94,548	94,548	-	-	-
State Investment Pool (LGIP)	43,132,373	43,132,373	-	-	-
Total	<u>\$ 114,715,225</u>	<u>\$ 48,668,159</u>	<u>\$ 17,639,653</u>	<u>\$ 48,407,413</u>	<u>\$ -</u>

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.

Investment Type	Amount	Rating Agency	Rating
U.S. Treasury notes	\$ 56,176,279	Moody's	Aaa
African Development Bank Note	1,208,985	Moody's	Aaa
Inter-American Development Bank Note	744,542	Moody's	Aaa
Asian Development Bank Note	1,227,514	Moody's	Aa1
Federal Agency Collateralized Mortgage Obligations	12,130,984	Moody's	Aaa
PFM Government Money Market Fund	94,548		Unrated
State Investment Pool (LGIP)	43,132,373	Standard and Poors	AAAf/S1+
Total	<u>\$ 114,715,225</u>		

City of Tolleson, Arizona

Notes to Financial Statements
June 30, 2024

Concentration of Credit Risk

At June 30, 2024, the City's investments are included as follows:

Issuer	Reported Amount	Concentration
U.S. Treasury notes	\$ 56,176,279	49.0 %
African American Bank Note	1,208,985	1.1
Inter-American Development Bank Note	744,542	0.6
Asian Development Bank Note	1,227,514	1.1
Federal Agency Collateralized Mortgage Obligations	12,130,984	10.6
PFM Government Money Market Fund	94,548	0.1
State Investment Pool (LGIP)	43,132,373	37.6
Total	<u>\$ 114,715,225</u>	

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, 2024:

Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	\$ 56,176,278	\$ -	\$ 56,176,278	\$ -
African American Bank Note	1,208,985		1,208,985	
Inter-American Development Bank Note	744,542	-	744,542	-
Asian Development Bank Note	1,227,514	-	1,227,514	-
Federal Agency Collateralized Mortgage Obligations	12,130,984	-	12,130,984	-
Total investments by fair value	<u>\$ 71,488,303</u>	<u>\$ -</u>	<u>\$ 71,488,303</u>	<u>\$ -</u>
External Investment Pool Measured at Fair Value				
State Investment Pool (LGIP)	<u>\$ 43,132,373</u>			
Total measured at fair value	<u>\$ 114,620,677</u>			
Investments Measured at Amortized Costs				
PFM Government Money Market Fund	<u>\$ 94,548</u>			
Total investments	<u>\$ 114,715,225</u>			

Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is a method of supplying system-generated prices to assets using yield curves that are defined by SEI Investments Company. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

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	Nonmajor Government Funds	Total Government Funds
Receivables:				
Accounts receivable	\$ 740,059	\$ -	\$ -	\$ 740,059
Interest receivable	384,823	37,454	-	422,277
Taxes receivable	51,022	-	29,491	80,513
Intergovernmental receivable	5,612,532	662,065	327,589	6,602,186
Leases receivable	547,517	-	-	547,517
Total	<u>\$ 7,335,953</u>	<u>\$ 699,519</u>	<u>\$ 357,080</u>	<u>\$ 8,392,552</u>

Accounts receivables in the proprietary funds are for service billings and are shown net of no allowance for doubtful accounts.

	Water Fund	Wastewater and Sewer Fund	Sanitation and Trash Fund	Total Enterprise
Receivables:				
Accounts receivable	\$ 1,322,020	\$ 4,864,534	\$ 70,416	\$ 6,256,970
Interest receivable	56,553	58,757	-	115,310
Taxes receivable	83,421	4,454	-	87,875
Total receivable	1,461,994	4,927,745	70,416	6,460,155
Less allowance for doubtful accounts	<u>(68,893)</u>	<u>(13,335)</u>	<u>(5,092)</u>	<u>(87,320)</u>
Total	<u>\$ 1,393,101</u>	<u>\$ 4,914,410</u>	<u>\$ 65,324</u>	<u>\$ 6,372,835</u>

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 7,608,899	\$ 5,009,681	\$ -	\$ 12,618,580
Construction in progress	364,166	1,276,264	-	1,640,430
Total capital assets not being depreciated/amortized	7,973,065	6,285,945	-	14,259,010
Capital assets, being depreciated/amortized:				
Buildings	46,802,718	-	-	46,802,718
Furniture, equipment and vehicles	18,201,847	2,321,498	(34,279)	20,489,066
Improvements	62,092,645	684,202	-	62,776,847
Intangibles:				
Right-to-use subscription assets	332,328	1,333,550	(163,185)	1,502,693
Total capital assets being depreciated/amortized	127,429,538	4,339,250	(197,464)	131,571,324
Less accumulated depreciation/amortization for:				
Buildings	(8,149,516)	(1,206,595)	-	(9,356,111)
Furniture, equipment and vehicles	(14,671,710)	(1,565,961)	34,279	(16,203,392)
Improvements	(32,763,153)	(1,145,459)	-	(33,908,612)
Intangibles:				
Right-to-use subscription assets	(134,533)	(276,719)	163,185	(248,067)
Total accumulated depreciation/ amortization	(55,718,912)	(4,194,734)	197,464	(59,716,182)
Total capital assets, being depreciated/ amortized, net	71,710,626	144,516	-	71,855,142
Governmental activities capital assets, net	\$ 79,683,691	\$ 6,430,461	\$ -	\$ 86,114,152

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

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

Governmental activities:	
General government	\$ 1,354,807
Public safety	1,244,614
Highways and streets	954,178
Culture and recreation	388,313
Economic development	156,980
Health and welfare	95,842
Total depreciation/amortization expense	<u>\$ 4,194,734</u>

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 4,034,932	\$ 3,012,248	\$ -	\$ 7,047,180
Construction in progress	594,719	1,504,883	(526,865)	1,572,737
Total capital assets not being depreciated/ amortized	<u>4,629,651</u>	<u>4,517,131</u>	<u>(526,865)</u>	<u>8,619,917</u>
Capital assets, being depreciated/amortized:				
Buildings	42,622,575	-	-	42,622,575
Improvements other than buildings	18,732,743	1,420,360	-	20,153,103
Machinery and equipment	46,984,976	3,119,443	-	50,104,419
Vehicles	1,990,145	241,746	(25,765)	2,206,126
Total capital assets being depreciated/ amortized	<u>110,330,439</u>	<u>4,781,549</u>	<u>(25,765)</u>	<u>115,086,223</u>
Less accumulated depreciation/amortization for:				
Buildings	(18,849,643)	(830,354)	-	(19,679,997)
Improvements other than buildings	(9,119,349)	(406,659)	-	(9,526,008)
Machinery and equipment	(27,593,576)	(1,470,517)	-	(29,064,093)
Vehicles	(1,447,256)	(92,043)	-	(1,539,299)
Total accumulated depreciation/ amortization	<u>(57,009,824)</u>	<u>(2,799,573)</u>	<u>-</u>	<u>(59,809,397)</u>
Total capital assets, being depreciated/ amortized, net	<u>53,320,615</u>	<u>1,981,976</u>	<u>(25,765)</u>	<u>55,276,826</u>
Business-type activities capital assets, net	<u>\$ 57,950,266</u>	<u>\$ 6,499,107</u>	<u>\$ (552,630)</u>	<u>\$ 63,896,743</u>

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

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

Business-type activities:	
Wastewater and sewer	\$ 2,131,618
Water	667,955
Sanitation and trash	-
Total depreciation/amortization expense	<u>\$ 2,799,573</u>

5. Leases

As of June 30, 2024, the City is reporting leases receivable of \$547,517 and deferred inflows related to leases of \$517,058. For the fiscal year 2024, the City reported lease revenue of \$59,082 and interest revenue of \$12,708, 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 Receivable	Deferred Inflows Related to Leases	Lease Revenue	Lease Interest Revenue
Maskadores Building Lease	\$ 147,166	\$ 135,975	\$ 20,806	\$ 1,960
Verizon	278,667	259,456	9,840	9,960
American Tower	121,684	121,627	28,436	788
Total	<u>\$ 547,517</u>	<u>\$ 517,058</u>	<u>\$ 59,082</u>	<u>\$ 12,708</u>

The City's incremental borrowing rate used in each of the below leases is based upon the year they were implemented. Below is the details of each lease.

Maskadores Building Lease

On February 1, 2024 the City renewed their 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 \$2,900. The lease has an interest rate of 3.5%. Based on this agreement, the City is receiving payments through 2029.

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.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

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 2029.

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

	Governmental Activities		
	Principal Receipts	Interest Receipts	Total Receipts
Fiscal years ending June 30:			
2025	\$ 63,404	\$ 18,172	\$ 81,576
2026	65,659	15,917	81,576
2027	70,006	13,550	83,556
2028	72,496	11,060	83,556
2029	58,242	8,566	66,808
2030 - 2034	84,022	31,412	115,434
2035 - 2039	112,636	14,342	126,978
2040	21,052	348	21,400
Total	<u>\$ 547,517</u>	<u>\$ 113,367</u>	<u>\$ 660,884</u>

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
General Fund:	
Taxes	\$ 34,150
Grants	438,110
Nonmajor Fund:	
Taxes	20,236
Grants	25,172
Total	<u>\$ 517,668</u>

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

	Balance, June 30, 2023	Additions	Retirements	Balance, June 30, 2024	Due Within One Year
Governmental activities:					
Bonds payable:					
Public, general obligation bonds	\$ 10,474,142	\$ -	\$ (1,574,142)	\$ 8,900,000	\$ 475,000
Public, general obligation bonds, refunding	1,216,000	-	(176,000)	1,040,000	188,000
Public, revenue bonds, refunding	3,255,000	-	(495,000)	2,760,000	510,000
Bond premiums	1,269,203	-	(145,974)	1,123,229	-
Total bonds payable	16,214,345	-	(2,391,116)	13,823,229	1,173,000
Compensated absences	2,835,587	1,787,062	(1,454,476)	3,168,173	760,362
Subscription liabilities	200,425	1,324,675	(373,415)	1,151,685	246,987
Net pension liability	16,500,897	4,650,066	(4,291,117)	16,859,846	-
Total other long-term debt	19,536,909	7,761,803	(6,119,008)	21,179,704	1,007,349
Total governmental activities	<u>\$ 35,751,254</u>	<u>\$ 7,761,803</u>	<u>\$ (8,510,124)</u>	<u>\$ 35,002,933</u>	<u>\$ 2,180,349</u>
Business-type activities:					
Bonds payable:					
Public, general obligation bonds	\$ 2,880,858	\$ -	\$ (715,858)	\$ 2,165,000	\$ 335,000
Public, general obligation bonds, refunding	304,000	-	(44,000)	260,000	47,000
Bond premiums	216,822	-	(37,437)	179,385	-
Total bonds payable	3,401,680	-	(797,295)	2,604,385	382,000
Loans payable	4,087,105	-	(528,505)	3,558,600	545,967
Compensated absences	497,694	323,661	(284,666)	536,689	236,144
Net pension liability	4,633,078	431,923	-	5,065,001	-
Total other long-term debt	9,217,877	755,584	(813,171)	9,160,290	782,111
Total business-type activities	<u>\$ 12,619,557</u>	<u>\$ 755,584</u>	<u>\$ (1,610,466)</u>	<u>\$ 11,764,675</u>	<u>\$ 1,164,111</u>
Total long-term liabilities	<u>\$ 48,370,811</u>	<u>\$ 8,517,387</u>	<u>\$ (10,120,590)</u>	<u>\$ 46,767,608</u>	<u>\$ 3,344,460</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 Financial Statements

