



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FY 2025

Fiscal Year Ended  
June 30, 2025



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# **City of Tolleson, Arizona**



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025

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

# **City of Tolleson, Arizona**

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## **Introductory Section**

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# 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 17, 2025

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, 2025. 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, 2025, 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, 2025, 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.

General Fund revenue increased by \$1,697,378 and exceeded the budgeted amount by \$13,510,675. General Fund expenditures decreased by \$1,516,176 year over year, which is a decrease of approximately 3.9%. The City was able to provide salary increases to employees while still 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 2026 anticipates 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, 2025, the City's governmental funds reported a combined fund balance of \$153,223,429 of which \$69,246,832 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 74.4% 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 2026 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 2025, the city had several significant accomplishments and initiatives.

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

The Tolleson micro transit program is a continuing success, utilizing Uber/Lyft to provide transit services in the Tolleson area. The micro transit program replaced a fixed route bus and reduced costs by over \$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 construction phase for a year-round aquatic facility and should open in the next year. The facility has an initial budget of \$37.5M.

## **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, 2024. This was the ninth 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  
CFO



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, 2024

*Christopher P. Monell*

Executive Director/CEO

**CITY OF TOLLESON, ARIZONA**  
**PRINCIPAL OFFICIALS OF THE CITY**  
**YEAR ENDED JUNE 30, 2025**

**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, City Magistrate

Rudy Mendoza, Public Safety Director/Police Chief

Crystal Zamora, City Clerk

Jamie McCracken, Utilities Director

Randy Babchuk, Field Operations/Parks &

Jason Earp, Development Services Director

Recreation Director

Mandy Carrico, Library Director

Kevin Artz, Chief Financial Officer

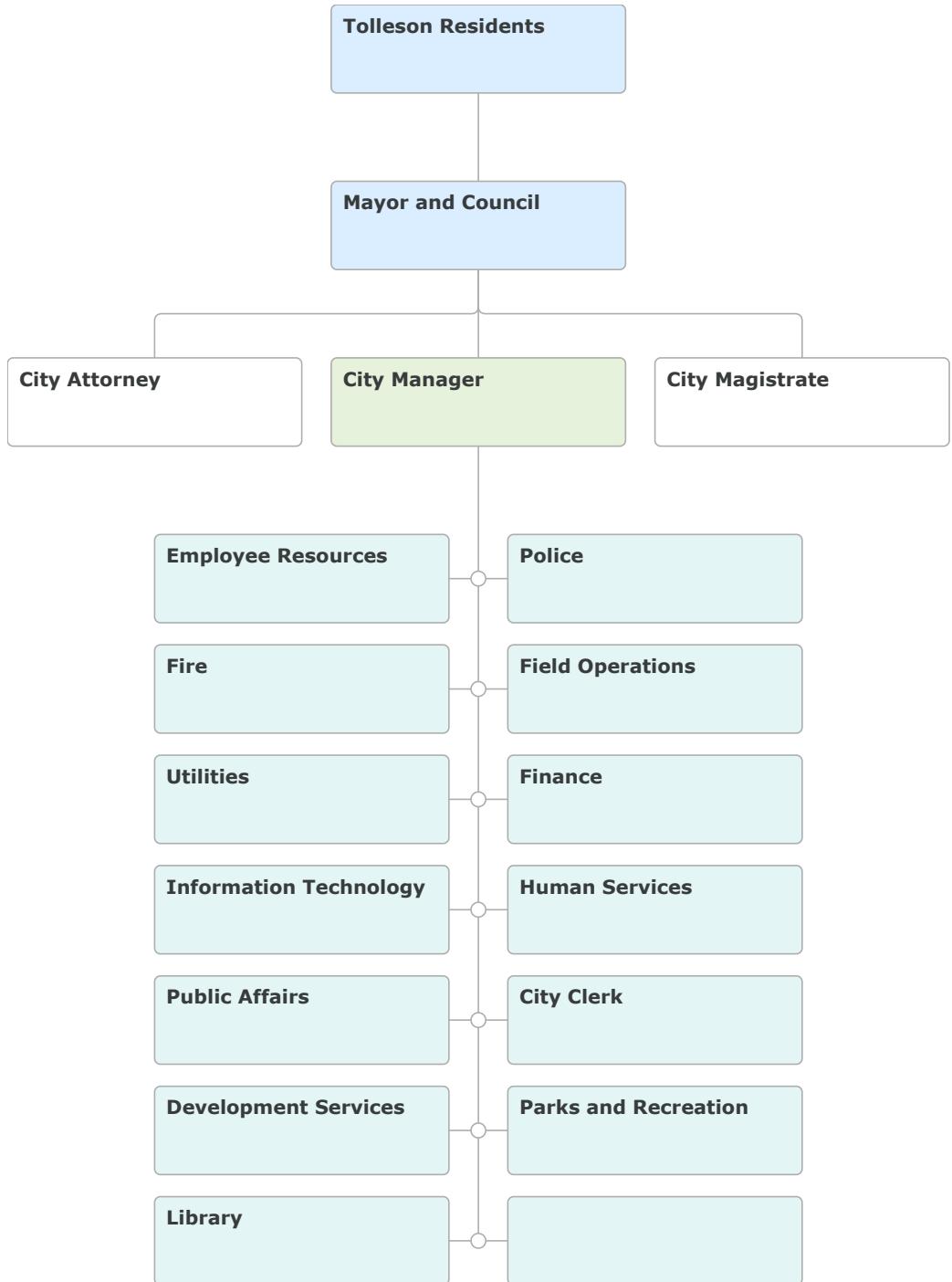
George Good, Chief of Social Impact/Human

Michael Young, Fire Chief

Services Director

Vacant, Chief Technical Officer

# Organizational Chart





## **Financial Section**

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## **Independent Auditors' Report**

To the 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, 2025, 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 of Tolleson, Arizona as of June 30, 2025 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 use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph is intended solely for the information and use of the Arizona State Legislature, 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 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 17, 2025 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 17, 2025

## **Financial Section**

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### **Management's Discussion and Analysis**



# City of Tolleson, Arizona

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Management's Discussion and Analysis  
June 30, 2025  
(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, 2025. 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 \$300,576,349 (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 \$145,813,692.
- The City's total net position increased by \$34,803,413 primarily due to an increase in the general revenues received and program revenues related to business-type activities. The largest increases were \$2,418,984 from the sale of City property and \$865,730 from change in the fair value of investments.
- The governmental activities expenses of \$45,835,908 were \$3,144,759 higher than the prior year amount of \$42,691,149.
- The City had an unrealized gain on investment of \$1,363,610, compared to the unrealized gain on investment in the prior fiscal year of \$497,880.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$69,246,832 or 183% of total General Fund expenditures and is available for spending at the government's discretion. Assigned fund balance for the General Fund was \$49,166,773, 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 \$13,510,675 for the fiscal year ended June 30, 2025. Budgetary basis expenditures of the General Fund were 73.74% (\$13,439,169 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

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Management's Discussion and Analysis  
June 30, 2025  
(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, 2025  
(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 37-73 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 77-86.

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 89-96 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 \$300,576,349 as of June 30, 2025 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, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Current and other assets	\$ 157,832,694	\$ 111,127,534	\$ 46,291,938	\$ 48,631,214	\$ 204,124,632	\$ 159,758,748
Capital assets	90,136,653	86,114,152	69,649,672	63,896,743	159,786,325	150,010,895
Total assets	247,969,347	197,241,686	115,941,610	112,527,957	363,910,957	309,769,643
Deferred outflows of resources	8,260,645	9,258,790	1,126,797	973,224	9,387,442	10,232,014
Long-term liabilities	52,503,039	35,002,933	11,085,613	11,764,675	63,588,652	46,767,608
Other liabilities	3,624,650	3,028,760	3,174,792	2,540,722	6,799,442	5,569,482
Total liabilities	56,127,689	38,031,693	14,260,405	14,305,397	70,388,094	52,337,090
Deferred inflows of resources	1,961,983	1,659,494	371,973	232,137	2,333,956	1,891,631
Net position:						
Net investment in capital assets	76,435,356	71,139,238	64,628,156	57,908,288	141,063,512	129,047,526
Restricted	13,699,145	14,612,531	-	579,785	13,699,145	15,192,316
Unrestricted	108,005,819	81,057,520	37,807,873	40,475,574	145,813,692	121,533,094
Total net position	\$ 198,140,320	\$ 166,809,289	\$ 102,436,029	\$ 98,963,647	\$ 300,576,349	\$ 265,772,936

**Governmental Activities** - Current and other assets increased in governmental activities by \$46,705,160 million. Deferred outflows of resources decreased by \$998 thousand and deferred inflows increased by \$302 thousand, both due to changes in the City's pension obligations.

# City of Tolleson, Arizona

Management's Discussion and Analysis  
 June 30, 2025  
 (Unaudited)

The largest portion of the City's net position, \$141,063,512, 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, \$13,699,145, 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 \$145,813,692.

The City's overall net position increased by \$34,803,413 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, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues:						
Program revenues:						
Charges for service	\$ 2,606,531	\$ 4,106,335	\$ 22,413,979	\$ 19,135,830	\$ 25,020,330	\$ 23,242,165
Operating grants and contributions	2,926,167	1,650,870	-	-	2,926,167	1,650,870
Capital grants and contributions	186,296	333,577	-	2,360,424	186,296	2,694,001
General revenues:						
Taxes	61,258,629	59,930,022	764,853	1,167,227	62,023,482	61,097,249
Urban revenue sharing	1,525,897	1,923,309	-	-	1,525,897	1,923,309
Other revenue (expense)	8,738,465	3,216,248	1,955,252	1,898,377	10,693,717	5,114,625
Total revenues	77,241,985	71,160,361	25,134,084	24,561,858	102,375,889	95,722,219
Expenses:						
General government	13,265,612	12,285,858	-	-	13,265,612	12,285,858
Public safety	22,239,062	18,972,146	-	-	22,239,062	18,972,146
Highways and streets	3,550,493	2,636,514	-	-	3,550,493	2,636,514
Culture and recreation	2,589,036	5,470,852	-	-	2,589,036	5,470,852
Economic development	1,206,875	1,768,355	-	-	1,206,875	1,768,355
Health and welfare	2,426,121	1,081,804	-	-	2,426,121	1,081,804
Interest on long-term debt	558,709	475,620	-	-	558,709	475,620
Water	-	-	9,196,021	7,439,306	9,196,021	7,439,306
Wastewater and sewer	-	-	12,028,576	10,750,021	12,028,576	10,750,021
Sanitation	-	-	437,105	391,739	437,105	391,739
Total expenses	45,835,908	42,691,149	21,661,702	18,581,066	67,497,610	61,272,215
Change in net position	31,331,031	28,469,212	3,472,382	5,980,792	34,803,413	34,450,004
Net position, beginning	166,809,289	138,340,077	98,963,647	92,982,855	265,772,936	231,322,932
Net position, ending	\$ 198,140,320	\$ 166,809,289	\$ 102,436,029	\$ 98,963,647	\$ 300,576,349	\$ 265,772,936

## City of Tolleson, Arizona

Management's Discussion and Analysis  
June 30, 2025  
(Unaudited)

