

City of Tolleson, Arizona

Annual Expenditure Limitation Report

June 30, 2024

CITY OF TOLLESON, ARIZONA

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Independent Accountants' Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the City of Tolleson, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Tolleson, Arizona for the year ended June 30, 2024. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination. We have presented the results of our examination in the accompanying schedules.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City of Tolleson and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Annual Expenditure Limitation Report of the City of Tolleson, Arizona is fairly presented in accordance with the Uniform Expenditure Reporting System as described in Note 1, in all material respects.

Baker Tilly US, LLP

Tempe, Arizona
December 18, 2024

City of Tolleson, Arizona

Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2024

<u>1.</u> Economic Estimates Commission expenditure limitation	\$ <u>6,000,567</u>
<u>2.</u> Voter-approved alternative expenditure limitation (approved November 3, 2020)	<u>188,769,614</u>
<u>3.</u> Enter applicable amount from line 1 or line 2	\$ <u>188,769,614</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ <u>76,760,346</u>
<u>10.</u> Total adjusted amount subject to the expenditure limitation	\$ <u>76,760,346</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation	\$ <u><u>112,009,268</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer:

Kevin H. Artz

Name and title: Kevin H. Artz, CPA, Chief Financial Officer

Telephone number: (623) 936 - 7111

Date: 12/18/24

City of Tolleson, Arizona

Annual Expenditure Limitation Report - Part II

Year Ended June 30, 2024

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Amounts reported on the Reconciliation, line D	\$ 51,129,903	\$ 25,630,443	\$ 76,760,346
<u>B.</u> Less exclusions claimed:			
<u>1.</u> Debt proceeds	-	-	-
<u>2.</u> Debt service requirements	-	-	-
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
<u>4.</u> Trustee or custodian	-	-	-
<u>5.</u> Grants and aid from the federal government	-	-	-
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-
<u>7.</u> Amounts received from the State of Arizona	-	-	-
<u>8.</u> Quasi-external interfund transactions	-	-	-
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
<u>10</u> Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
<u>11</u> Contracts with other political subdivisions	-	-	-
<u>12</u> Refunds, reimbursements, and other recoveries	-	-	-
<u>13</u> Voter-approved exclusions not identified above	-	-	-
<u>14</u> Prior years carryforward	-	-	-
<u>15</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41- 1279.07	-	-	-
<u>16</u> Total exclusions claimed	-	-	-
<u>C.</u> Amounts subject to the expenditure limitation	\$ 51,129,903	\$ 25,630,443	\$ 76,760,346

See accompanying notes

City of Tolleson, Arizona

Annual Expenditure Limitation Report - Reconciliation

Year Ended June 30, 2024

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 52,454,578	\$ 18,606,831	\$ 71,061,409
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation	-	2,799,564	2,799,564
<u>b.</u> Loss on disposal of capital assets	-	25,765	25,765
<u>c.</u> Bad debt expense	-	-	-
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	700,351	700,351
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	-
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
<u>3.</u> Required fees paid to the Arizona Department of Revenue	-	-	-
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	1,324,675	-	1,324,675
<u>5.</u> Involuntary court judgments	-	-	-
<u>6.</u> Total subtractions	<u>1,324,675</u>	<u>3,525,680</u>	<u>4,850,355</u>
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt	-	1,288,362	1,288,362
<u>2.</u> Capital asset acquisitions	-	8,771,815	8,771,815
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:			
<u>a.</u> Claims previously recognized as IBNR	-	-	-
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year	-	489,115	489,115
<u>5.</u> Transfers to separate legal entities	-	-	-
<u>6.</u> Total additions	<u>-</u>	<u>10,549,292</u>	<u>10,549,292</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 51,129,903</u>	<u>\$ 25,630,443</u>	<u>\$ 76,760,346</u>

See accompanying notes

CITY OF TOLLESON, ARIZONA
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual expenditure limitation report (AELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted November 3, 2020, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 RECONCILIATION DEDUCTIONS AND ADDITIONS

The subtraction of depreciation, loss on disposal of capital assets, the additions for principal payments, and the acquisition of capital assets are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds; and the financial statement footnotes 4, 7, and 9.

The addition of \$1,288,362 for principal payments on long-term debt in the Enterprise Funds consists of retirements of \$759,858 of bonds payable and \$528,504 of loans payable.

The addition for the acquisition of capital assets consists of \$8,771,815 paid for various capital assets in the Water and Sewer funds.

NOTE 3 PENSION DEDUCTIONS AND ADDITIONS

The \$700,351 subtraction for pension expense consists of changes in the net pension assets and liabilities, and changes in deferred inflows and outflows related to pensions recognized in the current year in the enterprise funds. The \$489,115 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

CITY OF TOLLESON, ARIZONA
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2024

		Enterprise funds
<u>Statement of Cash Flows</u>		
Change in deferred inflows related to pensions and OPEB		32,836
Change in deferred outflows related to pensions and OPEB		(253,523)
Change in net pension and OPEB liability		431,923
	Total	\$ <u>211,236</u>
<u>AELR-Reconciliation</u>		
Pension/OPEB contributions – addition		\$ 489,115
Pension/OPEB expense(income) – subtraction		700,351
	Total	\$ <u>211,236</u>