June 30, 2024

The governmental activities debt service requirements for the City's bonds payable are as follows:

	General Obligation Bonds		General Obligation Bonds - Refunding	
	Principal	Interest	Principal	Interest
Fiscal years ending June 30:				
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	575,000	279,750	228,000	3,990
2030 – 2034	3,225,000	1,014,750	-	-
2035 – 2039	3,050,000	310,000	-	-
Total	\$ 8,900,000	\$ 2,986,000	\$ 1,040,000	\$ 75,710
	Revenue Bonds - Refunding		Total Governmental Activities	
	Principal	Interest	Principal	Interest
Fiscal years ending June 30:				
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	600,000	24,000	1,403,000	307,740
2030 - 2034	-	-	3,225,000	1,014,750
2035 - 2039	-	-	3,050,000	310,000
Total	\$ 2,760,000	\$ 340,000	\$ 12,700,000	\$ 3,401,710

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

	General Obligation Bonds		General Obligation Bonds – Refunding	
	Principal	Interest	Principal	Interest
Fiscal years ending June 30:				
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	370,000	25,425	55,000	2,098
2029	370,000	18,025	57,000	995
2030 - 2034	385,000	11,550	-	-
Total	\$ 2,165,000	\$ 197,975	\$ 260,000	\$ 18,927

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

	Loans Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
Fiscal years ending June 30:				
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	601,891	41,765	1,026,891	69,288
2029	621,777	21,222	1,048,777	40,242
2030 - 2034	642,320		1,027,320	11,550
Total	<u>\$ 3,558,600</u>	<u>\$ 305,084</u>	<u>\$ 5,983,600</u>	<u>\$ 521,986</u>

The following is a listing of loans and bonds payable outstanding as of June 30, 2024:

	Balance, June 30, 2024	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.	\$ 2,075,850	\$ 318,481
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.	1,482,750	227,486
Total loans payable	<u>\$ 3,558,600</u>	<u>\$ 545,967</u>

Bonds payable:

Pledge Revenue Refunding Obligations, Series 2020, issued \$4,605,000, due in annual principal and semi-annual interest installments ranging from \$616,800 to \$625,200, bearing interest at 4.0%, maturing on July 1, 2029. Revenue bonds are repaid from City and State-shared sales tax revenue. 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.

\$ 2,760,000	\$ 510,000
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City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

	<u>Balance, June 30, 2024</u>	<u>Due Within One Year</u>
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.	\$ 3,465,000	\$ 570,000
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.	8,900,000	475,000
Total bonds payable	<u>\$ 15,125,000</u>	<u>\$ 1,555,000</u>
Total loans and bonds payable	<u>\$ 18,683,600</u>	<u>\$ 2,100,967</u>

Legal Debt Margin

The City is subject to a debt limit that is 26% of the net secondary assessed valuation of taxable real property. At June 30, 2024, that amount was \$117,214,618. As of June 30, 2024, the total outstanding debt applicable to the limit was \$15,427,533 which is 13.16% of the total debt limit.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Subscription-Based Information Technology Arrangements (SBITAs)

The City has obtained the right to use various IT software under the provisions of various subscription-based information technology arrangements. The terms range from three to five years, including options that are more likely than not to be exercised. The discount rate applied to the subscription-based technology arrangements are based on actual rates or an estimated incremental borrowing rate, which ranged from 1.71% to 5.00% for all subscription-based technology arrangements reported.

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$ 1,502,693
Less accumulated amortization	<u>(248,067)</u>
Carrying value	<u>\$ 1,254,626</u>

The following schedule details minimum subscription payments to maturity for the City's subscriptions liability at June 30, 2024:

	Governmental Activities	
	Principal	Interest
Fiscal years ending June 30:		
2025	\$ 246,987	\$ 55,531
2026	214,869	44,391
2027	172,413	34,322
2028	164,129	25,871
2029	172,336	17,664
2030	<u>180,951</u>	<u>9,048</u>
Total	<u>\$ 1,151,685</u>	<u>\$ 186,827</u>

Variable and Other Payments

From time to time, the City's leases and SBITAs include variable payments and other payments, such as termination penalties, that are not included in the lease/subscription liabilities because they are either not fixed in substance (variable) or the City is not reasonably certain the other payments will be required. The City recognized an insignificant amount of expenses related to these variable and other payments and they have not been further disclosed or included in the measurement of the lease/subscription liabilities.

8. Interfund Receivables, Payables and Transfers

Short-term borrowings between funds are reported as due to/due from other funds. As of June 30, 2024, the City reported the following interfund receivables and payables:

	Due to	Due From
Fund:		
General	\$ -	\$ 106,000
Nonmajor	<u>106,000</u>	<u>-</u>
Total	<u>\$ 106,000</u>	<u>\$ 106,000</u>

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Interfund transfers for the fiscal year ended June 30, 2024 are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
Fund:		
General	\$ 501,597	\$ -
Nonmajor	39,619	537,328
Water	-	474
Sewer	167,880	171,294
Total	<u>\$ 709,096</u>	<u>\$ 709,096</u>

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

9. Pensions

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

At June 30, 2024, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liabilities	\$ 16,859,846	\$ 5,065,001	\$ 21,924,847
Deferred outflows of resources	9,258,790	973,224	10,232,014
Deferred inflows of resources	1,142,436	232,137	1,374,573
Pension expense	3,050,736	700,351	3,751,087

The City reported \$4,652,109 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, 2024 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

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 Financial Statements

June 30, 2024

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, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% 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 12.29% (12.03% for retirement, 0.11% for health insurance premium benefit, and 0.15% 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 9.99% (9.94% for retirement and 0.05% 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, 2024 were \$1,700,200, \$15,546 and \$21,200, respectively.

During fiscal year 2024, the City paid for ASRS pension contributions as follows: 68.74% from the General Fund, 9.31% from the Water Fund, 19.22% from the Sewer Fund and 0.24% from the Sanitation Fund.

Pension Liability

At June 30, 2024, the City reported a liability of \$15,822,217 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

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, 2023. The City's proportion measured as of June 30, 2023, was 0.09778%, which was an increase of 0.01089% from its proportion measured as of June 30, 2022.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the City recognized pension expense for ASRS of \$2,676,532. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ASRS:		
Differences between expected and actual experience	\$ 357,519	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	559,804
Changes in proportion and differences between City contributions and proportionate share of contributions	1,132,148	-
City contributions subsequent to the measurement date	1,700,200	-
	<u>\$ 3,189,867</u>	<u>\$ 559,804</u>
Total		

The \$1,700,200 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, 2025. 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:

	ASRS
Years ending June 30:	
2025	\$ 559,982
2026	(163,858)
2027	603,303
2028	(69,564)
2029	-
Thereafter	-

Actuarial Assumptions

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

ASRS:

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 20, 2023
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
	2017 SRA Scale U-MP for pensions and health
Mortality rates	insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Geometric Real Rate of Return
ASRS asset class:		
Public equity	44 %	3.50 %
Credit	23	5.90
Real estate	17	5.90
Private equity	10	6.70
Interest rate sensitive	6	1.5
	<u>100 %</u>	
Total		

Discount Rate

At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.00%. 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%, 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%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
ASRS:			
City's proportionate share of the net pension liability	\$ 23,699,357	\$ 15,822,217	\$ 9,254,075

Plan Fiduciary Net Position

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

Public Safety Personnel Retirement System

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 Financial Statements

June 30, 2024

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
<u>Retirement and Disability</u>		
Years of service and age required to receive benefit	20 years of service, any age 15 years 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).	
<u>Survivor Benefits</u>		
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% of the member's compensation for up to 12 months.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	14	14
Inactive employees entitled to but not yet receiving benefits	3	4
Active employees	17	18
Total	34	36

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, 2024, 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	20.97%	27.27%
Health insurance premium benefit	0.10%	0.26%

In addition, the City was required by statute to contribute at the actuarially determined rate of 9.18% 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.

For the agent plans, the City's contributions to the plans for the year ended June 30, 2024, were:

	PSPRS Police	PSPRS Fire
Pension:		
Contributions made	\$ 1,641,380	\$ 1,723,677

During fiscal year 2024, the City paid 100% of the PSPRS pension contributions from the General Fund.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Pension Liability

At June 30, 2024, the City reported a PSPRS net pension liabilities of \$2,032,729 for police and \$3,655,894 for fire for a total of \$5,688,623.

The net pension liability was measured as of June 30, 2023, 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, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0-6.25% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.85% for pensions
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% 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:

	Target Allocation	Long-Term Expected Geometric Rate of Return
PSPRS asset class:		
U.S. public equity	24 %	3.98 %
International public equity	16	4.49
Global private equity	20	7.28
Other assets (capital appreciation)	7	4.49
Core bonds	6	1.90
Private credit	20	6.19
Diversifying strategies	5	3.68
Cash, Mellon	2	0.69
Total	100 %	

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Discount Rates

At June 30, 2024, the discount rate used to measure the PSPRS total pension liabilities was 7.20%. 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.