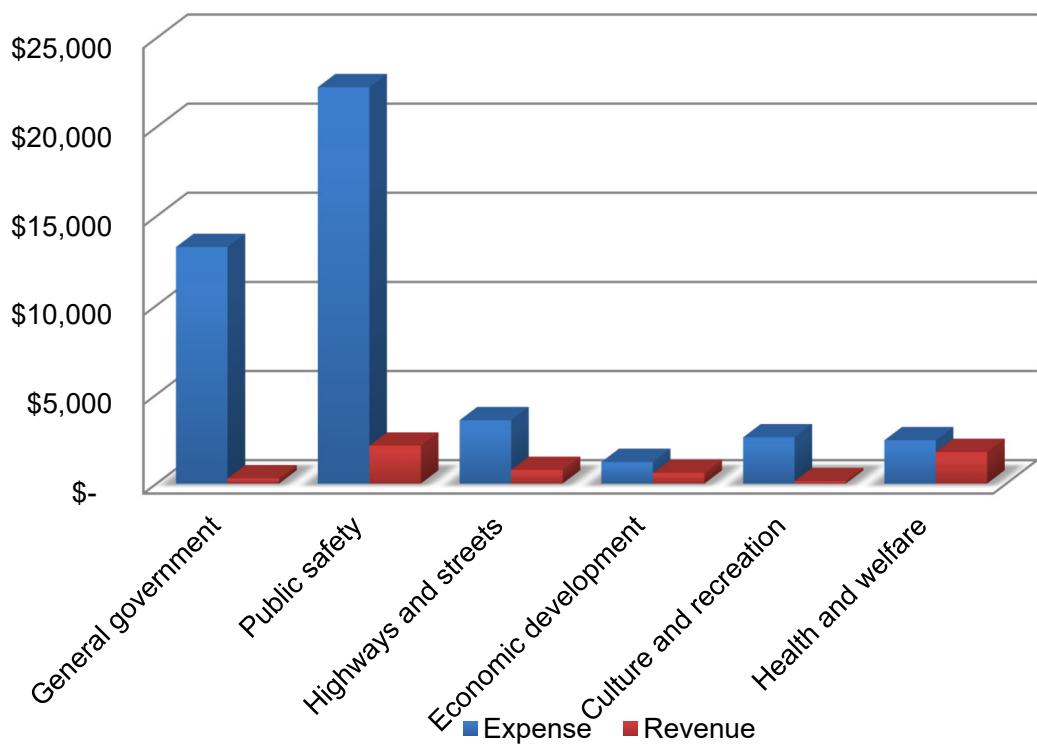
**Governmental Activities** - During the current fiscal year, net position for governmental activities increased \$31,331,031 from the prior fiscal year for an ending balance of \$198,140,320. The increase in the overall net position of governmental activities is primarily due to an increase in interest income and gain of the sale of capital assets reported as part of general revenues, as well as a decrease in culture and recreation expenses.

Revenues increased \$6,006,578 million from the prior year mainly due to an increase in interest income and gain of the sale of capital assets. The City received more income from its investments as compared to the prior year. Additionally, the site of the prior city hall location was sold in fiscal year 2025.

Expenses increased from \$42.7 million in the prior year to \$45.8 million in the current year. The program expenses for General Government, Public Safety, Highways and Streets, and Health and Welfare all increased in fiscal year 2025.

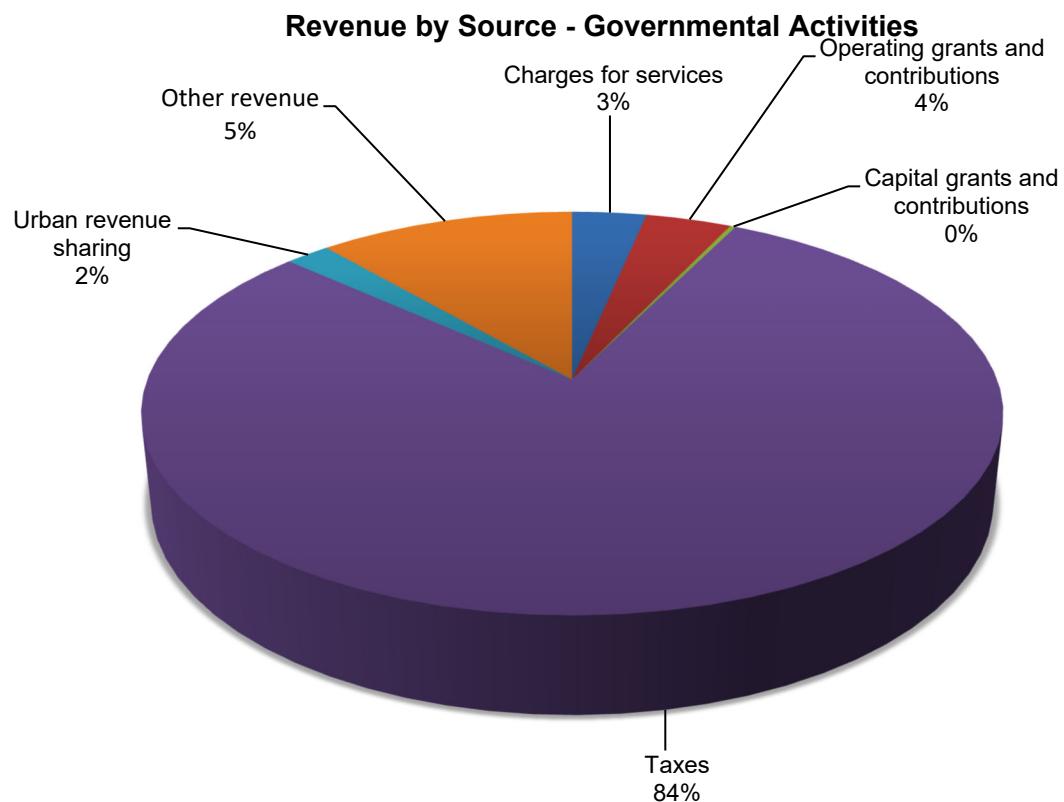
As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on sales taxes, property taxes and other general revenues to cover the costs associated with the various programs.

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



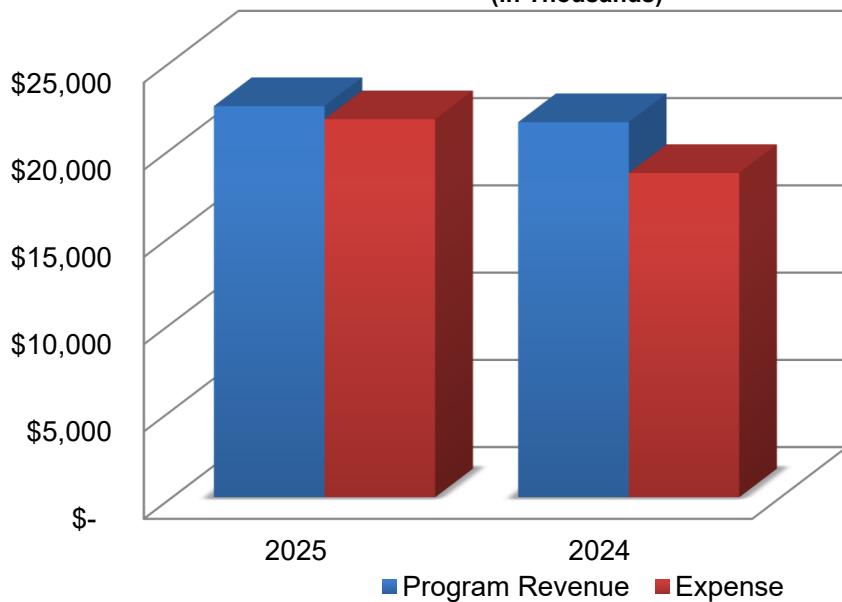
## City of Tolleson, Arizona

Management's Discussion and Analysis  
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(Unaudited)



**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 \$102,436,029. The change in net position for business-type activities (water, sewer and wastewater, sanitation and trash) increased by \$3,472,382 from the prior fiscal year. This was due to an increase in charges for services and property tax revenue.

**Expenses and Program Revenues - Business-type Activities**  
(in Thousands)



# **City of Tolleson, Arizona**

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Management's Discussion and Analysis  
June 30, 2025  
(Unaudited)

## **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, 2025, the City's governmental funds reported combined fund balances of \$153,223,429, an increase of \$46,159,381 in comparison with the prior year. Of this amount, \$69,246,832 or 45.2% constitutes unassigned fund balance, which is available for spending at the government's discretion. \$49,166,773 or 32.1% 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, \$30,658; or (2) restricted for particular purposes, \$34,779,166.

### **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 \$69,246,832, while total fund balance was \$118,444,263. 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 183% of total general fund expenditures, while total fund balance represents 314% of that same amount.

The fund balance of the City's general fund increased by \$25,644,061 during the current fiscal year, with the increase primarily due to an increase in sales taxes and the sale of capital assets as well as a decrease in public safety expenditures.

The Public Safety Tax Fund had a \$361,284 decrease in fund balance during the current fiscal year. This was primarily due to an increase in public safety expenditures.

### **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 \$14,913,321, the Wastewater and Sewer Fund was \$22,345,324, and the Sanitation and Trash Fund was \$549,228. The total growth in net position for each of the funds was \$587,916, \$2,865,980, and \$18,486, respectively. The charges for services increased in the Water and Wastewater and Sewer Funds, but decreased in the Sanitation and Trash Fund. Additionally, property taxes decreased in the Water Fund, but increased in the Wastewater and Sewer Fund.

# City of Tolleson, Arizona

Management's Discussion and Analysis  
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(Unaudited)

## General Fund Budgetary Highlights

**Original budget compared to final budget.** There were no adjustments made to the adopted budget during the year.

**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	\$ 33,245,000	\$ 44,028,032	\$ 10,783,032
Interest income	1,511,000	3,062,665	1,551,665

General Fund expenditures were less than budgeted appropriations by \$13,439,169. The five budget organizations with the largest variances below their related appropriations included Economic Development at \$4,820,026, Finance at \$2,888,098, Aquatics Center at \$1,515,815, Field Operations Parks at \$967,771, and Parks and Recreation at \$869,117. However, the two budget organizations exceeded their budgeted appropriations. Police Field Operations exceeded their appropriations by \$1,528,511 due to the effects of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Employee Resources exceeded their appropriations by \$29,832 due to implementation costs related to the City's new HR and payroll system.

## 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, 2025, amounts to \$159,786,325 (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 6.5%.

	Governmental Activities		Business-Type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 14,584,263	\$ 12,618,580	\$ 7,047,180	\$ 7,047,180	\$ 21,631,443	\$ 19,665,760
Construction in progress	1,788,986	1,640,430	3,882,931	1,572,737	5,671,917	3,213,167
Buildings	35,920,077	37,446,607	22,102,983	22,942,578	58,023,060	60,389,185
Furniture, equipment and vehicles	6,240,754	4,285,674	21,221,388	21,707,153	27,462,142	25,992,827
Improvements	28,764,930	28,868,235	15,395,190	10,627,095	44,160,120	39,495,330
Intangible right-to-use						
Subscription Assets	2,837,643	1,254,626	-	-	2,837,643	1,254,626
Total	\$ 90,136,653	\$ 86,114,152	\$ 69,649,672	\$ 63,896,743	\$ 159,786,325	\$ 150,010,895

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

- Purchase of land totaling \$2,028,083.
- Construction in progress for the City's new Aquatic Center totaling \$759,113.
- Construction in progress for storm drain reconstruction totaling \$1,083,113.
- Well site upgrades and repairs totaling \$1,788,176.
- Improvements to resurface streets totaling \$672,862.
- Purchase of a new fire truck totaling \$1,120,169.
- Purchase of 27 vehicles totaling \$2,826,324.