Changes in the Net Pension Liability

	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
PSPRS, Police:			
Balance, June 30, 2023	\$ 18,483,290	\$ 15,674,815	\$ 2,808,475
Adjustments, beginning	-	-	-
Changes for the year:			
Service cost	376,256	-	376,256
Interest on the total liability	1,331,100	-	1,331,100
Changes of benefit terms	-	-	-
Differences between expected and actual experiences in the measurement of the liability	517,087	-	517,087
Changes of assumptions or other inputs	-	-	-
Contributions, employer	-	1,589,171	(1,589,171)
Contributions, employee	-	187,280	(187,280)
Net investment income	-	1,231,622	(1,231,622)
Benefit payments, including refunds of employee contributions	(744,101)	(744,101)	-
Administrative expense	-	(7,884)	7,884
Net changes	1,480,342	2,256,088	(775,746)
Balance, June 30, 2024	\$ 19,963,632	\$ 17,930,903	\$ 2,032,729

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
PSPRS, Fire:			
Balance, June 30, 2023	\$ 21,730,133	\$ 18,432,697	\$ 3,297,436
Changes for the year:			
Service cost	525,027	-	525,027
Interest on the total liability	1,564,326	-	1,564,326
Differences between expected and actual experiences in the measurement of the liability	1,560,872	-	1,560,872
Changes of assumptions or other inputs	-	-	-
Contributions, employer	-	1,699,612	(1,699,612)
Contributions, employee	-	177,009	(177,009)
Net investment income	-	1,433,467	(1,433,467)
Benefit payments, including refunds of employee contributions	(1,056,821)	(1,056,821)	-
Administrative expense	-	(7,521)	7,521
Other changes	-	(10,800)	10,800
Net changes	2,593,404	2,234,946	358,458
Balance, June 30, 2024	\$ 24,323,537	\$ 20,667,643	\$ 3,655,894

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 7.2%, 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 (6.2%) or 1 percentage point higher (8.2%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
PSPRS, Police:			
Net pension liability	\$ 4,920,865	\$ 2,032,729	\$ (313,971)
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
PSPRS, Fire:			
Net pension liability	\$ 7,093,970	\$ 3,655,894	\$ 837,737

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense

For the year ended June 30, 2024, the City recognized \$840,701 for police and \$1,011,462 for fire for a total of \$1,852,163 of PSPRS pension expense.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Pension Deferred Outflows/Inflows of Resources

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS, Police:		
Differences between expected and actual experience	\$ 1,136,211	\$ 24,576
Changes of assumptions or other inputs	147,270	-
Net difference between projected and actual earnings on pension plan investments	174,423	-
City contributions subsequent to the measurement date	1,641,380	-
Total	<u>\$ 3,099,284</u>	<u>\$ 24,576</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS, Fire:		
Differences between expected and actual experience	\$ 1,811,844	\$ 592,144
Changes of assumptions or other inputs	182,443	-
Net difference between projected and actual earnings on pension plan investments	147,199	-
City contributions subsequent to the measurement date	1,723,677	-
Total	<u>\$ 3,865,163</u>	<u>\$ 592,144</u>

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Police
Years ending June 30:	
2025	\$ 451,181
2026	257,672
2027	634,289
2028	90,186
2029	-
Thereafter	-
	PSPRS Fire
Years ending June 30:	
2025	\$ 331,610
2026	143,341
2027	819,510
2028	254,881
2029	-
Thereafter	-

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.

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:

EORP	Initial Membership Date	
	Before January 1, 2012	On or After January 1, 2012
<u>Retirement and Disability</u>		
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
<u>Survivor Benefits</u>		
Retired members	75% of retired member's benefit	50% of retirement 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.

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, 2024, statute required active EORP members to contribute 7 or 13% of the members' annual covered payroll and the City to contribute at the actuarially determined rate of 76.51% of all active EORP members' annual covered payroll. Also, statute required the City to contribute 64.37% to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51% 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 June 30, 2024, the City paid 100% of the EORP pension contributions from the General Fund.

Liability

At June 30, 2024, 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	\$	414,020
State's proportionate share of the EORP net pension liability associated with the City		<u>89,262</u>
Total	\$	<u><u>503,282</u></u>

The net liability was measured as of June 30, 2023 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, 2023. The City's proportion measured as of June 30, 2023, was 0.066058%, which was a decrease of 0.059207% from its proportion measured as of June 30, 2022.

Expense

For the year ended June 30, 2024, the City recognized pension expense/(income) for EORP of \$(144,350) and revenue of \$73,205 for the City's proportionate share of the State's appropriation to EORP and the designated court fees.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

Deferred Outflows/Inflows of Resources

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
EORP:		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	1,737	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	198,053
Changes of assumptions or other inputs		
City contributions subsequent to the measurement date	75,967	-
Total	<u>\$ 77,704</u>	<u>\$ 198,053</u>

The \$75,967 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 ended June 30, 2025. 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:

	EORP
Years ending June 30:	
2025	\$ (198,384)
2026	(2,268)
2027	4,706
2028	(370)
2029	-
Thereafter	-

Actuarial Assumptions

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

EORP:	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

City of Tolleson, Arizona

Notes to Financial Statements

June 30, 2024

The long-term expected rate of return on EORP plan investments was determined to be 7.2% 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:

	Target Allocation	Long-Term Expected Geometric Rate of Return
EORP asset class:		
U.S. public equity	24 %	3.98 %
International public equity	16	4.49
Global private equity	20	7.28
Other assets (capital appreciation)	7	4.49
Core bonds	6	1.90
Private credit	20	6.19
Diversifying strategies	5	3.68
Cash, Mellon	2	0.69
	<hr/>	
Total	<u>100 %</u>	

Discount Rate

At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.2%. 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 7.2%, 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 (6.2%) or 1 percentage point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
EORP:			
City's proportionate share of the net pension liability	\$ 478,303	\$ 414,020	\$ 358,904

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 Financial Statements

June 30, 2024

10. Commitments

At June 30, 2024, the City has the following active construction commitments:

	<u>Remaining Commitment</u>
Project:	
Aquatic Center	\$ 138,490
Utility Building Design Phase	850,000
Bio Scrubber Rehab	26,530
Gate Replacements	251,729
Fire Truck	<u>58,000</u>
Total	<u>\$ 1,324,749</u>

These projects will be financed from operating funds. These contracts will be paid in future periods.

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Taxes:				
Sales taxes	\$ 32,400,660	\$ 32,400,660	\$ 42,410,103	\$ 10,009,443
Property taxes	5,173,500	5,173,500	5,190,863	17,363
Franchise taxes	50,000	50,000	54,575	4,575
Intergovernmental revenues	2,539,300	2,539,300	3,064,707	525,407
Fines and forfeitures	150,800	150,800	188,749	37,949
Licenses and permits	875,000	875,000	1,339,209	464,209
Charges for services	2,044,700	2,044,700	2,347,312	302,612
Rents and royalties	43,200	43,200	35,852	(7,348)
Contributions and donations	-	-	56,316	56,316
Investment earnings:				
Interest income	1,008,000	1,008,000	2,471,293	1,463,293
Unrealized loss on investments	-	-	322,536	322,536
Other revenues	5,000	5,000	16,632	11,632
Total revenues	44,290,160	44,290,160	57,498,147	13,207,987
Expenditures				
Current:				
General government:				
Mayor and council	881,100	881,100	706,308	174,792
City management	543,750	543,750	497,076	46,674
Public affairs admin	826,900	843,900	843,369	531
Housing services	859,350	859,350	395,106	464,244
City clerk	445,400	445,400	462,205	(16,805)
Employee resources	974,525	974,525	863,233	111,292
City magistrate	275,850	275,850	247,806	28,044
Court administration	653,820	653,820	546,962	106,858
City prosecutor	85,500	85,500	85,500	-
Finance	4,776,450	4,507,796	1,991,495	2,516,301
Information technology	1,965,010	1,973,010	1,589,779	383,231
Field operations vehicles	607,350	607,350	559,602	47,748
Field operations grounds	632,550	632,550	488,789	143,761
Field operations building	5,094,400	5,188,624	2,448,925	2,739,699
Human services	1,054,800	1,054,800	599,201	455,599
Non profit donations	62,000	62,000	55,998	6,002
Employee development relations	87,000	87,000	84,861	2,139
Total general government	19,825,755	19,676,325	12,466,215	7,210,110
Public safety:				
Police administration	755,000	755,000	738,440	16,560
Police support services	2,252,600	2,252,600	1,757,712	494,888
Police field operations	4,548,150	4,548,150	4,887,171	(339,021)
Fire administration	1,172,800	1,172,800	1,002,158	170,642
Fire operations	4,318,200	4,318,200	4,214,205	103,995
Emergency Prepare	378,700	378,700	292,003	86,697
Buildings inspection	631,400	620,400	570,077	50,323
Impound	49,000	49,000	42,707	6,293
Total public safety	14,105,850	14,094,850	13,504,473	590,377

See notes to budgetary comparison schedules

City of Tolleson, Arizona

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Highway and streets				
Field operations streets	\$ 1,304,150	\$ 1,304,150	\$ 927,559	\$ 376,591
Transportation	450,000	450,000	208,444	241,556
Total highway and streets	1,754,150	1,754,150	1,136,003	618,147
Culture and recreation:				
Library	1,600,300	1,600,300	1,449,010	151,290
Aquatics center	2,487,000	2,447,430	5,180,315	(2,732,885)
Parks and recreation	2,469,800	2,569,800	2,252,713	317,087
Field operations - parks	1,051,200	1,051,200	386,825	664,375
Teen council	205,040	205,040	178,723	26,317
City promotion	610,450	610,450	586,423	24,027
Total culture and recreation	8,423,790	8,484,220	10,034,009	(1,549,789)
Economic development:				
Economic development	1,835,600	1,835,600	1,006,526	829,074
Planning and engineering	8,192,150	8,267,150	722,242	7,544,908
Total economic development	10,027,750	10,102,750	1,728,768	8,373,982
Debt service:				
Principal retirement	-	-	373,415	(373,415)
Interest	-	-	19,059	(19,059)
Total debt service	-	-	392,474	(392,474)
Total expenditures	54,137,295	54,112,295	39,261,942	14,850,353
Excess (deficiency) of revenues over (under) expenditures	(9,847,135)	(9,822,135)	18,236,205	28,058,340
Other Financing Sources (Uses)				
Subscription-based information technology arrangements	-	-	1,324,675	1,324,675
Transfers out	(740,000)	(740,000)	(501,597)	238,403
Total other financing sources (uses)	(740,000)	(740,000)	823,078	1,563,078
Net change in fund balance	(10,587,135)	(10,562,135)	19,059,283	29,621,418
Fund Balance, Beginning	73,740,919	73,740,919	73,740,919	-
Fund Balance, Ending	<u>\$ 63,153,784</u>	<u>\$ 63,178,784</u>	<u>\$ 92,800,202</u>	<u>\$ 29,621,418</u>

See notes to budgetary comparison schedules

City of Tolleson, Arizona

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Public Safety Tax Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Sales taxes	\$ 8,150,000	\$ 8,150,000	\$ 8,072,833	\$ (77,167)
Charges for services	10,000	10,000	28,450	18,450
Investment earnings:				
Interest income	200,000	200,000	320,216	120,216
Total revenues	8,360,000	8,360,000	8,421,499	61,499
Expenditures				
Public safety:				
Services, supplies and other	7,201,000	7,201,000	5,781,438	1,419,562
Capital outlay	2,055,000	2,055,000	1,626,582	428,418
Total expenditures	9,256,000	9,256,000	7,408,020	1,847,980
Net change in fund balance	(896,000)	(896,000)	1,013,479	1,909,479
Fund Balance, Beginning	11,810,906	11,810,906	11,810,906	-
Fund Balance, Ending	<u>\$ 10,914,906</u>	<u>\$ 10,914,906</u>	<u>\$ 12,824,385</u>	<u>\$ 1,909,479</u>

See notes to budgetary comparison schedules

City of Tolleson, Arizona

Required Supplementary Information
Notes to the Budgetary Comparison Schedules
Year Ended June 30, 2024

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:

- 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.
- Public hearings are conducted to obtain taxpayer comment.
- 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).
- 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.
- 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.
- 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.

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

June 30, 2024

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Arizona Retirement System										
City's proportion of the net pension liability	0.097780%	0.086890%	0.086330%	0.087600%	0.088600%	0.085460%	0.081630%	0.078415%	0.077390%	0.074250%
City's proportionate share of the net pension liability	\$ 15,822,217	\$ 14,182,378	\$ 11,343,379	\$ 15,178,031	\$ 12,892,331	\$ 11,918,662	\$ 12,716,363	\$ 12,656,162	\$ 12,054,148	\$ 10,986,414
City's covered payroll	12,617,055	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 proportionate share of the net pension liability as a percentage of its covered payroll	125.40%	139.50%	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	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
Elected Officials Retirement Plan										
City's proportion of the net pension liability	0.000000%	0.125265%	0.142476%	0.129403%	0.124057%	0.101939%	0.093390%	0.069212%	0.060990%	0.081390%
City's proportionate share of the net pension liability	\$ 414,020	\$ 845,699	\$ 867,055	\$ 873,419	\$ 822,724	\$ 642,356	\$ 1,144,221	\$ 653,884	\$ 476,603	\$ 545,776
State's proportionate share of the net pension liability associated with the City	-	77,462	85,836	81,632	77,327	110,064	237,474	135,009	148,585	167,340
Total	<u>\$ 414,020</u>	<u>\$ 923,161</u>	<u>\$ 952,891</u>	<u>\$ 955,051</u>	<u>\$ 900,051</u>	<u>\$ 752,420</u>	<u>\$ 1,381,695</u>	<u>\$ 788,893</u>	<u>\$ 625,188</u>	<u>\$ 713,116</u>
City's Covered Payroll	\$ 87,271	\$ 86,764	\$ 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	474.41%	974.72%	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	38.63%	32.01%	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

See notes to pension plan schedule

City of Tolleson, Arizona

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios Agent

Pension Plan

June 30, 2024

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
City of Tolleson Police										
Public Safety Personnel Retirement System										
Total Pension Liability										
Service cost	\$ 376,256	\$ 368,989	\$ 411,979	\$ 416,974	\$ 489,506	\$ 465,683	\$ 473,995	\$ 398,983	\$ 385,782	\$ 381,895
Interest on the total pension liability	1,331,100	1,236,826	1,179,741	1,078,433	1,007,765	892,898	863,811	764,905	708,237	606,076
Changes on benefit terms	-	-	-	-	-	-	40,808	530,259	-	164,727
Differences between expected and actual experience										
in the measurement of the pension liability	517,087	699,200	109,920	517,687	(86,018)	457,983	(650,605)	28,330	91,845	(166,928)
Changes of assumptions or other inputs	-	109,292	-	-	285,936	-	357,571	453,240	-	792,851
Benefit payments, including refunds of employee contributions	(744,101)	(1,009,698)	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)
Net change in total pension liability	1,480,342	1,404,609	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	18,483,290	17,078,681	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)	<u>\$ 19,963,632</u>	<u>\$ 18,483,290</u>	<u>\$ 17,078,681</u>	<u>\$ 16,120,679</u>	<u>\$ 14,604,583</u>	<u>\$ 13,350,480</u>	<u>\$ 12,132,772</u>	<u>\$ 11,513,766</u>	<u>\$ 9,750,997</u>	<u>\$ 9,093,341</u>
Plan Fiduciary Net Position										
Contributions, employer	\$ 1,589,171	\$ 1,192,869	\$ 887,957	\$ 1,150,934	\$ 1,127,202	\$ 1,922,331	\$ 1,513,489	\$ 1,161,744	\$ 454,309	\$ 426,364
Contributions, employee	187,280	167,574	161,957	171,055	182,744	185,088	230,920	238,489	217,506	201,353
Net investment income	1,231,622	(641,699)	3,422,011	147,349	550,647	566,510	753,490	31,927	179,481	577,456
Benefit payments, including refunds of employee contributions	(744,101)	(1,009,698)	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)	(430,081)
Hall/Parker Settlement	-	-	-	-	-	(254,140)	-	-	-	-
Administrative expense	(7,884)	(11,580)	(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	2,256,088	(302,534)	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	15,674,815	15,977,349	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, beginning	-	-	-	(21,322)	(5,047)	-	-	-	-	-
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,930,903</u>	<u>\$ 15,674,815</u>	<u>\$ 15,977,349</u>	<u>\$ 12,265,219</u>	<u>\$ 11,326,218</u>	<u>\$ 9,924,324</u>	<u>\$ 8,112,614</u>	<u>\$ 6,088,278</u>	<u>\$ 5,109,048</u>	<u>\$ 4,869,228</u>
City's Net Pension Liability, Ending (a) - (b)	<u>\$ 2,032,729</u>	<u>\$ 2,808,475</u>	<u>\$ 1,101,332</u>	<u>\$ 3,855,460</u>	<u>\$ 3,278,365</u>	<u>\$ 3,426,156</u>	<u>\$ 4,020,158</u>	<u>\$ 5,425,488</u>	<u>\$ 4,641,949</u>	<u>\$ 4,224,113</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.82%	84.81%	93.55%	76.08%	77.55%	74.34%	66.87%	52.88%	52.40%	53.55%
Covered Payroll	\$ 2,018,404	\$ 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 Net Pension Liability as a Percentage of Payroll	100.71%	126.21%	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

See notes to pension plan schedule

City of Tolleson, Arizona

Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios Agent
Pension Plan
June 30, 2024

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
City of Tolleson Fire Public Safety Personnel Retirement System										
Total Pension Liability										
Service cost	\$ 525,027	\$ 511,559	\$ 472,274	\$ 476,161	\$ 612,498	\$ 512,618	\$ 553,129	\$ 434,330	\$ 437,425	\$ 416,879
Interest on the total pension liability	1,564,326	1,517,889	1,398,273	1,328,189	1,320,018	1,176,421	1,078,336	902,804	809,086	721,067
Changes on benefit terms	-	-	-	-	-	-	107,196	1,210,896	-	(63,500)
Differences between expected and actual experience in the measurement of the pension liability	1,560,872	(400,785)	809,130	380,523	(1,126,982)	138,781	(291,050)	(25,025)	179,866	(67,804)
Changes of assumptions or other inputs	-	149,512	-	-	277,727	-	336,050	530,950	-	414,674
Benefit payments, including refunds of employee contributions	(1,056,821)	(658,970)	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)
Net change in total pension liability	2,593,404	1,119,205	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	21,730,133	20,610,928	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)	\$ 24,323,537	\$ 21,730,133	\$ 20,610,928	\$ 19,433,048	\$ 18,188,237	\$ 17,346,203	\$ 15,764,166	\$ 14,221,990	\$ 11,399,009	\$ 10,203,606
Plan Fiduciary Net Position										
Contributions, employer	\$ 1,699,612	\$ 792,535	\$ 687,315	\$ 955,240	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653	\$ 360,947
Contributions, employee	177,009	163,156	176,699	200,466	259,088	202,211	286,450	295,993	269,101	232,876
Net investment income	1,433,467	(758,262)	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	(1,056,821)	(658,970)	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)	(389,667)
Hall/Parker Settlement	-	-	-	-	-	(440,563)	-	-	-	-
Administrative expense	(7,521)	(13,679)	(19,984)	(15,444)	(13,603)	(13,139)	(10,645)	(7,754)	(7,452)	-
Other changes	(10,800)	-	(178,693)	-	-	128	49,430	243,929	1,330	(12,064)
Net change in plan fiduciary net position	2,234,946	(475,220)	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	18,432,697	18,907,917	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, beginning	-	-	-	-	(4,487)	-	-	-	-	-
Plan Fiduciary Net Position, Ending (b)	\$ 20,667,643	\$ 18,432,697	\$ 18,907,917	\$ 15,477,669	\$ 15,088,086	\$ 13,083,989	\$ 11,600,767	\$ 9,525,524	\$ 8,422,185	\$ 7,698,996
City's Net Pension Liability, Ending (a) - (b)	\$ 3,655,894	\$ 3,297,436	\$ 1,703,011	\$ 3,955,379	\$ 3,100,151	\$ 4,262,214	\$ 4,163,399	\$ 4,696,466	\$ 2,976,824	\$ 2,504,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Covered Payroll										
	84.97%	84.83%	91.74%	79.65%	82.96%	75.43%	73.59%	66.98%	73.89%	75.45%
	\$ 2,159,563	\$ 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 Net Pension Liability as a Percentage of Covered Payroll										
	169.29%	152.77%	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

See notes to pension plan schedule

City of Tolleson, Arizona

Required Supplementary Information
Schedule of City Pension Contributions
June 30, 2024

	Reporting Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Arizona State Retirement System										
Statutorily required contribution	\$ 1,700,200	\$ 1,503,953	\$ 1,221,037	\$ 1,115,170	\$ 1,080,053	\$ 989,715	\$ 969,526	\$ 857,200	\$ 823,805	\$ 758,313
City's contributions in relation to the statutorily required contribution	1,700,200	1,503,953	1,221,037	1,115,170	1,080,053	989,715	969,526	857,200	823,805	758,313
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 14,133,001	\$ 12,617,055	\$ 10,166,836	\$ 9,572,275	\$ 9,432,777	\$ 8,852,549	\$ 8,894,734	\$ 7,951,763	\$ 7,592,673	\$ 6,969,789
City's Contributions as a Percentage of Covered Payroll	12.03%	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%
Elected Officials Retirement Plan										
Statutorily required contribution	\$ 75,967	\$ 66,771	\$ 61,099	\$ 59,552	\$ 58,946	\$ 63,819	\$ 20,542	\$ 18,117	\$ 13,057	\$ 12,836
City's contributions in relation to the actuarially determined contribution	75,967	66,771	61,099	59,552	58,946	63,819	20,542	18,117	13,057	12,836
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 99,290	\$ 87,271	\$ 86,764	\$ 96,943	\$ 106,767	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562	\$ 54,621
City's Contributions as a Percentage of Covered Payroll	76.51%	76.51%	70.42%	61.43%	55.21%	61.50%	23.50%	23.50%	23.50%	23.50%
The City was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2019, 2018 or 2017. Information for fiscal years 2016 through 2010 is not available.										
City of Tolleson Police Public Safety Personnel Retirement System										
Actuarially determined contribution	\$ 641,380	\$ 662,921	\$ 533,823	\$ 487,957	\$ 515,934	\$ 638,841	\$ 719,034	\$ 613,489	\$ 461,744	\$ 454,309
City's contributions in relation to the actuarially determined contribution	1,641,380	1,662,921	1,233,823	887,957	1,150,934	1,127,202	1,922,331	1,513,489	1,161,744	454,309
City's contribution deficiency (excess)	\$ (1,000,000)	\$ (1,000,000)	\$ (700,000)	\$ (400,000)	\$ (635,000)	\$ (488,361)	\$ (1,203,297)	\$ (900,000)	\$ (700,000)	\$ -
City's Covered Payroll	\$ 2,598,784	\$ 2,686,066	\$ 2,225,190	\$ 1,659,700	\$ 1,886,156	\$ 1,879,940	\$ 2,091,078	\$ 2,044,846	\$ 2,047,119	\$ 1,965,393
City's Contributions as a Percentage of Covered Payroll	63.16%	61.91%	55.45%	53.50%	61.02%	59.96%	91.93%	74.01%	56.75%	23.12%
City of Tolleson Fire Public Safety Personnel Retirement System										
Actuarially determined contribution	\$ 723,677	\$ 709,672	\$ 550,828	\$ 562,315	\$ 635,240	\$ 469,927	\$ 611,230	\$ 433,691	\$ 751,037	\$ 401,653
City's contributions in relation to the actuarially determined contribution	1,723,677	1,709,672	750,828	687,315	955,240	1,278,913	1,163,074	833,691	751,037	401,653
City's contribution deficiency (excess)	\$ (1,000,000)	\$ (1,000,000)	\$ (200,000)	\$ (125,000)	\$ (320,000)	\$ (808,986)	\$ (551,844)	\$ (400,000)	\$ -	\$ -
City's Covered Payroll	\$ 2,620,119	\$ 2,569,413	\$ 2,158,417	\$ 2,151,312	\$ 1,991,039	\$ 2,080,669	\$ 2,160,212	\$ 2,351,738	\$ 2,234,206	\$ 2,425,801
City's Contributions as a Percentage of Covered Payroll	65.79%	66.54%	34.79%	31.95%	47.98%	61.47%	53.84%	35.45%	33.62%	16.56%