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

# **City of Tolleson, Arizona**

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Management's Discussion and Analysis  
June 30, 2025  
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## **Debt Administration**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$31,980,000. Of this amount, \$29,730,000 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.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
General obligation bonds	\$ 26,835,000	\$ 8,900,000	\$ 1,830,000	\$ 2,165,000	\$ 28,665,000	\$ 11,065,000
General obligation bonds, refunding	852,000	1,040,000	213,000	260,000	1,065,000	1,300,000
Revenue bonds, refunding	2,250,000	2,760,000	-	-	2,250,000	2,760,000
Bond premiums	2,223,232	1,123,229	148,743	179,385	2,371,975	1,302,614
Loans payable	-	-	3,012,633	3,558,600	3,012,633	3,558,600
<b>Total</b>	<b>\$ 32,160,232</b>	<b>\$ 13,823,229</b>	<b>\$ 5,204,376</b>	<b>\$ 6,162,985</b>	<b>\$ 37,364,608</b>	<b>\$ 19,986,214</b>

The City's total debt increased by \$17,378,396 (87.0%) during the current fiscal year. This was due to the issuance of general obligation bonds to fund the City's new aquatic center.

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 2025-2026 fiscal year budget.

The unemployment rate for the City is currently 4.0%, which is slightly higher than the 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 2.7%.

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 fiscal year 2025 and the actions of the City Council will help to ensure this continues.

## **City of Tolleson, Arizona**

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Management's Discussion and Analysis  
June 30, 2025  
(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**

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**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**

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## City of Tolleson, Arizona

### Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 69,814,381	\$ 22,482,293	\$ 92,296,674
Investments	59,483,150	16,242,945	75,726,095
Receivables, net of allowances	6,944,495	7,383,841	14,328,336
Leases receivable	367,638	-	367,638
Restricted assets	21,220,471	182,859	21,403,330
Prepaid items	2,559	-	2,559
Capital assets:			
Not being depreciated/amortized	16,373,249	10,930,111	27,303,360
Being depreciated/amortized, net	73,763,404	58,719,561	132,482,965
Total assets	<u>247,969,347</u>	<u>115,941,610</u>	<u>363,910,957</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	<u>8,260,645</u>	<u>1,126,797</u>	<u>9,387,442</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	3,004,200	2,755,365	5,759,565
Accrued wages and benefits	617,612	131,385	748,997
Intergovernmental payable	-	67,616	67,616
Deposits payable	2,838	167,895	170,733
Interest payable	-	49,770	49,770
Unearned revenue	-	2,761	2,761
Noncurrent liabilities:			
Due within one year:			
Compensated absences	1,985,312	298,435	2,283,747
Subscriptions liability	380,064	-	380,064
Loans payable	-	564,005	564,005
Bonds payable	2,051,000	394,000	2,445,000
Due in more than one year:			
Compensated absences	1,566,718	358,046	1,924,764
Subscriptions liability	2,381,472	-	2,381,472
Loans payable	-	2,448,627	2,448,627
Bonds payable	30,109,232	1,797,743	31,906,975
Net pension liability	14,029,241	5,224,757	19,253,998
Total liabilities	<u>56,127,689</u>	<u>14,260,405</u>	<u>70,388,094</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	1,622,444	371,973	1,994,417
Deferred inflows of resources related to leases	339,539	-	339,539
Total deferred inflows of resources	<u>1,961,983</u>	<u>371,973</u>	<u>2,333,956</u>
<b>Net Position</b>			
Net investment in capital assets	76,435,356	64,628,156	141,063,512
Restricted for:			
Public safety	12,463,101	-	12,463,101
Highways and streets	918,207	-	918,207
Debt service	285,847	-	285,847
Grants	31,990	-	31,990
Unrestricted	108,005,819	37,807,873	145,813,692
Total net position	<u>\$ 198,140,320</u>	<u>\$ 102,436,029</u>	<u>\$ 300,576,349</u>

See notes to financial statements

**City of Tolleson, Arizona**

Statement of Activities

Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
Primary government:							
Governmental activities:							
General government	\$ 13,265,612	\$ 177,050	\$ 109,328	\$ -	\$ (12,979,234)	\$ -	\$ (12,979,234)
Public safety	22,239,062	1,596,656	594,746	-	(20,047,660)	-	(20,047,660)
Highways and streets	3,550,493	-	572,426	186,296	(2,791,771)	-	(2,791,771)
Culture and recreation	2,589,036	102,474	29,985	-	(2,456,577)	-	(2,456,577)
Economic development	1,206,875	538,015	48,026	-	(620,834)	-	(620,834)
Health and welfare	2,426,121	192,156	1,571,656	-	(662,309)	-	(662,309)
Interest on long-term debt	558,709	-	-	-	(558,709)	-	(558,709)
Total governmental activities	45,835,908	2,606,351	2,926,167	186,296	(40,117,094)	-	(40,117,094)
Business-type activities:							
Water	9,196,021	8,540,381	-	-	-	(655,640)	(655,640)
Wastewater and sewer	12,028,576	13,434,288	-	-	-	1,405,712	1,405,712
Sanitation and trash	437,105	439,310	-	-	-	2,205	2,205
Total business-type activities	21,661,702	22,413,979	-	-	-	752,277	752,277
Total primary government	\$ 67,497,610	\$ 25,020,330	\$ 2,926,167	\$ 186,296	(40,117,094)	752,277	(39,364,817)
<b>General Revenues</b>							
Taxes:							
Sales tax				52,438,335	-	52,438,335	
Property tax				8,402,329	764,853	9,167,182	
Auto lieu tax				394,080	-	394,080	
Franchise tax				23,885	-	23,885	
State revenue sharing				1,127,832	-	1,127,832	
Urban revenue sharing (unrestricted)				1,525,897	-	1,525,897	
Unrestricted investment earnings:							
Interest income				3,613,435	1,662,764	5,276,199	
Change in the fair value of investments				1,071,122	292,488	1,363,610	
Gain on sale of capital assets				2,393,219	-	2,393,219	
Miscellaneous				457,991	-	457,991	
Total general revenues				71,448,125	2,720,105	74,168,230	
Change in net position				31,331,031	3,472,382	34,803,413	
<b>Net Position, Beginning</b>				166,809,289	98,963,647	265,772,936	
<b>Net Position, Ending</b>				\$ 198,140,320	\$ 102,436,029	\$ 300,576,349	

*See notes to financial statements*

# Financial Section

## Governmental Fund Financial Statements

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### Major Funds

- **General Fund** - This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.
- **Public Safety Tax Fund** - This fund accounts for the ½ cent sales tax collected to provide for police and fire services.
- **Capital Projects Fund** - This fund accounts for the financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

### Nonmajor Funds



**City of Tolleson, Arizona**

Balance Sheet  
Governmental Funds  
June 30, 2025

	<b>General</b>	<b>Public Safety Tax</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 62,024,667	\$ 6,678,065	\$ -	\$ 1,111,649	\$ 69,814,381
Investments	54,207,314	5,275,836	-	-	59,483,150
Receivables, net:					
Accounts receivable	316,582	-	-	-	316,582
Interest receivable	416,830	40,569	-	-	457,399
Taxes receivable	55,633	-	-	41,568	97,201
Intergovernmental receivable	4,484,170	651,886	-	937,257	6,073,313
Leases receivable	367,638	-	-	-	367,638
Due from other funds	264,413	-	-	-	264,413
Prepays	2,559	-	-	-	2,559
Restricted assets	-	-	21,220,471	-	21,220,471
<b>Total assets</b>	<b>\$ 122,139,806</b>	<b>\$ 12,646,356</b>	<b>\$ 21,220,471</b>	<b>\$ 2,090,474</b>	<b>\$ 158,097,107</b>
<b>Liabilities</b>					
Accounts payable	\$ 2,397,344	\$ 183,255	\$ -	\$ 423,601	\$ 3,004,200
Accrued wages and benefits	615,543	-	-	2,069	617,612
Due to other funds	-	-	140,450	123,963	264,413
Deposit payable	2,838	-	-	-	2,838
<b>Total liabilities</b>	<b>3,015,725</b>	<b>183,255</b>	<b>140,450</b>	<b>549,633</b>	<b>3,889,063</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	340,279	-	-	304,797	645,076
Deferred inflows of resources related to leases	339,539	-	-	-	339,539
<b>Total deferred inflow of resources</b>	<b>679,818</b>	<b>-</b>	<b>-</b>	<b>304,797</b>	<b>984,615</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid items	2,559	-	-	-	2,559
Leases	28,099	-	-	-	28,099
Restricted:					
Public safety	-	12,463,101	-	-	12,463,101
Highways and streets	-	-	-	918,207	918,207
Debt service	-	-	-	285,847	285,847
Capital projects	-	-	21,080,021	-	21,080,021
Grants	-	-	-	31,990	31,990
Assigned:					
General fund reserve (40% of expenditures)	15,098,306	-	-	-	15,098,306
Subsequent year's budget: appropriation of fund balances	34,068,467	-	-	-	34,068,467
Unassigned	69,246,832	-	-	-	69,246,832
<b>Total fund balances</b>	<b>118,444,263</b>	<b>12,463,101</b>	<b>21,080,021</b>	<b>1,236,044</b>	<b>153,223,429</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 122,139,806</b>	<b>\$ 12,646,356</b>	<b>\$ 21,220,471</b>	<b>\$ 2,090,474</b>	<b>\$ 158,097,107</b>

*See notes to financial statements*

## **City of Tolleson, Arizona**

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Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2025

**Total Governmental Funds Balances** \$ 153,223,429

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	\$ 153,439,867
Accumulated depreciation/amortization	<u>(63,303,214)</u>
	90,136,653

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

645,076

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	(14,029,241)
Subscription-based information technology arrangements liability	(2,761,536)
Bonds payable	(29,937,000)
Bond premiums	(2,223,232)
Compensated absences	<u>(3,552,030)</u>
	(52,503,039)

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	8,260,645
Deferred inflows of resources related to pensions	<u>(1,622,444)</u>
	6,638,201

**Total Net Position of Governmental Activities** \$ 198,140,320

**City of Tolleson, Arizona**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2025

	<b>General</b>	<b>Public Safety Tax</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes:					
Sales taxes	\$ 44,028,032	\$ 7,789,903	\$ -	\$ 620,400	\$ 52,438,335
Property taxes	5,455,648	-	-	2,966,135	8,421,783
Franchise taxes	23,885	-	-	-	23,885
Intergovernmental revenues	2,718,054	-	-	3,183,506	5,901,560
Fines and forfeitures	232,297	-	-	-	232,297
Licenses and permits	538,015	-	-	-	538,015
Charges for services	1,483,243	33,710	-	192,156	1,709,109
Rents and royalties	83,345	-	-	-	83,345
Contributions and donations	29,985	-	-	-	29,985
Investment earnings:					
Interest income	3,062,665	380,234	150,218	20,318	3,613,435
Change in the fair value of investments	976,119	95,003	-	-	1,071,122
Other revenues	564,237	-	-	-	564,237
<b>Total revenues</b>	<b>59,195,525</b>	<b>8,298,850</b>	<b>150,218</b>	<b>6,982,515</b>	<b>74,627,108</b>
<b>Expenditures</b>					
Current:					
General government	11,543,788	-	-	47,426	11,591,214
Public safety	11,911,986	6,881,135	-	659,361	19,452,482
Highways and streets	1,330,300	-	-	514,754	1,845,054
Culture and recreation	4,305,863	-	-	-	4,305,863
Economic development	1,189,493	-	-	600	1,190,093
Health and welfare	-	-	-	2,350,747	2,350,747
Capital outlay	7,036,295	1,778,999	-	737,931	9,553,225
Debt service:					
Principal retirement	360,820	-	-	2,753,000	3,113,820
Interest	67,221	-	-	689,340	756,561
Bond issuance costs	-	-	358,052	-	358,052
<b>Total expenditures</b>	<b>37,745,766</b>	<b>8,660,134</b>	<b>358,052</b>	<b>7,753,159</b>	<b>54,517,111</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>21,449,759</b>	<b>(361,284)</b>	<b>(207,834)</b>	<b>(770,644)</b>	<b>20,109,997</b>
<b>Other Financing Sources (Uses)</b>					
Subscription-based information					
technology arrangements	1,970,671	-	-	-	1,970,671
Sale of capital assets	2,790,858	-	-	-	2,790,858
General obligation bonds issued	-	-	19,990,000	-	19,990,000
Premium on bond issuance	-	-	1,297,855	-	1,297,855
Transfers in	-	-	-	693,963	693,963
Transfers out	(567,227)	-	-	(126,736)	(693,963)
<b>Total other financing sources and (uses)</b>	<b>4,194,302</b>	<b>-</b>	<b>21,287,855</b>	<b>567,227</b>	<b>26,049,384</b>
<b>Net change in fund balances</b>	<b>25,644,061</b>	<b>(361,284)</b>	<b>21,080,021</b>	<b>(203,417)</b>	<b>46,159,381</b>
<b>Fund Balances, Beginning</b>	<b>92,800,202</b>	<b>12,824,385</b>	<b>-</b>	<b>1,439,461</b>	<b>107,064,048</b>
<b>Fund Balances, Ending</b>	<b>\$ 118,444,263</b>	<b>\$ 12,463,101</b>	<b>\$ 21,080,021</b>	<b>\$ 1,236,044</b>	<b>\$ 153,223,429</b>

*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, 2025

### Net Change in Fund Balances - Total Governmental Funds

\$ 46,159,381

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	\$ 8,860,402
Depreciation/amortization expense	<u>(4,440,262)</u>
	4,420,140

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

(397,639)

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	197,852
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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	4,603,162
City proportionate share of State's appropriation to EORP	19,204
Pension expense	<u>(3,269,914)</u>
	1,352,452

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	(1,970,671)
General obligation bonds issued	(19,990,000)
Premium on bonds	<u>(1,297,855)</u>
	(23,258,526)

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	2,753,000
Principal repaid - subscription-based information technology arrangements	<u>360,820</u>
	3,113,820

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

127,408

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.

(383,857)

### Change in Net Position of Governmental Activities

\$ 31,331,031

# Financial Section

## Proprietary Fund Financial Statements

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### 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, 2025

	Business-Type Activities-Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 9,487,306	\$ 12,160,856	\$ 834,131	\$ 22,482,293
Investments	7,966,235	8,276,710	-	16,242,945
Receivables (net of allowance):				
Accounts receivable	1,133,738	5,986,865	56,370	7,176,973
Interest receivable	61,257	63,644	-	124,901
Taxes receivable	77,142	4,825	-	81,967
Restricted assets	182,859	-	-	182,859
Total current assets	18,908,537	26,492,900	890,501	46,291,938
<b>Noncurrent Assets</b>				
Capital assets:				
Not being depreciated/amortized	6,059,830	4,870,281	-	10,930,111
Being depreciated/amortized, net	10,061,208	48,658,353	-	58,719,561
Total noncurrent assets	16,121,038	53,528,634	-	69,649,672
Total assets	35,029,575	80,021,534	890,501	115,941,610
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pensions	340,000	739,376	47,421	1,126,797
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	2,130,868	623,055	1,442	2,755,365
Accrued wages and benefits	39,995	90,563	827	131,385
Interest payable	-	49,770	-	49,770
Intergovernmental payable	67,616	-	-	67,616
Customer deposits payable	167,895	-	-	167,895
Unearned revenue	-	2,761	-	2,761
Compensated absences, current portion	56,144	242,291	-	298,435
Loans payable, current portion	-	564,005	-	564,005
Bonds payable, current portion	345,000	49,000	-	394,000
Total current liabilities	2,807,518	1,621,445	2,269	4,431,232
Noncurrent liabilities:				
Compensated absences, net of current portion	74,848	283,198	-	358,046
Loans payable, net of current portion	-	2,448,627	-	2,448,627
Bonds payable, net of current portion	1,615,881	181,862	-	1,797,743
Net pension liability	1,488,959	3,384,600	351,198	5,224,757
Total noncurrent liabilities	3,179,688	6,298,287	351,198	9,829,173
Total liabilities	5,987,206	7,919,732	353,467	14,260,405
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to pensions	126,032	210,714	35,227	371,973
<b>Net Position</b>				
Net investment in capital assets	14,343,016	50,285,140	-	64,628,156
Unrestricted	14,913,321	22,345,324	549,228	37,807,873
Total net position	\$ 29,256,337	\$ 72,630,464	\$ 549,228	\$ 102,436,029

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, 2025

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor</b>			<b>Total</b>
	<b>Water</b>	<b>Wastewater and Sewer</b>	<b>Sanitation and Trash</b>	
<b>Operating Revenues</b>				
Charges for services	\$ 8,540,381	\$ 13,434,288	\$ 439,310	\$ 22,413,979
Total operating revenue	<u>8,540,381</u>	<u>13,434,288</u>	<u>439,310</u>	<u>22,413,979</u>
<b>Operating Expenses</b>				
Salaries, wages and benefits	2,207,050	4,614,498	48,875	6,870,423
Contractual services, materials and supplies	6,361,769	4,369,476	388,230	11,119,475
Depreciation	<u>596,653</u>	<u>2,616,847</u>	<u>-</u>	<u>3,213,500</u>
Total operating expenses	<u>9,165,472</u>	<u>11,600,821</u>	<u>437,105</u>	<u>21,203,398</u>
Operating income (loss)	<u>(625,091)</u>	<u>1,833,467</u>	<u>2,205</u>	<u>1,210,581</u>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	328,327	436,526	-	764,853
Interest income	771,780	874,703	16,281	1,662,764
Change in the fair value of investments	143,449	149,039	-	292,488
Interest expense	(30,549)	(101,629)	-	(132,178)
Loss on disposal of capital assets	-	(326,126)	-	(326,126)
Total nonoperating revenues (expenses)	<u>1,213,007</u>	<u>1,032,513</u>	<u>16,281</u>	<u>2,261,801</u>
Change in net position	587,916	2,865,980	18,486	3,472,382
<b>Net Position, Beginning</b>	<u>28,668,421</u>	<u>69,764,484</u>	<u>530,742</u>	<u>98,963,647</u>
<b>Net Position, Ending</b>	<u>\$ 29,256,337</u>	<u>\$ 72,630,464</u>	<u>\$ 549,228</u>	<u>\$ 102,436,029</u>

*See notes to financial statements*

# City of Tolleson, Arizona

## Statement of Cash Flows

### Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
<b>Cash Flows From Operating Activities</b>				
Cash received from customers, service fees	\$ 8,658,433	\$ 12,298,326	\$ 448,264	\$ 21,405,023
Payments for employee wages and benefits	(2,169,130)	(4,349,176)	(46,862)	(6,565,168)
Payments to suppliers	(4,989,279)	(5,135,934)	(388,984)	(10,514,197)
Net cash provided by operating activities	1,500,024	2,813,216	12,418	4,325,658
<b>Cash Flows From Noncapital Financing Activities</b>				
Cash received from property taxes	334,606	436,155	-	770,761
Net cash provided by noncapital financing activities	334,606	436,155	-	770,761
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of capital assets	(3,768,558)	(5,534,757)	-	(9,303,315)
Proceeds from sale of capital assets	-	10,760	-	10,760
Principal paid on long term debt	(335,000)	(592,968)	-	(927,968)
Interest paid on long-term debt	(56,725)	(115,114)	-	(171,839)
Net cash (used in) provided by capital and related financing activities	(4,160,283)	(6,232,079)	-	(10,392,362)
<b>Cash Flows From Investing Activities</b>				
Interest received on investments	767,076	869,816	16,281	1,653,173
Purchase of investments from sale and maturities of investments	(302,359)	(314,143)	-	(616,502)
Net cash provided by investing activities	464,717	555,673	16,281	1,036,671
Net change in cash and cash equivalents	(1,860,936)	(2,427,035)	28,699	(4,259,272)
<b>Cash and Cash Equivalents, Beginning</b>	<b>11,531,101</b>	<b>14,587,891</b>	<b>805,432</b>	<b>26,924,424</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 9,670,165</b>	<b>\$ 12,160,856</b>	<b>\$ 834,131</b>	<b>\$ 22,665,152</b>

See notes to financial statements

**City of Tolleson, Arizona**

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water	Wastewater and Sewer	Nonmajor Sanitation and Trash	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
<b>Net operating income (loss)</b>				
Net operating income (loss)	\$ (625,091)	\$ 1,833,467	\$ 2,205	\$ 1,210,581
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation expense	596,653	2,616,847	-	3,213,500
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	119,389	(1,135,666)	8,954	(1,007,323)
Deferred outflows of resources related to pensions	(49,922)	(102,947)	(704)	(153,573)
Increase/(decrease) in:				
Accounts payable	1,373,986	(766,458)	(754)	606,774
Accrued wages and benefits	9,590	29,657	197	39,444
Accrued liabilities	(1,496)	-	-	(1,496)
Customer deposits	1,720	-	-	1,720
Unearned revenue	(3,057)	(296)	-	(3,353)
Compensated absences	(18,657)	138,449	-	119,792
Net pension liability	51,676	106,736	1,344	159,756
Deferred inflows of resources related to pensions	45,233	93,427	1,176	139,836
Net cash provided by operating activities	<u>\$ 1,500,024</u>	<u>\$ 2,813,216</u>	<u>\$ 12,418</u>	<u>\$ 4,325,658</u>
<b>Noncash Investing, Capital and Financing Activities</b>				
Disposal of assets	<u>\$ -</u>	<u>\$ 336,886</u>	<u>\$ -</u>	<u>\$ 336,886</u>
Change in the fair value of investments	<u>\$ 143,449</u>	<u>\$ 149,039</u>	<u>\$ -</u>	<u>\$ 292,488</u>
Amortization of bond premium	<u>\$ 26,176</u>	<u>\$ 4,466</u>	<u>\$ -</u>	<u>\$ 30,642</u>
<b>Reconciliation of Cash, Cash Equivalents and Investments to the Statement of Net Position</b>				
Cash and cash equivalents	\$ 9,487,306	\$ 12,160,856	\$ 834,131	\$ 22,482,293
Restricted assets	<u>182,859</u>	<u>-</u>	<u>-</u>	<u>182,859</u>
Total cash, cash equivalents and investments	<u>\$ 9,670,165</u>	<u>\$ 12,160,856</u>	<u>\$ 834,131</u>	<u>\$ 22,665,152</u>

## **Financial Section**

### **Notes to Financial Statements**

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# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **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 Capital Projects Fund Capital Projects Fund accounts for the financial resources that are restricted, committed, or assigned to expenditures for capital outlays

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

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.

# **City of Tolleson, Arizona**

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## Notes to Financial Statements

June 30, 2025

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, 2025, 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.

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **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 \$10,000 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:

	<b>Years</b>
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, 2025 in accordance with GASB Statement 75, due to the relative insignificance to the City's financial statements.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## 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	\$ 16,373,249	\$ 10,930,111
Other capital and right-of-use, net of accumulated depreciation/amortization	73,763,404	58,719,561
Plus unspent bond proceeds	21,220,471	182,859
Less loans-payable outstanding	-	3,012,632
Less long-term debt outstanding	29,937,000	2,043,000
Less premiums on long-term debt	2,223,232	148,744
Less subscription liability outstanding	2,761,536	-
Total	\$ 76,435,356	\$ 64,628,155

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **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 \$15,098,306. 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.