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

See notes to pension plan schedule

City of Tolleson, Arizona

Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2024

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 2022 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 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In 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 2014 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 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. 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).
Mortality	

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
Supplementary Information
Nonmajor 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

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2024

	Special Revenue			Total
	Highway User Revenue Fund	Grants	Debt Service	
Assets				
Cash and cash equivalents	\$ 944,803	\$ 190,416	\$ 154,242	\$ 1,289,461
Receivables, net:				
Taxes receivable	-	-	29,491	29,491
Intergovernmental	71,448	203,984	52,157	327,589
Total assets	<u>\$ 1,016,251</u>	<u>\$ 394,400</u>	<u>\$ 235,890</u>	<u>\$ 1,646,541</u>
Liabilities				
Accounts payable	\$ 17,481	\$ 29,411	\$ -	\$ 46,892
Accrued wages and benefits	-	8,780	-	8,780
Due to other funds	-	31,000	75,000	106,000
Total liabilities	<u>17,481</u>	<u>69,191</u>	<u>75,000</u>	<u>161,672</u>
Deferred Inflows of Resources				
Unavailable revenue	-	25,172	20,236	45,408
Total deferred inflows of resources	<u>-</u>	<u>25,172</u>	<u>20,236</u>	<u>45,408</u>
Fund Balances				
Restricted:				
Highways and streets	998,770	-	-	998,770
Debt service	-	-	140,654	140,654
Grants	-	300,037	-	300,037
Total fund balances	<u>998,770</u>	<u>300,037</u>	<u>140,654</u>	<u>1,439,461</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,016,251</u>	<u>\$ 394,400</u>	<u>\$ 235,890</u>	<u>\$ 1,646,541</u>

City of Tolleson, Arizona

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2024

	Special Revenue			
	Highway User Revenue Fund	Grants	Debt Service	Total
Revenues				
Taxes:				
Sales taxes	\$ -	\$ -	\$ 625,884	\$ 625,884
Property taxes	-	-	2,094,509	2,094,509
Intergovernmental	937,089	1,078,441	-	2,015,530
Charges for services	-	173,392	-	173,392
Investment earnings:				
Interest income	26,911	-	5,975	32,886
Total revenues	964,000	1,251,833	2,726,368	4,942,201
Expenditures				
Current:				
Public safety	-	459,277	-	459,277
Highway and streets	1,206,910	-	-	1,206,910
Health and welfare	-	1,209,939	-	1,209,939
Capital outlay	-	60,813	-	60,813
Debt service:				
Principal retirement	-	-	2,245,142	2,245,142
Interest and fiscal charges	-	-	602,535	602,535
Total expenditures	1,206,910	1,730,029	2,847,677	5,784,616
Excess of revenues over (under) expenditures	(242,910)	(478,196)	(121,309)	(842,415)
Other Financing Sources (Uses)				
Transfers in	-	501,597	35,731	537,328
Transfers out	-	-	(39,619)	(39,619)
Total other financing sources (uses)	-	501,597	(3,888)	497,709
Net change in fund balances	(242,910)	23,401	(125,197)	(344,706)
Fund Balances, Beginning	1,241,680	276,636	265,851	1,784,167
Fund Balances, Ending	\$ 998,770	\$ 300,037	\$ 140,654	\$ 1,439,461

Financial Section

Supplementary Information

Budgetary Comparison Schedules

Highway User Revenue Fund

Grants Fund

Debt Service Fund



City of Tolleson, Arizona**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Highway User Revenue Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 819,000	\$ 819,000	\$ 937,089	\$ 118,089
Investment earnings:				
Interest income	17,500	17,500	26,911	9,411
Total revenues	836,500	836,500	964,000	127,500
Expenditures				
Current:				
Highways and streets	1,185,000	1,210,000	1,206,910	3,090
Total expenditures	1,185,000	1,210,000	1,206,910	3,090
Excess (deficiency) of revenues over (under) expenditures	(348,500)	(373,500)	(242,910)	130,590
Net change in fund balance	(348,500)	(373,500)	(242,910)	130,590
Fund Balance, Beginning	1,241,680	1,241,680	1,241,680	-
Fund Balance, Ending	<u>\$ 893,180</u>	<u>\$ 868,180</u>	<u>\$ 998,770</u>	<u>\$ 130,590</u>

City of Tolleson, Arizona**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Grants Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 53,781,355	\$ 53,781,355	\$ 1,078,441	\$ (52,702,914)
Charges for service	-	-	173,392	173,392
Total revenues	53,781,355	53,781,355	1,251,833	(52,529,522)
Expenditures				
Current:				
Public safety	391,270	391,270	459,277	(68,007)
Health and welfare	-	-	1,209,939	(1,209,939)
Capital outlay	51,821,560	51,821,560	60,813	51,760,747
Total expenditures	52,212,830	52,212,830	1,730,029	50,482,801
Excess (deficiency) of revenues over (under) expenditures	1,568,525	1,568,525	(478,196)	(2,046,721)
Other Financing Sources (Uses)				
Transfers in	700,699	700,699	501,597	(199,102)
Total other financing sources and (uses)	700,699	700,699	501,597	(199,102)
Net change in fund balance	2,269,224	2,269,224	23,401	(2,245,823)
Fund Balance, Beginning	276,636	276,636	276,636	-
Fund Balance, Ending	\$ 2,545,860	\$ 2,545,860	\$ 300,037	\$ (2,245,823)

City of Tolleson, Arizona**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Debt Service Fund

Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Sales taxes	\$ 626,000	\$ 626,000	\$ 625,884	\$ (116)
Property taxes	2,712,400	2,712,400	2,094,509	(617,891)
Investment earnings:				
Interest income	-	-	5,975	5,975
Total revenues	3,338,400	3,338,400	2,726,368	(612,032)
Expenditures				
Current:				
Debt service:				
Principal retirement	4,114,150	4,114,150	2,245,142	1,869,008
Interest	-	-	602,535	(602,535)
Total expenditures	4,114,150	4,114,150	2,847,677	1,266,473
Excess (deficiency) of revenues over (under) expenditures	(775,750)	(775,750)	(121,309)	654,441
Other Financing Sources (Uses)				
Transfers in	-	-	35,731	35,731
Transfer out	-	-	(39,619)	(39,619)
Total other financing sources and uses	-	-	(3,888)	(3,888)
Net change in fund balance	(775,750)	(775,750)	(125,197)	650,553
Fund Balance, Beginning	265,851	265,851	265,851	-
Fund Balance, Ending	<u>\$ (509,899)</u>	<u>\$ (509,899)</u>	<u>\$ 140,654</u>	<u>\$ 650,553</u>



Statistical Section

Contents	Pages
Financial Trends: These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	97-102
Revenue Capacity: These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	103-109
Debt Capacity: 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.	110-115
Demographic and Economic Statistics: These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	116-118
Operating Information: 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.	119-124



City of Tolleson, Arizona

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net investment in capital assets	\$ 30,954,613	\$ 30,421,590	\$ 32,215,631	\$ 35,872,282	\$ 43,344,723	\$ 46,353,982	\$ 47,483,826	\$ 55,890,355	\$ 63,268,921	\$ 71,139,238
Restricted	2,633,181	4,896,402	5,684,881	3,652,102	15,686,162	5,668,215	9,331,450	13,016,513	13,983,979	14,612,531
Unrestricted	(373,945)	4,441,397	6,218,425	9,449,895	(1,626,497)	15,458,380	29,152,183	47,334,838	61,087,177	81,057,520
Total governmental activities net position	33,213,849	39,759,389	44,118,937	48,974,279	57,404,388	67,480,577	85,967,459	116,241,706	138,340,077	166,809,289
Business-Type Activities										
Net investment in capital assets	42,351,199	46,812,938	47,446,347	48,568,972	50,126,416	50,543,526	52,261,630	52,648,010	54,143,716	57,908,288
Restricted	494,852	-	499,179	506,163	518,226	619,400	579,374	601,735	549,112	579,785
Unrestricted	17,740,832	18,087,097	19,893,307	22,973,234	26,976,548	30,438,009	32,967,733	35,733,525	38,290,027	40,475,574
Total business-type activities net position	60,586,883	64,900,035	67,838,833	72,048,369	77,621,190	81,600,935	85,808,737	88,983,270	92,982,855	98,963,647
Primary Government										
Net investment in capital assets	73,305,812	77,234,528	79,661,978	84,441,254	93,471,139	96,897,508	99,745,456	108,538,365	117,412,637	129,047,526
Restricted	3,128,033	4,896,402	6,184,060	4,158,265	16,204,388	6,287,615	9,910,824	13,618,248	14,533,091	15,192,316
Unrestricted	17,366,887	22,528,494	26,111,732	32,423,129	25,350,051	45,896,389	62,119,916	83,068,363	99,377,204	121,533,094
Total primary government net position	<u>\$ 93,800,732</u>	<u>\$ 104,659,424</u>	<u>\$ 111,957,770</u>	<u>\$ 121,022,648</u>	<u>\$ 135,025,578</u>	<u>\$ 149,081,512</u>	<u>\$ 171,776,196</u>	<u>\$ 205,224,976</u>	<u>\$ 231,322,932</u>	<u>\$ 265,772,936</u>

City of Tolleson, Arizona

Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 5,415,488	\$ 5,596,149	\$ 6,057,979	\$ 6,699,834	\$ 6,244,732	\$ 8,293,849	\$ 8,802,055	\$ 8,249,937	\$ 11,705,795	\$ 12,285,858
Public safety	10,820,773	11,510,678	13,703,866	13,256,375	14,014,601	13,327,589	15,922,346	13,637,171	16,298,825	18,972,146
Highways and streets	2,155,241	2,146,277	2,158,993	2,702,277	2,709,339	2,980,662	2,520,959	2,379,025	3,122,637	2,636,514
Culture and recreation	1,691,577	1,667,220	2,438,231	2,382,861	2,907,590	3,545,868	3,085,615	3,783,474	4,740,527	5,470,852
Economic development	715,207	641,130	1,196,079	794,512	1,000,307	701,000	807,093	1,220,010	538,311	1,768,355
Health and welfare	426,259	510,429	455,278	506,590	545,600	602,713	805,115	941,668	1,014,599	1,081,804
Interest on long-term debt	776,981	750,181	717,956	636,533	727,733	1,093,652	735,730	616,099	535,092	475,620
Total governmental activities	22,001,526	22,822,064	26,728,382	26,978,982	28,149,902	30,545,333	32,678,913	30,827,384	37,955,786	42,691,149
Business-type activities:										
Water	5,032,519	5,379,124	5,294,611	5,926,382	5,287,268	5,927,310	6,130,858	5,980,303	6,846,830	7,439,306
Sanitation	502,305	475,758	418,557	373,399	362,235	362,020	390,518	6,955,939	10,554,083	10,750,021
Wastewater and sewer	6,408,153	6,434,002	6,720,582	6,639,875	6,298,733	6,885,266	6,739,960	356,675	421,727	391,739
Total business-type activities	11,942,977	12,288,884	12,433,750	12,939,656	11,948,236	13,174,596	13,261,336	13,292,917	17,822,640	18,581,066
Total primary government expenses	33,944,503	35,110,948	39,162,132	39,918,638	40,098,138	43,719,929	45,940,249	44,120,301	55,778,426	61,272,215
Program Revenues										
Governmental activities:										
Fines, fees and charges for services:										
General government	888,639	883,447	1,005,417	1,527,499	1,562,514	1,314,784	3,116,069	4,811,845	1,478,162	667,802
Public safety	273,624	598,221	404,051	321,968	303,551	1,056,164	1,450,784	1,253,789	1,486,168	1,828,817
Highways and streets	-	126,794	-	-	-	-	-	-	-	-
Culture and recreation	14,458	122,954	22,316	36,482	64,882	60,419	5,999	28,228	65,055	97,115
Economic development	-	-	-	-	-	-	-	-	-	1,339,209
Health and welfare	-	-	-	-	-	-	-	-	-	173,392
Other	9,250	-	-	-	-	-	-	-	-	-
Operating grants and contributions	916,333	759,072	973,563	972,700	1,355,565	1,923,497	2,471,673	1,415,906	1,388,004	1,650,870
Capital grants and contributions	-	21,240	18,472	69,939	161,413	31,883	10,242	391,195	221,661	333,577
Total governmental activities program revenues	2,102,304	2,511,728	2,423,819	2,928,588	3,447,925	4,386,747	7,054,767	7,900,963	4,639,050	6,090,782
Business-type activities:										
Charges for services:										
Water	6,583,969	6,596,501	6,460,671	6,873,286	6,609,408	6,682,768	7,296,769	7,097,130	7,232,297	7,893,323
Sanitation	355,328	352,861	384,453	449,095	457,751	449,137	448,320	452,833	449,584	459,187
Wastewater and sewer	5,420,273	5,899,361	5,743,503	6,293,079	6,085,228	6,917,860	6,679,392	7,171,037	11,841,623	10,783,320
Capital grants and contributions	4,673,401	150,584	49,811	-	-	-	1,217,479	784,432	65,187	2,360,424
Total business-type activities program revenues	17,032,971	12,999,307	12,638,438	13,615,460	13,152,387	14,049,765	15,641,960	15,505,432	19,588,691	21,496,254
Total primary government revenues	\$ 19,135,275	\$ 15,511,035	\$ 15,062,257	\$ 16,544,048	\$ 16,600,312	\$ 18,436,512	\$ 22,696,727	\$ 23,406,395	\$ 24,227,741	\$ 27,587,036

(Continued)

City of Tolleson, Arizona

Table 2

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	\$ 17,564,422	\$ 19,592,713	\$ 20,910,180	\$ 21,434,225	\$ 25,448,636	\$ 26,365,478	\$ 34,079,997	\$ 44,587,118	\$ 43,597,936	\$ 51,108,820
Property taxes	4,508,560	3,917,340	5,615,157	4,955,918	4,859,308	6,514,517	7,386,020	6,699,035	6,850,497	7,296,622
Franchise taxes	45,765	44,139	49,514	42,647	47,217	51,390	55,333	53,575	54,561	54,575
State revenue sharing	792,313	1,042,649	1,093,270	689,720	725,514	754,547	874,563	1,020,466	1,078,354	1,093,578
State income tax revenue sharing	598,140	788,017	857,378	889,064	872,525	943,866	1,053,562	953,371	1,383,873	1,923,309
Auto lieu tax	249,830	269,956	275,697	583,704	510,081	509,050	549,384	544,683	562,331	376,427
Investment earnings	38,073	147,383	162,952	285,082	838,282	873,182	67,930	(708,714)	1,847,112	3,146,931
Other	37,376	55,827	119,963	164,376	152,928	222,745	44,041	51,134	40,443	73,205
Transfers	(282,785)	(116,962)	(420,000)	(139,000)	(25,447)	-	-	-	-	(3,888)
Total governmental activities	23,551,694	25,741,062	28,664,111	28,905,736	33,429,044	36,234,775	44,110,830	53,200,668	55,415,107	65,069,579
Business-type activities:										
Property taxes	2,654,745	3,293,011	2,157,082	3,224,893	3,637,831	2,451,096	1,773,206	1,212,016	1,073,680	1,167,227
Investment earnings	14,960	96,484	99,441	169,839	705,392	653,480	53,972	(249,998)	1,159,854	1,920,254
Other	77,861	96,272	57,587	-	-	-	-	-	-	(25,765)
Transfers	282,785	116,962	420,000	139,000	25,447	-	-	-	-	3,888
Total business-type activities	3,030,351	3,602,729	2,734,110	3,533,732	4,368,670	3,104,576	1,827,178	962,018	2,233,534	3,065,604
Total primary government	\$ 26,582,045	\$ 29,343,791	\$ 31,398,221	\$ 32,439,468	\$ 37,797,714	\$ 39,339,351	\$ 45,938,008	\$ 54,162,686	\$ 57,648,641	\$ 68,135,183
Change in Net Position										
Governmental activities	\$ 3,652,472	\$ 5,430,726	\$ 4,359,548	\$ 4,855,342	\$ 4,855,342	\$ 8,727,067	\$ 10,076,189	\$ 30,274,247	\$ 22,098,371	\$ 28,469,212
Business-type activities	8,120,345	4,313,152	2,938,798	4,209,536	5,572,821	3,979,745	3,979,745	3,174,533	3,999,585	5,980,792
Total primary government	\$ 11,772,817	\$ 9,743,878	\$ 7,298,346	\$ 9,064,878	\$ 10,428,163	\$ 12,706,812	\$ 14,055,934	\$ 33,448,780	\$ 26,097,956	\$ 34,450,004

(Concluded)

City of Tolleson, Arizona

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund											
Restricted	\$ 336,340	\$ 485,014	\$ 563,507	\$ 829,648	\$ 509,582	\$ 545,198	\$ 526,278	\$ 520,396	\$ 490,798	\$ 388,906	\$ 348,685
Nonspendable	5,000	4,446	-	1,017	4,505	23,095	5,711	6,744	8,003	38,024	11,148
Assigned	-	-	-	-	-	-	-	-	-	-	23,665,158
Unassigned	7,556,991	9,879,027	16,564,021	21,220,634	23,303,394	23,333,773	28,798,314	43,984,645	61,537,556	73,313,989	68,775,211
Total general fund	7,898,331	10,368,487	17,127,528	22,051,299	23,817,481	23,902,066	29,330,303	44,511,785	62,036,357	73,740,919	92,800,202
All Other Governmental Funds											
Restricted:											
Highways and streets	871,385	884,657	1,030,489	1,040,487	283,631	545,458	650,231	891,983	1,296,098	1,241,680	998,770
Debt service	1,133,469	938,131	879,996	609,568	325,667	456,077	786,808	1,020,169	500,282	265,351	140,654
Capital projects	3,718,026	474,052	242,592	169,021	25,447	11,574,765	11,563,422	10,074,230	-	-	-
Public safety	3,118,808	3,821,797	3,773,814	2,810,608	2,241,200	2,298,089	3,489,348	6,183,554	10,508,077	11,810,906	12,824,385
Other purposes	-	-	266,943	225,549	-	266,575	176,377	230,807	221,258	275,861	300,037
Nonspendable:											
Prepaid items	-	-	-	-	-	-	-	-	-	1,275	-
Assigned for:											
Other purposes	382,343	306,810	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 9,224,031	\$ 6,425,447	\$ 6,193,834	\$ 4,855,233	\$ 2,875,945	\$ 15,140,964	\$ 16,666,186	\$ 18,400,743	\$ 12,525,715	\$ 13,595,073	\$ 14,263,846

City of Tolleson, Arizona

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues											
Taxes	\$ 18,514,067	\$ 21,730,411	\$ 23,625,789	\$ 26,519,434	\$ 26,406,680	\$ 30,369,457	\$ 32,922,112	\$ 41,653,930	\$ 51,611,199	\$ 51,042,946	\$ 58,448,767
Intergovernmental	2,471,590	2,740,020	2,686,665	2,957,255	3,095,010	3,436,410	4,024,435	3,575,547	4,049,096	3,919,988	5,080,237
Fines and penalties	256,498	236,270	272,888	325,149	292,883	283,882	223,321	215,889	197,352	175,831	188,749
Licenses and permits	396,364	462,220	305,411	506,796	650,962	644,556	422,794	770,437	881,248	598,581	1,339,209
Charges for services	521,705	537,114	628,428	1,096,911	1,319,914	1,381,940	1,354,241	3,356,929	5,149,624	2,120,916	2,549,154
Rents and royalties	11,340	11,340	-	-	62,525	47,045	54,054	54,054	69,707	36,339	35,852
Contributions and donations	105,353	126,881	74,790	66,681	40,437	66,619	52,218	1,270,908	66,975	73,179	56,316
Impact fees	370,799	-	-	-	-	-	-	-	-	-	-
Investment earnings	56,800	38,077	146,674	168,706	285,082	838,282	873,182	67,930	(708,714)	1,847,112	3,146,931
Other	35,920	55,702	74,675	88,835	254,617	405,051	585,522	-	-	17,766	16,632
Total revenues	22,740,436	25,938,035	27,815,320	31,729,767	32,408,110	37,473,242	40,511,879	50,965,624	61,316,487	59,832,658	70,861,847
Expenditures											
General government	4,415,415	5,078,029	4,826,824	5,631,593	6,688,536	6,692,032	7,500,493	7,752,645	7,672,146	9,477,326	10,380,197
Public safety	9,129,552	9,482,850	10,965,063	11,837,178	13,257,541	13,323,395	13,228,591	13,474,776	13,627,851	17,221,726	19,708,140
Highways and streets	6,866,301	6,137,597	1,360,043	1,382,414	1,694,376	1,989,758	1,973,409	1,492,239	1,489,855	2,468,465	2,342,913
Culture and recreation	1,305,402	1,509,987	1,628,078	1,800,987	2,032,198	2,559,148	3,164,620	2,606,480	3,331,694	4,513,554	4,577,754
Economic development	881,237	725,924	619,344	1,201,318	1,006,559	1,284,470	1,090,113	1,492,553	1,514,864	1,087,317	1,584,795
Health and welfare	366,784	405,236	476,396	457,557	481,220	518,667	631,734	762,709	940,237	937,160	1,209,939
Capital outlay	2,232,168	937,440	1,447,693	2,648,333	4,995,043	8,906,309	3,182,235	3,160,158	18,259,225	8,687,581	9,410,689
Debt service:											
Principal retirement	945,000	835,000	785,000	2,035,000	1,406,500	958,100	1,823,715	2,447,563	2,099,604	2,331,279	2,618,557
Interest on long-term debt	839,087	803,637	776,837	744,612	663,188	770,870	1,022,360	881,666	762,035	681,028	621,594
Issuance costs	-	-	-	-	-	226,656	180,388	-	-	-	-
Total expenditures	26,980,946	25,915,700	22,885,278	27,738,992	32,225,161	37,229,405	33,797,658	34,070,789	49,697,511	47,405,436	52,454,578
Excess of revenues over (under) expenditures	(4,240,510)	22,335	4,930,042	3,990,775	182,949	243,837	6,714,221	16,894,835	11,618,976	12,427,222	18,407,269