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **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**

A liability for earned yet unpaid compensated absences is reported in the government-wide financial statements. The balance consists of accumulated vacation leave, sick leave, and compensatory time off which will be liquidated in future periods through paid time off payments, termination, or retirement as further defined below.

Eligible employees accumulate 11 to 21 days of vacation leave annually depending on length of service and status as a full-time or part-time employee. Vacation leave balances in excess of 320 hours and 448 hours for fifty-six hour per week employees. On January 1 of the calendar year, any accrued vacation leave in excess shall be forfeited. Upon separation, employees are paid for all their unused vacation and compensatory time off.

Eligible employees accumulate 40 hours to 12 days of sick leave annually depending on their status as a full-time or part-time employee. No employee may accrue more than 560 hours of sick leave for full-time forty hour workweek employees, 742 hours of sick leave for fifty-six hour workweek employees. At the time of resignation or retirement, employees who have worked for the City for at least 10 years will receive full compensation for the unused sick leave subject to the maximum of 560 hours of sick leave for full-time 40 hour workweek employees and up to 742 hours of sick leave for 56 hour workweek employees.

## **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 exceed budgeted appropriations at the legal level of budgetary authority. Budgetary authority is based at the fund level for all funds except the General Fund which is at the department level. The individual schedule of revenues, expenditures and changes in fund balances - budget and actual reports are found in the required supplementary information and the other supplementary information which present all of the funds, and General Fund by department, including any fund which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2025, if any.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has issued several statements that have been adopted but are not yet effective for the fiscal year ending June 30, 2025. The City will implement these standards in future reporting periods as required. Those standards include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

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 Town'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, 2025:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 69,814,381	\$ 22,482,293	\$ 92,296,674
Investments	59,483,150	16,242,945	75,726,095
Restricted assets	21,220,471	182,859	21,403,330
<b>Total</b>	<b>\$ 150,518,002</b>	<b>\$ 38,908,097</b>	<b>\$ 189,426,099</b>

### Cash and Cash Equivalents

Cash on hand - At June 30, 2025, the City had \$3,000 of cash on hand.

Cash in bank - At June 30, 2025, the carrying amount of the City's cash in bank totaled \$47,057,324 and the bank balance was \$48,616,011. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$48,366,011 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 AAAf/S1+. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

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, 2025, the City's unrestricted funds invested with the State Treasurer totaled \$66,411,206.

PFM Government Money Market Fund - At June 30, 2025, the carrying amount of the City's cash in the PFM money market fund totaled \$228,473 and was covered by Federal Depository Insurance.

## Investments

The City purchases investment securities outside of the LGIP, through a third-party investment advisor. At June 30, 2025, the fair value of the investments totaled \$75,726,096. Interest Rate Risk, Credit Risk, Concentration of Credit Risk and Fair Value Measurement are discussed on the following pages.

## Restricted Assets

At June 30, 2025, the City had restricted cash and cash equivalents of \$21,403,330 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	\$ 55,963,826	\$ 5,363,655	\$ 13,881,493	\$ 36,718,678	\$ -
African Development Bank Note	1,228,082	-	1,228,082	-	-
Inter-American Development Bank Note	755,645	-	755,645	-	-
Asian Development Bank Note	627,305	-	627,305	-	-
Federal Agency Collateralized Mortgage Obligations	16,396,766	307,340	2,153,237	13,936,189	-
Federal Home Loan Bank Notes	754,472	-	-	754,472	-
PFM Government Money Market Fund	228,473	228,473	-	-	-
State Investment Pool (LGIP)	66,411,206	66,411,206	-	-	-
Total	\$ 142,365,775	\$ 72,310,674	\$ 18,645,762	\$ 51,409,339	\$ -

# **City of Tolleson, Arizona**

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## Notes to Financial Statements

June 30, 2025

### **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.

<b>Investment Type</b>	<b>Amount</b>	<b>Rating Agency</b>	<b>Rating</b>
U.S. Treasury Notes	\$ 55,963,826	Moody's	Aaa
African Development Bank Note	1,228,082	Moody's	Aaa
Inter-American Development Bank Note	755,645	Moody's	Aaa
Asian Development Bank Note	627,305	Moody's	Aa1
Federal Agency Collateralized Mortgage Obligations	16,396,766	Moody's	Aaa
Federal Home Loan Bank Notes	754,472	Moody's	Aaa
PFM Government Money Market Fund	228,473		Unrated
State Investment Pool (LGIP)	<u>66,411,206</u>	Standard and Poors	AAAf/S1+
 Total	 <u>\$ 142,365,775</u>		

### **Concentration of Credit Risk**

At June 30, 2025, the City's investments are included as follows:

<b>Issuer</b>	<b>Reported Amount</b>	<b>Concentration</b>
U.S. Treasury Notes	\$ 55,963,826	39.3 %
African American Bank Note	1,228,082	0.9
Inter-American Development Bank Note	755,645	0.5
Asian Development Bank Note	627,305	0.5
Federal Agency Collateralized Mortgage Obligations	16,396,766	11.5
Federal Home Loan Bank Notes	754,472	0.5
PFM Government Money Market Fund	228,473	0.2
State Investment Pool (LGIP)	<u>66,411,206</u>	46.6
 Total	 <u>\$ 142,365,775</u>	

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **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, 2025:

<b>Investments by Fair Value Level</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Treasury Notes	\$ 55,963,826	\$ -	\$ 55,963,826	\$ -
African American Bank Note	1,228,082		1,228,082	
Inter-American Development Bank Note	755,645	-	755,645	-
Asian Development Bank Note	627,305	-	627,305	-
Federal Agency Collateralized Mortgage Obligations	16,396,766	-	16,396,766	-
Federal Home Loan Bank Notes	754,472		754,472	
 Total investments by fair value	 \$ 75,726,096	 \$ -	 \$ 75,726,096	 \$ -
<b>External Investment Pool Measured at Fair Value</b>				
State Investment Pool (LGIP)	\$ 66,411,206			
 Total measured at fair value	 \$ 142,137,302			
<b>Investments Measured at Amortized Costs</b>				
PFM Government Money Market Fund	\$ 228,473			
 Total investments	 \$ 142,365,775			

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, 2025

### 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
<b>Receivables:</b>				
Accounts receivable	\$ 316,582	\$ -	\$ -	\$ 316,582
Interest receivable	416,830	40,569	-	457,399
Taxes receivable	55,633	-	41,568	97,201
Intergovernmental receivable	4,484,170	651,886	937,257	6,073,313
Leases receivable	367,638	-	-	367,638
<b>Total</b>	<b>\$ 5,640,853</b>	<b>\$ 692,455</b>	<b>\$ 978,825</b>	<b>\$ 7,312,133</b>

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

	Water Fund	Wastewater and Sewer Fund	Nonmajor Sanitation and Trash Fund	Total Enterprise
<b>Receivables:</b>				
Accounts receivable	\$ 1,206,387	\$ 5,995,594	\$ 59,597	\$ 7,261,578
Interest receivable	61,257	63,644	-	124,901
Taxes receivable	77,142	4,825	-	81,967
<b>Total receivable</b>	<b>1,344,786</b>	<b>6,064,063</b>	<b>59,597</b>	<b>7,468,446</b>
<b>Less allowance for doubtful accounts</b>	<b>(72,649)</b>	<b>(8,729)</b>	<b>(3,227)</b>	<b>(84,605)</b>
<b>Total</b>	<b>\$ 1,272,137</b>	<b>\$ 6,055,334</b>	<b>\$ 56,370</b>	<b>\$ 7,383,841</b>

# City of Tolleson, Arizona

Notes to Financial Statements  
June 30, 2025

## 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 12,618,580	\$ 2,028,083	\$ (62,400)	\$ 14,584,263
Construction in progress	1,640,430	1,268,725	(1,120,169)	1,788,986
Total capital assets not being depreciated/amortized	14,259,010	3,296,808	(1,182,569)	16,373,249
Capital assets, being depreciated/amortized:				
Buildings	46,802,718	-	(1,112,407)	45,690,311
Furniture, equipment and vehicles	20,489,066	3,635,251	(76,062)	24,048,255
Improvements	62,776,847	1,077,841	-	63,854,688
Intangibles:				
Right-to-use subscription assets	1,502,693	1,970,671	-	3,473,364
Total capital assets being depreciated/amortized	131,571,324	6,683,763	(1,188,469)	137,066,618
Less accumulated depreciation/amortization for:				
Buildings	(9,356,111)	(1,191,291)	777,168	(9,770,234)
Furniture, equipment and vehicles	(16,203,392)	(1,680,171)	76,062	(17,807,501)
Improvements	(33,908,612)	(1,181,146)	-	(35,089,758)
Intangibles:				
Right-to-use subscription assets	(248,067)	(387,654)	-	(635,721)
Total accumulated depreciation/amortization	(59,716,182)	(4,440,262)	853,230	(63,303,214)
Total capital assets, being depreciated/amortized, net	71,855,142	2,243,501	(335,239)	73,763,404
Governmental activities capital assets, net	\$ 86,114,152	\$ 5,540,309	\$ (1,517,808)	\$ 90,136,653

# City of Tolleson, Arizona

## Notes to Financial Statements

June 30, 2025

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

### Governmental activities:

General government	\$ 1,355,464
Public safety	1,444,326
Highways and streets	953,516
Culture and recreation	395,540
Economic development	184,936
Health and welfare	106,480
<b>Total depreciation/amortization expense</b>	<b>\$ 4,440,262</b>

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

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 7,047,180	\$ -	\$ -	\$ 7,047,180
Construction in progress	1,572,737	3,678,035	(1,367,841)	3,882,931
Total capital assets not being depreciated/amortized	8,619,917	3,678,035	(1,367,841)	10,930,111
Capital assets, being depreciated/amortized:				
Buildings	42,622,575	-	(112,118)	42,510,457
Improvements other than buildings	20,153,103	5,430,311	(48,546)	25,534,868
Machinery and equipment	50,104,419	793,238	(1,771,138)	49,126,519
Vehicles	2,206,126	1,041,330	-	3,247,456
Total capital assets being depreciated/amortized	115,086,223	7,264,879	(1,931,802)	120,419,300
Less accumulated depreciation/amortization for:				
Buildings	(19,679,997)	(830,353)	102,876	(20,407,474)
Improvements other than buildings	(9,526,008)	(627,899)	14,229	(10,139,678)
Machinery and equipment	(29,064,093)	(1,576,481)	1,201,807	(29,438,767)
Vehicles	(1,539,299)	(174,521)	-	(1,713,820)
Total accumulated depreciation/amortization	(59,809,397)	(3,209,254)	1,318,912	(61,699,739)
Total capital assets, being depreciated/amortized, net	55,276,826	4,055,625	(612,890)	58,719,561
Business-type activities capital assets, net	\$ 63,896,743	\$ 7,733,660	\$ (1,980,731)	\$ 69,649,672

# City of Tolleson, Arizona

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## Notes to Financial Statements

June 30, 2025

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

Business-type activities:

Wastewater and sewer	\$ 2,616,847
Water	596,653
Sanitation and trash	-
Total depreciation/amortization expense	<u>\$ 3,213,500</u>

## 5. Leases

As of June 30, 2025, the City is reporting leases receivable of \$367,638 and deferred inflows related to leases of \$339,539. For the fiscal year 2025, the City reported lease revenue of \$41,545 and interest revenue of \$13,502, 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
Verizon American Tower	\$ 269,038 98,600	\$ 243,060 96,479	\$ 16,395 25,150	\$ 9,611 3,891
Total	<u>\$ 367,638</u>	<u>\$ 339,539</u>	<u>\$ 41,545</u>	<u>\$ 13,502</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.

### 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**

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Notes to Financial Statements  
June 30, 2025

## **American Tower Lease**

In 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:

	<b>Governmental Activities</b>		
	<b>Principal Receipts</b>	<b>Interest Receipts</b>	<b>Total Receipts</b>
Fiscal years ending June 30:			
2026	\$ 34,458	\$ 12,318	\$ 46,776
2027	37,696	11,060	585,072
2028	39,036	9,720	585,072
2029	38,177	8,331	558,096
2030	14,370	7,410	21,780
2031 - 2035	89,224	28,388	1,411,344
2036 - 2040	114,677	10,303	124,980
 Total	 \$ 367,638	 \$ 87,530	 \$ 3,333,120

## **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:

	<b>Unavailable Revenue</b>
General Fund:	
Taxes	\$ 38,530
Grants	301,749
Nonmajor Fund:	
Debt Service	23,783
Grants	281,014
 Total	 \$ 645,076

# City of Tolleson, Arizona

## Notes to Financial Statements

June 30, 2025

### 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2025:

	Balance, June 30, 2024	Additions	Retirements	Balance, June 30, 2025	Due Within One Year
Governmental activities:					
Bonds payable:					
Public, general obligation bonds	\$ 8,900,000	\$ 19,990,000	\$ (2,055,000)	\$ 26,835,000	\$ 1,325,000
Public, general obligation bonds, refunding	1,040,000	-	(188,000)	852,000	196,000
Public, revenue bonds, refunding	2,760,000	-	(510,000)	2,250,000	530,000
Bond premiums	1,123,229	1,297,855	(197,852)	2,223,232	-
Total bonds payable	13,823,229	21,287,855	(2,950,852)	32,160,232	2,051,000
Compensated absences	3,168,173	383,857	-	3,552,030	1,985,312
Subscription liabilities	1,151,685	1,970,671	(360,820)	2,761,536	380,064
Net pension liability	16,859,846	-	(2,830,605)	14,029,241	-
Total other long-term debt	21,179,704	2,354,528	(3,191,425)	20,342,807	2,365,376
Total governmental activities	\$ 35,002,933	\$ 23,642,383	\$ (6,142,277)	\$ 52,503,039	\$ 4,416,376
Business-type activities:					
Bonds payable:					
Public, general obligation bonds	\$ 2,165,000	\$ -	\$ (335,000)	\$ 1,830,000	\$ 345,000
Public, general obligation bonds, refunding	260,000	-	(47,000)	213,000	49,000
Bond premiums	179,385	-	(30,642)	148,743	-
Total bonds payable	2,604,385	-	(412,642)	2,191,743	394,000
Loans payable	3,558,600	-	(545,967)	3,012,633	564,005
Compensated absences	536,689	425,196	(305,404)	656,481	298,435
Net pension liability	5,065,001	168,756	-	5,233,757	-
Total other long-term debt	9,160,290	593,952	(851,371)	8,902,871	862,440
Total business-type activities	\$ 11,764,675	\$ 593,952	\$ (1,264,013)	\$ 11,094,614	\$ 1,256,440
Total long-term liabilities	\$ 46,767,608	\$ 24,236,335	\$ (7,406,290)	\$ 63,597,653	\$ 5,672,816

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, 2025

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
<b>Fiscal years ending June 30:</b>				
2026	\$ 1,325,000	\$ 1,279,000	\$ 196,000	\$ 22,470
2027	1,395,000	1,212,750	208,000	14,630
2028	1,460,000	1,143,000	220,000	8,390
2029	1,530,000	1,070,000	228,000	3,990
2030	1,425,000	999,250	-	-
2031 – 2035	8,245,000	3,916,750	-	-
2036 – 2040	8,520,000	1,881,750	-	-
2041 - 2042	2,935,000	222,000	-	-
<b>Total</b>	<b>\$ 26,835,000</b>	<b>\$ 11,724,500</b>	<b>\$ 852,000</b>	<b>\$ 49,480</b>

	Revenue Bonds - Refunding		Total Governmental Activities	
	Principal	Interest	Principal	Interest
<b>Fiscal years ending June 30:</b>				
2026	\$ 530,000	\$ 90,000	\$ 2,051,000	\$ 1,391,470
2027	550,000	68,800	2,153,000	1,296,180
2028	570,000	46,800	2,250,000	1,198,190
2029	600,000	24,000	2,358,000	1,097,990
2030	-	-	1,425,000	999,250
2031-2035	-	-	8,245,000	3,916,750
2036-2040	-	-	8,520,000	1,881,750
2041-2042	-	-	2,935,000	222,000
<b>Total</b>	<b>\$ 2,250,000</b>	<b>\$ 229,600</b>	<b>\$ 29,937,000</b>	<b>\$ 12,003,580</b>

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
<b>Fiscal years ending June 30:</b>				
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	385,000	11,550	-	-
<b>Total</b>	<b>\$ 1,830,000</b>	<b>\$ 141,250</b>	<b>\$ 213,000</b>	<b>\$ 12,369</b>

# City of Tolleson, Arizona

## Notes to Financial Statements

June 30, 2025

	Loans Payable		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
Fiscal years ending June 30:				
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	642,320	-	1,027,320	11,550
<b>Total</b>	<b>\$ 3,012,633</b>	<b>\$ 205,541</b>	<b>\$ 5,055,633</b>	<b>\$ 359,160</b>

The following is a listing of loans and bonds payable outstanding as of June 30, 2025:

	<u>Balance, June 30, 2025</u>	<u>Due Within One Year</u>
<b>Loans payable:</b>		
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.	\$ 1,757,370	\$ 329,003
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.	1,255,263	235,002
<b>Total loans payable</b>	<b>\$ 3,012,633</b>	<b>\$ 564,005</b>
<b>Bonds payable:</b>		
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.	\$ 2,250,000	\$ 530,000

## City of Tolleson, Arizona

Notes to Financial Statements  
June 30, 2025

	<u>Balance, June 30, 2025</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.	\$ 2,895,000	\$ 590,000
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.	8,425,000	500,000
General Obligation Bonds, Series 2025, issued \$19,990,000, due in annual principal payments beginning July 1, 2025 and semi-annual interest installments beginning July 1, 2025 ranging from \$169,360 to \$920,500, bearing interest at 5.0%, maturing July 1, 2042. The City issued the general obligation bonds for capital infrastructure. The City repays general obligation bonds from voter-approved property taxes.	18,410,000	825,000
Total bonds payable	<u>\$ 31,980,000</u>	<u>\$ 2,445,000</u>
Total loans and bonds payable	<u>\$ 34,992,633</u>	<u>\$ 3,009,005</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, 2025, that amount was \$123,087,237. As of June 30, 2025, the total outstanding debt applicable to the limit was \$33,606,601 which is 21.45% of the total debt limit.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## 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 10 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	\$ 3,473,364
Less accumulated amortization	<u>(635,721)</u>
Carrying value	<u>\$ 2,837,643</u>

The following schedule details minimum subscription payments to maturity for the City's subscriptions liability at June 30, 2025:

Fiscal years ending June 30:	Governmental Activities	
	Principal	Interest
2026	\$ 380,064	\$ 117,194
2027	325,828	118,904
2028	325,215	102,782
2029	341,476	86,522
2030	358,850	69,448
2031-2035	<u>1,030,103</u>	<u>159,583</u>
Total	<u>\$ 2,761,536</u>	<u>\$ 654,433</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, 2025, the City reported the following interfund receivables and payables:

	Due to	Due From
Fund:		
General	\$ -	\$ 264,413
Nonmajor	<u>264,413</u>	<u>-</u>
Total	<u>\$ 264,413</u>	<u>\$ 264,413</u>

## **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

Interfund transfers for the fiscal year ended June 30, 2025 are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
Fund:		
General	\$ 567,227	\$ -
Nonmajor	<u>126,736</u>	<u>693,963</u>
Total	<u><u>\$ 693,963</u></u>	<u><u>\$ 693,963</u></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, 2025, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

<b>Statement of Net Position and Statement of Activities</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net pension liabilities	\$ 14,029,241	\$ 5,224,757	\$ 19,253,998
Deferred outflows of resources	8,260,645	1,126,797	9,387,442
Deferred inflows of resources	1,622,444	371,973	1,994,417
Pension expense	3,269,914	672,181	3,942,095

The City reported \$4,603,162 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, 2025 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](http://www.azasrs.gov).

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## 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, 2025, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27% (12.12% 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 12.27% (12.05% for retirement, 0.07% 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 10.19% (10.14% 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, 2025 were \$1,805,323, \$10,487 and \$22,473, respectively.

During fiscal year 2025, the City paid for ASRS pension contributions as follows: 52.30% from the General Fund, 18.55% from the Public Safety Fund, 9.44% from the Water Fund, 19.49% from the Sewer Fund and 0.21% from the Sanitation Fund.

# City of Tolleson, Arizona

## Notes to Financial Statements

June 30, 2025

### Pension Liability

At June 30, 2025, the City reported a liability of \$16,377,541 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2024. 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, 2023, to the measurement date of June 30, 2024.

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, 2024. The City's proportion measured as of June 30, 2024, was 0.10236%, which was an increase of 0.00458% from its proportion measured as of June 30, 2023.

### Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2025, the City recognized pension expense for ASRS of \$2,357,815. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
ASRS:		
Differences between expected and actual experience	\$ 914,719	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,045,885
Changes in proportion and differences between City contributions and proportionate share of contributions	980,545	-
City contributions subsequent to the measurement date	<u>1,805,323</u>	<u>-</u>
 Total	 <u>\$ 3,700,587</u>	 <u>\$ 1,045,885</u>

The \$1,805,323 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, 2026. 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:

	<b>ASRS</b>
Years ending June 30:	
2026	\$ 272,723
2027	1,032,796
2028	(264,748)
2029	(191,932)
2030	-
Thereafter	-

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## Actuarial Assumptions

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

ASRS:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 20, 2024
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 insurance premium benefit
Mortality rates	2012 GLDT for long-term disability
Recovery rates	Not applicable
Healthcare cost trend rate	

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, 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 %	4.48 %
Credit	23	4.40
Real estate	17	6.05
Private equity	10	6.11
Interest rate sensitive	6	-0.45
Total	<u>100 %</u>	

## Discount Rate

At June 30, 2024, 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.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## 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	\$ 25,077,364	\$ 16,377,541	\$ 9,126,998

## 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](http://www.psprs.com).

# City of Tolleson, Arizona

Notes to Financial Statements  
June 30, 2025

## 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
<b><u>Retirement and Disability</u></b>		
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).	
<b><u>Survivor Benefits</u></b>		
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, 2025

### Employees Covered by Benefit Terms

At June 30, 2025, 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	4	4
Active employees	17	18
 Total	 35	 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, 2025, 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	17.54%	27.10%
Health insurance premium benefit	0.10%	0.01%

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.19% 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, 2025, were:

	PSPRS Police	PSPRS Fire
Pension: Contributions made	\$ 999,662	\$ 2,259,104

During fiscal year 2025, the City paid 100% of the PSPRS pension contributions from the General Fund.

# **City of Tolleson, Arizona**

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Notes to Financial Statements  
June 30, 2025

## **Pension Liability**

At June 30, 2025, the City reported a PSPRS net pension liabilities of \$324,844 for police and \$1,864,761 for fire for a total of \$2,189,605.