(Continued)

City of Tolleson, Arizona

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)											
Transfers in	\$ 3,751,052	\$ 3,091,764	\$ 3,134,362	\$ 2,596,590	\$ 1,518,209	\$ 305,239	\$ 1,608,678	\$ 360,569	\$ 361,148	\$ 435,021	\$ 537,328
Transfers out	(3,640,552)	(3,374,549)	(3,251,324)	(3,016,589)	(1,657,209)	(330,686)	(1,608,678)	(360,569)	(361,148)	(435,021)	(541,216)
Subscription-based information technology arrangements	-	-	-	-	-	-	-	-	-	330,328	1,324,675
Proceeds of refunding debt issuance	-	-	-	-	-	-	6,737,000	-	-	-	-
Premium on refunding debt issuance	-	-	-	-	-	-	686,780	-	-	-	-
Proceeds of general obligation bond issuance	-	-	-	-	-	10,850,000	-	-	-	-	-
Premium on general obligation bond issuance	-	-	-	-	-	1,005,367	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	(7,190,000)	-	-	-	-
Proceeds from sale of capital assets	8,282	15,023	17,525	14,394	9,520	9,272	5,458	21,204	30,568	16,370	-
Total other financing sources (uses)	118,782	(267,762)	(99,437)	(405,605)	(129,480)	11,839,192	239,238	21,204	30,568	346,698	1,320,787
Net change in fund balance	<u>\$ (4,121,728)</u>	<u>\$ (245,427)</u>	<u>\$ 4,830,605</u>	<u>\$ 3,585,170</u>	<u>\$ 53,469</u>	<u>\$ 12,083,029</u>	<u>\$ 6,953,459</u>	<u>\$ 16,916,039</u>	<u>\$ 11,649,544</u>	<u>\$ 12,773,920</u>	<u>\$ 19,728,056</u>
Debt Service as a Percentage of Noncapital Expenditures	7.21%	6.56%	7.29%	10.79%	7.46%	6.90%	9.88%	10.74%	9.13%	7.72%	7.75%

City of Tolleson, Arizona

Table 5
General Government Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

Fiscal Year	Property	Sales & Use	Franchise	Total
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
2023	7,901,803	43,441,037	54,561	51,397,401
2024	8,252,599	50,951,025	54,575	59,258,199
Change 2015-2024	100.3%	190.1%	31.9%	172.8%

Note: This schedule is optional.

City of Tolleson, Arizona

Table 6

Assessed 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
2015	\$ 147,663	\$ 9,698	\$ 9,009	\$ 2,259	\$ 168,629	\$ 4	\$ 168,629	100%
2016	172,787	12,297	12,619	1,958	199,661	3.9715	199,661	100%
2017	210,837	12,818	13,974	1,976	239,605	3.9734	239,605	100%
2018	239,361	13,797	15,834	2,264	271,256	3.9895	271,256	100%
2019	264,312	9,810	20,042	1,794	295,958	3.8319	295,958	100%
2020	296,155	10,023	20,844	1,910	328,932	3.7169	328,932	100%
2021	329,937	10,283	26,591	1,908	368,719	3.5259	368,719	100%
2022	349,483	13,048	30,665	2,000	395,196	2.7476	395,196	100%
2023	357,893	11,850	33,933	2,194	405,870	2.6796	405,870	100%
2024	445,459	13,723	48,445	2,535	510,162	2.6421	510,162	100%

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	
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
2023	1.5894	1.0902	2.6796	N/A	N/A	N/A	2.6796
2024	1.5504	1.0917	2.6421	N/A	N/A	N/A	2.6421

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	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SVC Manufacturing INC	\$ 14,858,394	1	5.04%	\$ 6,672,515	3	3.96%
Smiths Food & Drug Centers Inc.	14,075,990	2	4.77%	-	-	-
CLNC NNN Alberts AZ LLC	12,755,371	3	4.32%	-	-	-
FR CAL 3 Tolleson Buckeye LLC	11,844,892	4	4.02%	8,270,397	1	4.90%
Salt River Project (T&D)	9,776,939	5	3.31%	-	-	-
Prologis-Exchange Westside Business Park LLC	8,624,740	6	2.92%	-	-	-
JBS Tolleson Inc.	6,137,313	7	2.08%	-	-	-
SBSS W Jefferson LLC/CI448 W Jefferson LLC	6,081,825	8	2.06%	4,839,775	5	2.87%
Tolleson 70 LLC	5,405,928	9	1.83%	-	-	-
Greater Arizona Auto Auctions Inc.	5,164,002	10	1.75%	-	-	-
LBA Realty Fund III Company IX LLC	-	-	-	7,277,000	2	4.32%
ABS SW Investor LLC (Albertson)	-	-	-	5,164,312	4	3.06%
Cole HD Tolleson AZ LLC	-	-	-	4,531,671	6	2.69%
Freightliner	-	-	-	3,158,309	7	1.87%
Price Company	-	-	-	2,700,459	8	1.60%
91st Avenue Investment Co.	-	-	-	2,481,381	9	1.47%
AZEJM Land Holdings/Oxnard	-	-	-	2,434,102	10	1.44%
Total	<u>\$ 94,725,394</u>			<u>\$ 47,529,921</u>		<u>28.18%</u>

Source: Maricopa County Assessor's Office

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

City of Tolleson, Arizona

Table 9
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
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%
2023	7,509,399	7,388,285	98.39%	(21,671)	7,366,614	98.10%	52,365	0.70%
2024	7,846,675	7,807,178	99.50%	134,908	7,672,270	97.78%	70,377	0.90%

Source: Maricopa County Finance Department

City of Tolleson, Arizona

Table 10

Taxable Sales by Category

Last Ten Fiscal Years

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales Category										
Communication and utilities	\$ 1,486,385	\$ 1,484,711	\$ 1,471,733	\$ 1,429,106	\$ 1,472,126	\$ 1,419,507	\$ 1,535,042	\$ 1,600,746	\$ 1,601,990	\$ 1,723,914
Construction	1,417,419	907,458	1,337,854	1,553,611	2,534,686	1,224,339	1,424,785	3,987,937	4,074,085	4,566,142
Manufacturing	649,799	769,714	973,913	955,024	998,523	680,611	820,935	1,250,592	-	-
Wholesale	3,261,898	4,387,437	3,980,112	3,487,881	3,774,365	3,914,447	4,651,274	5,549,732	-	-
Retail	7,073,146	7,723,550	8,545,050	9,362,838	11,481,732	13,464,737	18,580,686	23,374,584	31,390,227	36,562,074
Real estate	1,851,697	2,150,547	2,085,554	2,454,322	2,528,580	2,654,247	3,653,986	4,341,858	5,230,993	6,477,697
Services	871,641	1,232,577	1,317,928	1,397,260	1,444,529	1,671,286	1,847,042	1,874,043	1,139,756	1,618,228
All other outlets	952,436	936,790	1,198,107	794,183	1,214,095	1,336,304	1,540,419	2,472,314	3,986	2,970
Total	<u>\$ 17,564,421</u>	<u>\$ 19,592,784</u>	<u>\$ 20,910,251</u>	<u>\$ 21,434,225</u>	<u>\$ 25,448,636</u>	<u>\$ 26,365,478</u>	<u>\$ 34,054,169</u>	<u>\$ 44,451,806</u>	<u>\$ 43,441,037</u>	<u>\$ 50,951,025</u>
City Sales Tax Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Source: Arizona State Revenue

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

City of Tolleson, Arizona

Table 11

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	City Direct Rate	County
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%
2023	2.50%	8.80%
2024	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				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Subscription Liabilities	Leases	General Obligation Bonds	Water Revenue Bonds	Leases	Waste Water WIFA Loan			
2015	\$ 11,235	\$ 7,070	\$ -	\$ -	\$ 14,220	\$ -	\$ -	\$ 7,750	\$ 40,275	*	\$ 5,961
2016	10,825	6,929	-	-	11,330	-	-	7,342	36,426	*	5,257
2017	9,180	6,305	-	-	9,485	-	-	6,921	31,891	*	4,443
2018	8,179	5,900	-	-	6,837	-	-	6,486	27,402	*	3,803
2019	18,495	5,475	-	-	3,860	-	-	6,037	33,867	*	4,640
2020	18,227	5,174	-	-	6,156	-	-	5,573	35,130	*	4,765
2021	16,117	4,690	-	-	4,921	-	-	5,094	30,822	*	4,181
2022	14,389	4,172	-	-	4,178	-	-	4,599	27,338	*	3,747
2023	12,580	3,634	200	-	3,402	-	-	4,087	23,903	*	3,293
2024	10,747	3,075	1,152	-	2,604	-	-	3,558	21,136	*	2,947

* 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.

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
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	7.00%	7,372	3,257
2022	18,567	2,683	21,250	395,196	5.38%	7,295	2,913
2023	15,982	2,384	18,366	405,870	4.53%	7,258	2,530
2024	10,233	2,076	12,309	510,162	2.41%	7,173	1,716

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, 2024

(Unaudited)

Governmental Unit	General Obligation Debt Outstanding (a)	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt (b)
Debt Repaid With Property Taxes			
Tolleson Elementary School District No. 17	\$ 35,015,000	70.67	\$ 24,745,915
Fowler Elementary School District No. 45	5,800,000	9.29	538,825
Littleton Elementary School District No. 65	42,400,000	14.46	6,132,109
Tolleson Union High School District No. 214	258,395,000	17.05	44,056,907
Maricopa County Community College District	57,615,000	0.54	310,523
Maricopa County Special Health Care District	544,135,000	0.54	2,932,679
Western Maricopa Education Center District No. 402	98,510,000	1.44	1,414,400
Subtotal, overlapping debt			80,131,358
City of Tolleson, Arizona Direct Debt	14,974,914	100.00	14,974,914
Total direct and overlapping debt			<u>\$ 95,106,272</u>

(a) 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.