The net pension liability was measured as of June 30, 2024, 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, 2024
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, 2024, 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:

PSPRS asset class:	Target Allocation	Long-Term Expected Geometric	
		Rate of	Return
U.S. public equity	24	%	3.62 %
International public equity	16		4.47
Global private equity	27		7.05
Core bonds	6		2.44
Private credit	20		6.24
Diversifying strategies	5		3.15
Cash, Mellon	2		0.89
Total	100	%	

# City of Tolleson, Arizona

## Notes to Financial Statements

June 30, 2025

### 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, 2024	\$ 19,963,632	\$ 17,930,903	\$ 2,032,729
Adjustments, beginning	-	-	-
Changes for the year:			
Service cost	417,256	-	417,256
Interest on the total liability	1,441,560	-	1,441,560
Changes of benefit terms	-	-	-
Differences between expected and actual experiences in the measurement of the liability	208,325	-	208,325
Changes of assumptions or other inputs	-	-	-
Contributions, employer	-	1,538,763	(1,538,763)
Contributions, employee	-	398,566	(398,566)
Net investment income	-	1,848,027	(1,848,027)
Benefit payments, including refunds of employee contributions	(718,433)	(718,433)	-
Administrative expense	-	(10,330)	10,330
Net changes	1,348,708	3,056,593	(1,707,885)
Balance, June 30, 2025	\$ 21,312,340	\$ 20,987,496	\$ 324,844

## City of Tolleson, Arizona

### Notes to Financial Statements

June 30, 2025

	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
PSPRS, Fire:			
Balance, June 30, 2024	\$ 24,323,537	\$ 20,667,643	\$ 3,655,894
Changes for the year:			
Service cost	531,105	-	531,105
Interest on the total liability	1,761,077	-	1,761,077
Differences between expected and actual experiences in the measurement of the liability	(54,780)	-	(54,780)
Changes of assumptions or other inputs	-	-	-
Contributions, employer	-	1,740,930	(1,740,930)
Contributions, employee	-	166,677	(166,677)
Net investment income	-	2,130,607	(2,130,607)
Benefit payments, including refunds of employee contributions	(790,486)	(790,486)	-
Administrative expense	-	(9,679)	9,679
Net changes	1,446,916	3,238,049	(1,791,133)
Balance, June 30, 2025	\$ 25,770,453	\$ 23,905,692	\$ 1,864,761

### 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%)
<b>PSPRS, Police:</b>				
Net pension liability	\$ 3,337,980	\$ 324,844	\$ (2,127,240)	
<b>PSPRS, Fire:</b>				
Net pension liability	\$ 5,454,239	\$ 1,864,761	\$ (1,084,507)	

### 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, 2025, the City recognized \$639,229 for police and \$787,375 for fire for a total of \$1,426,604 of PSPRS pension expense.

# City of Tolleson, Arizona

Notes to Financial Statements  
June 30, 2025

## Pension Deferred Outflows/Inflows of Resources

At June 30, 2025, 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	\$ 880,849	\$ 12,288
Changes of assumptions or other inputs	84,564	-
Net difference between projected and actual earnings on pension plan investments	-	-
City contributions subsequent to the measurement date	999,662	225,531
<b>Total</b>	<b>\$ 1,965,075</b>	<b>\$ 237,819</b>

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS, Fire:		
Differences between expected and actual experience	\$ 1,283,554	\$ 402,476
Changes of assumptions or other inputs	114,432	-
Net difference between projected and actual earnings on pension plan investments	-	300,999
City contributions subsequent to the measurement date	2,259,104	-
<b>Total</b>	<b>\$ 3,657,090</b>	<b>\$ 703,475</b>

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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>PSPRS Police</b>
Years ending June 30:	
2026	\$ 207,054
2027	583,671
2028	39,568
2029	(102,699)
2030	-
Thereafter	-

	<b>PSPRS Fire</b>
Years ending June 30:	
2026	\$ 9,112
2027	685,281
2028	120,652
2029	(120,534)
2030	-
Thereafter	-

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

## 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](http://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
<b><u>Retirement and Disability</u></b>		
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
<b><u>Survivor Benefits</u></b>		
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.

## **City of Tolleson, Arizona**

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### Notes to Financial Statements

June 30, 2025

#### **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, 2025, 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 70.44% of all active EORP members' annual covered payroll. Also, statute required the City to contribute 58.32% to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 46.62% 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, 2025, the City paid 100% of the EORP pension contributions from the General Fund.

#### **Liability**

At June 30, 2025, 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	\$ 686,865
State's proportionate share of the EORP net pension liability associated with the City	<u>95,211</u>
Total	<u><u>\$ 782,076</u></u>

The net liability was measured as of June 30, 2024 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, 2024. The City's proportion measured as of June 30, 2024, was 0.114986%, which was a decrease of 0.048928% from its proportion measured as of June 30, 2023.

#### **Expense**

For the year ended June 30, 2025, the City recognized pension expense (income) for EORP of \$177,357 and revenue of \$19,204 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, 2025

### Deferred Outflows/Inflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>EORP:</b>		
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	7,242
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
Changes of assumptions or other inputs	-	-
City contributions subsequent to the measurement date	65,235	-
<b>Total</b>	<b>\$ 65,235</b>	<b>\$ 7,242</b>

The \$65,235 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, 2026. 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:

	<b>EORP</b>
<b>Years ending June 30:</b>	
2026	\$ (6,659)
2027	5,481
2028	(3,354)
2029	(2,710)
2030	-
Thereafter	-

### Actuarial Assumptions

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

#### EORP:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.85% for pensions
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

# City of Tolleson, Arizona

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Notes to Financial Statements  
June 30, 2025

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	%	3.62 %
International public equity	16		4.47
Global private equity	27		7.05
Core bonds	6		2.44
Private credit	20		6.24
Diversifying strategies	5		3.68
Cash, Mellon	2		0.69
Total	100	%	

## Discount Rate

At June 30, 2024, 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	\$ 798,637	\$ 686,865	\$ 590,868

## 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**

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Notes to Financial Statements  
June 30, 2025

### **10. Commitments**

At June 30, 2025, the City has the following active construction commitments:

	<b>Remaining Commitment</b>
Project:	
Aquatic Center	\$ 32,000,000
96th Ave Pedestrian Bridge	5,000,000
91st Ave Pedestrian Bridge	4,000,000
Lift Station 20 Construction	<u>2,500,000</u>
 Total	 <u>\$ 43,500,000</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**

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**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 Balances - Budget and Actual

#### General Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Sales taxes	\$ 33,245,000	\$ 33,245,000	\$ 44,028,032	\$ 10,783,032
Property taxes	5,221,500	5,221,500	5,455,648	234,148
Franchise taxes	42,000	42,000	23,885	(18,115)
Intergovernmental revenues	2,567,300	2,567,300	2,718,054	150,754
Fines and forfeitures	177,500	177,500	232,297	54,797
Licenses and permits	732,000	732,000	538,015	(193,985)
Charges for services	1,881,350	1,881,350	1,483,243	(398,107)
Rents and royalties	43,200	43,200	83,345	40,145
Contributions and donations	(2,000)	(2,000)	29,985	31,985
Investment earnings:				
Interest income	1,511,000	1,511,000	3,062,665	1,551,665
Unrealized loss on investments	-	-	976,119	976,119
Other revenues	266,000	266,000	564,237	298,237
Total revenues	<u>45,684,850</u>	<u>45,684,850</u>	<u>59,195,525</u>	<u>13,510,675</u>
<b>Expenditures</b>				
Current:				
General government:				
Mayor and council	882,500	882,500	725,301	157,199
City management	574,465	574,465	548,197	26,268
Public affairs admin	987,250	987,250	979,083	8,167
Housing services	873,450	873,450	269,165	604,285
City clerk	438,450	438,450	428,968	9,482
Employee resources	1,121,500	1,121,500	1,151,332	(29,832)
City magistrate	274,150	274,150	273,119	1,031
Court administration	729,820	729,820	587,723	142,097
City prosecutor	108,000	108,000	85,500	22,500
Finance	4,896,250	4,896,250	2,008,152	2,888,098
Information technology	2,104,400	2,104,400	1,591,751	512,649
Field operations vehicles	955,400	955,400	911,006	44,394
Field operations grounds	485,700	485,700	467,176	18,524
Field operations building	1,650,600	1,650,600	1,460,336	190,264
Human services	1,143,600	1,143,600	677,191	466,409
Total general government	<u>17,225,535</u>	<u>17,225,535</u>	<u>12,164,000</u>	<u>5,061,535</u>
Public safety:				
Police administration	1,110,050	1,110,050	829,375	280,675
Police support services	2,380,200	2,380,200	2,056,180	324,020
Police field operations	4,260,950	4,260,950	5,789,461	(1,528,511)
Fire administration	1,203,600	1,203,600	990,498	213,102
Fire operations	4,132,600	4,132,600	3,696,745	435,855
Emergency Prepare	470,500	470,500	296,334	174,166
Buildings inspection	618,750	618,750	534,326	84,424
Impound	49,000	49,000	46,869	2,131
Total public safety	<u>14,225,650</u>	<u>14,225,650</u>	<u>14,239,788</u>	<u>(14,138)</u>

See notes to budgetary comparison schedules

## City of Tolleson, Arizona

### Required Supplementary Information

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

#### General Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Highway and streets				
Field operations streets	\$ 1,395,300	\$ 1,395,300	\$ 939,013	\$ 456,287
Transportation	450,000	450,000	391,287	58,713
Total highway and streets	<u>1,845,300</u>	<u>1,845,300</u>	<u>1,330,300</u>	<u>515,000</u>
Culture and recreation:				
Library	1,754,200	1,754,200	1,729,347	24,853
Aquatics center	1,525,000	1,525,000	9,185	1,515,815
Parks and recreation	3,366,700	3,366,700	2,497,583	869,117
Field operations - parks	2,040,750	2,040,750	1,072,979	967,771
Total culture and recreation	<u>8,686,650</u>	<u>8,686,650</u>	<u>5,309,094</u>	<u>3,377,556</u>
Economic development:				
Economic development	8,659,350	8,659,350	3,839,324	4,820,026
Planning and engineering	542,450	542,450	435,219	107,231
Total economic development	<u>9,201,800</u>	<u>9,201,800</u>	<u>4,274,543</u>	<u>4,927,257</u>
Debt service:				
Principal retirement	-	-	360,820	(360,820)
Interest	-	-	67,221	(67,221)
Total debt service	-	-	428,041	(428,041)
Total expenditures	<u>51,184,935</u>	<u>51,184,935</u>	<u>37,745,766</u>	<u>13,439,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,500,085)</u>	<u>(5,500,085)</u>	<u>21,449,759</u>	<u>26,949,844</u>
<b>Other Financing Sources (Uses)</b>				
Subscription-based information technology arrangements	-	-	1,970,671	1,970,671
Sale of capital assets	-	-	2,790,858	2,790,858
Transfers in	-	-	-	-
Transfers out	<u>(751,650)</u>	<u>(751,650)</u>	<u>(567,227)</u>	<u>184,423</u>
Total other financing sources (uses)	<u>(751,650)</u>	<u>(751,650)</u>	<u>4,194,302</u>	<u>4,945,952</u>
Net change in fund balances	<u>(6,251,735)</u>	<u>(6,251,735)</u>	<u>25,644,061</u>	<u>31,895,796</u>
<b>Fund Balances, Beginning</b>	<u>92,800,202</u>	<u>92,800,202</u>	<u>92,800,202</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 86,548,467</u>	<u>\$ 86,548,467</u>	<u>\$ 118,444,263</u>	<u>\$ 31,895,796</u>