(b) Proportion applicable to the City is computed on the ratio of Net Limited Assessed Property Value for 2022/23.

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, 2024
(Unaudited)

Net Assessed Valuation		\$ 510,162,118
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt limit - 20% of secondary net assessed valuation		\$ 102,032,424
Debt applicable to limit		
General obligation bonds outstanding	\$ 9,641,686	
Less amount set aside for repayment of debt	-	
Net debt applicable to limit		<u>9,641,686</u>
20% legal debt margin		<u>92,390,738</u>
<u>All Other General Obligation Bonds</u>		
Debt limit - 6% of secondary net assessed valuation		30,609,727
Debt applicable to limit		
General obligation bonds outstanding	5,785,847	
Less amount set aside for repayment of debt	-	
Net debt applicable to limit		<u>5,785,847</u>
All other general obligation bonds debt margin		<u>24,823,880</u>
Total legal debt margin		<u><u>\$ 117,214,618</u></u>

Source: Maricopa County Assessor's Office

City of Tolleson, Arizona

Table 16
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Secondary Assessed Valuation	\$ 168,629,759	\$ 199,662,057	\$ 239,605,939	\$ 271,256,677	\$ 295,958,429	\$ 328,931,929	\$ 368,719,284	\$ 395,196,343	\$ 405,870,380	\$ 510,162,118
Debt Limit	43,843,737	51,912,135	62,297,544	70,526,736	76,949,192	85,522,302	95,867,014	102,751,049	105,526,299	132,642,151
Total net debt applicable to limit	29,738,090	26,192,537	22,702,537	18,798,871	25,876,823	26,166,178	24,008,903	21,249,749	18,366,051	15,427,533
Legal debt margin	<u>\$ 14,105,647</u>	<u>\$ 25,719,598</u>	<u>\$ 39,595,007</u>	<u>\$ 51,727,865</u>	<u>\$ 51,072,369</u>	<u>\$ 59,356,124</u>	<u>\$ 71,858,111</u>	<u>\$ 81,501,300</u>	<u>\$ 87,160,248</u>	<u>\$ 117,214,618</u>
Total net debt applicable to the limit as a percentage of debt limit.	67.83%	50.46%	36.44%	26.65%	33.63%	30.60%	25.04%	20.68%	17.40%	11.63%

City of Tolleson, Arizona

Table 17
Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)
(Dollars in Thousands)

Fiscal Year	Revenue Bonds*						Special Assessment Bonds			
	Public Safety Sales Tax	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
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	-	-	-	-
2023	605	-	605	475	149	0.97	-	-	-	-
2024	626	-	626	495	130	1.00	-	-	-	-

*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
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%
2023	7,258	48,002	20,173	N/A	N/A	N/A	3.40%
2024	7,173	47,875	20,563	N/A	N/A	N/A	3.40%

Sources: U.S. 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	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
J.B. Packerland	1,750	1	10.49%	1,100	1	9.53%
Albertsons, Inc.	800	2	4.79%	-	-	-
Atlas Retail Services	660	3	3.95%	530	2	4.59%
Papa Johns Salads Produce	600	4	3.59%	480	3	4.16%
SK Food Group	550	5	3.30%	-	-	-
Pepsico	440	6	2.64%	440	4	3.81%
Carvana Co	440	6	2.64%	-	-	-
Sysco Food Services of Arizona	440	6	2.64%	270	10	2.34%
Salt River Project	360	9	2.16%	330	6	2.86%
Autozone	350	10	2.10%	-	-	-
Rousseau Farming Co.	-	-	-	400	5	3.46%
Ryder Inc. Hillshire Brands	-	-	-	320	7	2.77%
Quiktrip Corp.	-	-	-	280	9	2.43%
Total	6,390		38.30%	4,150		35.95%

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

City of Tolleson, Arizona

Table 20
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	46.5	41.0	47.0	48.0	60.0	56.0	55.0	54.0	61.0	79.5
Police	42.0	48.0	49.0	49.0	49.0	49.0	53.0	54.0	61.0	67.0
Fire	33.0	33.0	32.0	32.0	33.0	33.0	33.0	34.0	34.0	35.0
Public works	18.0	19.0	19.0	21.0	22.0	22.0	22.0	23.0	24.0	23.5
Community services	8.0	9.0	8.0	9.0	10.5	12.5	12.5	11.5	19.5	18.5
Water	8.0	11.0	12.0	12.6	14.0	14.0	14.0	14.0	14.0	12.0
Sanitation	1.5	3.0	2.0	-	-	-	-	-	-	-
Wastewater/sewer	24.0	28.0	28.5	27.4	28.5	29.0	28	28.0	30.0	31.0
Total	181.0	192.0	197.5	199.0	217.0	215.5	217.5	218.5	243.5	266.5

Source: City Records

City of Tolleson, Arizona

Table 21
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Physical arrests	248	293	352	330	404	978	1,064	982	935	1,125
Call for services	11,712	14,650	15,428	15,942	16,560	15,507	17,376	17,901	17,068	17,007
Traffic violations	2,758	3,599	3,433	2,456	1,825	1,263	1,551	1,350	1,983	914
Fire										
Emergency responses	2,322	2,636	2,915	3,688	3,701	3,944	4,085	2,993	5,490	5,682
Fires extinguished	135	120	116	1,088	1,099	1,195	1,054	647	313	558
Inspections	116	633	52**	1	24	94	162	218	232	328
Planning and Building Safety										
Building permits issued	327	336	383	429	488	429	332	411	892	379
Building inspections conducted	1,460	694*	860*	1,286	1,565	984	1,090	788	1,110	5,776
Transit										
Total route miles	6	6	6	6	6	6	6	6	30	30
Sanitation										
Refuse collected (tons/day)	8.87	8.46	0.42***	0.54	0.76	11.00	12	7	7.85	5.98
Library										
Volumes in collection	23,172	22,894	24,337	23,809	25,210	24,244	42,311	43,886	25,522	28,709
Total volumes borrowed	33,183	29,166	34,419	31,110	39,211	36,281	16,415	19,213	43,716	82,021
Water										
New connections	35	19	26	8	59	35	17	36	42	22
Water main breaks					5	7	6	8	4	6
Average daily consumption (thousands of gallons)	3,000	3,823	3,082	3,940	3,774	4	4	4	4	4
Peak daily consumption (thousands of gallons)	6,000	7,100	6,480	5,602	5,721	6	5	6	7	5
Wastewater										
Average daily sewage treatment (thousands of gallons)	8,230	5,347	5,353	5,359	5,490	5,739	5,534	6,061	5,910	5,541

* Represents 8 months

** Represents 2 months

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

Source: City Records

City of Tolleson, Arizona

Table 22
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	24	24	24	24	22	27	34	34	37	38
Fire Stations	1	1	1	1	1	1	1	1	1	1
Refuse Collection										
Collection trucks	6	6	2	2	2	2	2	2	2	2
Other Public Works										
Streets (miles)	34	34	34	34	34	34	34	30	30	30
Streetlights	778	778	778	778	944	965	1,071	955	955	955
Traffic signals	12	12	12	13	14	15	15	14	14	14
Parks and Recreation										
Acreage	20	20	20	20	24	24	24	29	29	29
Playgrounds	3	4	4	4	4	4	4	4	4	4
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Community/Youth Centers	2	3	3	3	3	2	2	2	2	2
Water										
Water mains (miles)	60	60	57	57.75	60	64	64	64.03	64.74	64.81
Fire hydrants	700	700	730	737	748	765	765	768	778	782
Storage capacity (thousands of gallons)		5,250		5,250	5,250	5,250	5,250	5,250	5,250	4,250
Wastewater										
Sanitary sewers (miles)	35.03	38.12	38.62	38.62	39.46	40.06	40.06	40.16	40.45	40.46
Storm sewers (miles)	2	2	2	2	2	2	2	2	2	2
Treatment capacity (thousands of gallons)	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500

Source: City Records

City of Tolleson, Arizona

Table 23

Property Valuations

Fiscal Year Ended June 30, 2024

(Unaudited)

	2023-2024
	Fiscal Year
Estimated actual valuation	\$ 3,493,141,193
Net primary assessed valuation	294,932,220

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

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
2023-24	\$ 510,162,118	\$ 3,493,141,193	14.60%
2022-23	405,870,380	2,724,681,823	14.90%
2021-22	395,196,343	2,584,491,200	15.36%
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%

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

City of Tolleson, Arizona

Table 25

Secondary Valuations by Legal Class

June 30, 2024

(Unaudited)

Legal Class	Description	2022-2023 Secondary Assessed Valuation	2023 Percent of Total	2023-2024 Secondary Assessed Valuation	2024 Percent of Total
1	Utilities Telecommunication and Commercial and Industrial	\$ 357,892,686	88.17%	\$ 445,458,715	87.32%
2	Agricultural and Vacant	11,850,370	2.92%	13,722,612	2.69%
3	Residential (Owner occupied)	18,712,221	4.61%	26,061,836	5.11%
4	Residential (Rental)	15,220,764	3.75%	22,383,102	4.39%
5	Railroad	962,519	0.24%	1,062,182	0.21%
6	Non-commercials	1,231,820	0.30%	1,473,671	0.29%
	Total	<u>\$ 405,870,380</u>	<u>100.00%</u>	<u>\$ 510,162,118</u>	<u>100.00%</u>

Source: Maricopa County Assessor's Office

City of Tolleson, Arizona

Table 26

Secondary Valuations by Major Taxpayer

June 30, 2024

(Unaudited)

Taxpayers	Business	Estimated Secondary 2023 - 2024 Assessed Valuation	Estimated as a Percent of the City's 2023 - 2024 Net Secondary Assessed Valuation
SVC Manufacturing INC	Food Manufacture	\$ 14,858,394	5.04%
Smiths Food & Drug Centers Inc.	Grocery Retailer	14,075,990	4.77%
CLNC NNN Alberts AZ LLC (Albertsons)	Grocery Retailer	12,755,371	4.32%
FR CAL 3 Tolleson Buckeye LLC	Industrial Property	11,844,892	4.02%
Salt River Project (T&D)	Utility Provider	9,776,939	3.31%
Prologis-Exchange Westside Business Park LLC	Industrial Property	8,624,740	2.92%
JBS Tolleson Inc.	Food Manufacture	6,137,313	2.08%
SBSS W Jefferson LLC/CI448 W Jefferson LLC		6,081,825	2.06%
Tolleson 70 LLC		5,405,928	1.83%
Greater Arizona Auto Auctions Inc.	Auto Auctions	5,164,002	1.75%
Total		<u>\$ 94,725,394</u>	<u>32.10%</u>

Source: Maricopa County Assessor's Office