See notes to budgetary comparison schedules

## City of Tolleson, Arizona

Required Supplementary Information

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

Public Safety Tax Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales taxes	\$ 7,835,000	\$ 7,835,000	\$ 7,789,903	\$ (45,097)
Charges for services	20,000	20,000	33,710	13,710
Investment earnings:				
Interest income	250,000	250,000	380,234	130,234
Change in the fair value of investments	-	-	95,003	95,003
Other revenues	-	-	-	-
Total revenues	<u>8,105,000</u>	<u>8,105,000</u>	<u>8,298,850</u>	<u>193,850</u>
<b>Expenditures</b>				
Public safety:				
Services, supplies and other	7,076,000	7,076,000	6,881,135	194,865
Capital outlay	<u>2,085,000</u>	<u>2,085,000</u>	<u>1,778,999</u>	<u>306,001</u>
Total expenditures	<u>9,161,000</u>	<u>9,161,000</u>	<u>8,660,134</u>	<u>500,866</u>
Net change in fund balances	(1,056,000)	(1,056,000)	(361,284)	694,716
<b>Fund Balances, Beginning</b>	<u>12,824,385</u>	<u>12,824,385</u>	<u>12,824,385</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 11,768,385</u>	<u>\$ 11,768,385</u>	<u>\$ 12,463,101</u>	<u>\$ 694,716</u>

# **City of Tolleson, Arizona**

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Required Supplementary Information

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2025

## **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, 2025

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
<b>Arizona Retirement System</b>										
City's proportion of the net pension liability	0.102360%	0.097780%	0.086890%	0.086330%	0.087600%	0.088600%	0.085460%	0.081630%	0.078415%	0.077390%
City's proportionate share of the net pension liability	\$ 16,377,541	\$ 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
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 proportionate share of the net pension liability as a percentage of its covered payroll	115.88%	125.40%	139.50%	118.50%	160.91%	145.63%	134.00%	159.92%	166.69%	172.95%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%
<b>Elected Officials Retirement Plan</b>										
City's proportion of the net pension liability	0.114986%	0.066058%	0.125265%	0.142476%	0.129403%	0.124057%	0.101939%	0.093390%	0.069212%	0.060990%
City's proportionate share of the net pension liability	\$ 686,865	\$ 414,020	\$ 845,699	\$ 867,055	\$ 873,419	\$ 822,724	\$ 642,356	\$ 1,144,221	\$ 653,884	\$ 476,603
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
<b>Total</b>	<b>\$ 686,865</b>	<b>\$ 414,020</b>	<b>\$ 923,161</b>	<b>\$ 952,891</b>	<b>\$ 955,051</b>	<b>\$ 900,051</b>	<b>\$ 752,420</b>	<b>\$ 1,381,695</b>	<b>\$ 788,893</b>	<b>\$ 625,188</b>
<b>City's Covered Payroll</b>	<b>\$ 99,290</b>	<b>\$ 87,271</b>	<b>\$ 86,764</b>	<b>\$ 96,943</b>	<b>\$ 106,767</b>	<b>\$ 103,771</b>	<b>\$ 87,413</b>	<b>\$ 77,094</b>	<b>\$ 55,562</b>	<b>\$ 54,621</b>
<b>City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>691.77%</b>	<b>474.41%</b>	<b>974.72%</b>	<b>894.40%</b>	<b>818.06%</b>	<b>792.83%</b>	<b>734.85%</b>	<b>1484.20%</b>	<b>1176.86%</b>	<b>872.56%</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>42.22%</b>	<b>38.63%</b>	<b>32.01%</b>	<b>36.28%</b>	<b>29.80%</b>	<b>30.14%</b>	<b>30.36%</b>	<b>19.66%</b>	<b>23.42%</b>	<b>28.32%</b>

*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, 2025

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
<b>City of Tolleson Police Public Safety Personnel Retirement System</b>										
<b>Total Pension Liability</b>										
Service cost	\$ 417,256	\$ 376,256	\$ 368,989	\$ 411,979	\$ 416,974	\$ 489,506	\$ 465,683	\$ 473,995	\$ 398,983	\$ 385,782
Interest on the total pension liability	1,441,560	1,331,100	1,236,826	1,179,741	1,078,433	1,007,765	892,898	863,811	764,905	708,237
Changes on benefit terms	-	-	-	-	-	-	-	40,808	530,259	-
Differences between expected and actual experience in the measurement of the pension liability	208,325	517,087	699,200	109,920	517,687	(86,018)	457,983	(650,605)	28,330	91,845
Changes of assumptions or other inputs	-	-	109,292	-	-	285,936	-	357,571	453,240	-
Benefit payments, including refunds of employee contributions	(718,433)	(744,101)	(1,009,698)	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)
Net change in total pension liability	1,348,708	1,480,342	1,404,609	958,002	1,516,096	1,254,103	1,217,708	619,006	1,762,769	657,656
Total pension liability, beginning	<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>
Total pension liability, ending (a)	<u>\$ 21,312,340</u>	<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>
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	\$ 1,538,763	\$ 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
Contributions, employee	398,566	187,280	167,574	161,957	171,055	182,744	185,088	230,920	238,489	217,506
Net investment income	1,848,027	1,231,622	(641,699)	3,422,011	147,349	550,647	566,510	753,490	31,927	179,481
Benefit payments, including refunds of employee contributions	(718,433)	(744,101)	(1,009,698)	(743,638)	(496,998)	(443,086)	(598,856)	(466,574)	(412,948)	(528,208)
Hall/Parker Settlement	-	-	-	-	-	(254,140)	-	-	-	-
Administrative expense	(10,330)	(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)	-
Net change in plan fiduciary net position	3,056,593	2,256,088	(302,534)	3,712,130	960,323	1,406,941	1,811,710	2,024,336	979,230	239,820
<b>Plan Fiduciary Net Position, Beginning</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>
Adjustments, beginning	-	-	-	-	(21,322)	(5,047)	-	-	-	-
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 20,987,496</u>	<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>
<b>City's Net Pension Liability, Ending (a) - (b)</b>	<u>\$ 324,844</u>	<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>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	98.48%	89.82%	84.81%	93.55%	76.08%	77.55%	74.34%	66.87%	52.88%	52.40%
<b>Covered Payroll</b>	\$ 2,033,618	\$ 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
<b>City's Net Pension Liability as a Percentage of Payroll</b>	15.97%	100.71%	126.21%	66.36%	204.41%	174.39%	163.85%	196.60%	265.03%	236.18%

*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, 2025

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
<b>City of Tolleson Fire Public Safety Personnel Retirement System</b>										
<b>Total Pension Liability</b>										
Service cost	\$ 531,105	\$ 525,027	\$ 511,559	\$ 472,274	\$ 476,161	\$ 612,498	\$ 512,618	\$ 553,129	\$ 434,330	\$ 437,425
Interest on the total pension liability	1,761,077	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
Changes on benefit terms	-	-	-	-	-	-	-	107,196	1,210,896	-
Differences between expected and actual experience in the measurement of the pension liability	(54,780)	1,560,872	(400,785)	809,130	380,523	(1,126,982)	138,781	(291,050)	(25,025)	179,866
Changes of assumptions or other inputs	-	-	149,512	-	-	277,727	-	336,050	530,950	-
Benefit payments, including refunds of employee contributions	(790,486)	(1,056,821)	(658,970)	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)
Net change in total pension liability	1,446,916	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
Total pension liability, beginning	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
Total pension liability, ending (a)	\$ 25,770,453	\$ 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
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	\$ 1,740,930	\$ 1,699,612	\$ 792,535	\$ 687,315	\$ 955,240	\$ 1,278,913	\$ 1,163,074	\$ 833,691	\$ 751,037	\$ 401,653
Contributions, employee	166,677	177,009	163,156	176,699	200,466	259,088	202,211	286,450	295,993	269,101
Net investment income	2,130,607	1,433,467	(758,262)	4,266,708	189,383	725,413	817,294	1,157,802	51,108	289,531
Benefit payments, including refunds of employee contributions	(790,486)	(1,056,821)	(658,970)	(1,501,797)	(940,062)	(241,227)	(245,783)	(241,485)	(230,974)	(230,974)
Hall/Parker Settlement	-	-	-	-	-	-	(440,563)	-	-	-
Administrative expense	(9,679)	(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
Net change in plan fiduciary net position	3,238,049	2,234,946	(475,220)	3,430,248	389,583	2,008,584	1,483,222	2,075,243	1,103,339	723,189
<b>Plan Fiduciary Net Position, Beginning</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
Adjustment, beginning	-	-	-	-	-	(4,487)	-	-	-	-
<b>Plan Fiduciary Net Position, Ending (b)</b>	\$ 23,905,692	\$ 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
<b>City's Net Pension Liability, Ending (a) - (b)</b>	\$ 1,864,761	\$ 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
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.76%	84.97%	84.83%	91.74%	79.65%	82.96%	75.43%	73.59%	66.98%	73.89%
<b>Covered Payroll</b>	\$ 2,242,830	\$ 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
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	83.14%	169.29%	152.77%	79.16%	198.66%	149.00%	197.31%	177.03%	210.21%	122.72%

See notes to pension plan schedule

**City of Tolleson, Arizona**

Required Supplementary Information  
Schedule of City Pension Contributions  
June 30, 2025

	Reporting Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Arizona State Retirement System</b>										
Statutorily required contribution	\$ 1,805,323	\$ 1,700,200	\$ 1,503,953	\$ 1,221,037	\$ 1,115,170	\$ 1,080,053	\$ 989,715	\$ 969,526	\$ 857,200	\$ 823,805
City's contributions in relation to the statutorily required contribution	<u>1,805,323</u>	<u>1,700,200</u>	<u>1,503,953</u>	<u>1,221,037</u>	<u>1,115,170</u>	<u>1,080,053</u>	<u>989,715</u>	<u>969,526</u>	<u>857,200</u>	<u>823,805</u>
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's Covered Payroll</b>										
	\$ 15,006,841	\$ 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
<b>City's Contributions as a Percentage of Covered Payroll</b>	12.05%	12.03%	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%
<b>Elected Officials Retirement Plan</b>										
Statutorily required contribution	\$ 65,235	\$ 75,967	\$ 66,771	\$ 61,099	\$ 59,552	\$ 58,946	\$ 63,819	\$ 20,542	\$ 18,117	\$ 13,057
City's contributions in relation to the actuarially determined contribution	<u>65,235</u>	<u>75,967</u>	<u>66,771</u>	<u>61,099</u>	<u>59,552</u>	<u>58,946</u>	<u>63,819</u>	<u>20,542</u>	<u>18,117</u>	<u>13,057</u>
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's Covered Payroll</b>										
	\$ 85,263	\$ 99,290	\$ 87,271	\$ 86,764	\$ 96,943	\$ 106,767	\$ 103,771	\$ 87,413	\$ 77,094	\$ 55,562
<b>City's Contributions as a Percentage of Covered Payroll</b>	70.44%	76.51%	76.51%	70.42%	61.43%	55.21%	61.50%	23.50%	23.50%	23.50%
<b>City of Tolleson Police Public Safety Personnel Retirement System</b>										
Actuarially determined contribution	\$ 579,662	\$ 641,380	\$ 662,921	\$ 533,823	\$ 487,957	\$ 515,934	\$ 638,841	\$ 719,034	\$ 613,489	\$ 461,744
City's contributions in relation to the actuarially determined contribution	<u>999,662</u>	<u>1,641,380</u>	<u>1,662,921</u>	<u>1,233,823</u>	<u>887,957</u>	<u>1,150,934</u>	<u>1,127,202</u>	<u>1,922,331</u>	<u>1,513,489</u>	<u>1,161,744</u>
City's contribution deficiency (excess)	\$ (420,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (700,000)	\$ (400,000)	\$ (635,000)	\$ (488,361)	\$ (1,203,297)	\$ (900,000)	\$ (700,000)
<b>City's Covered Payroll</b>										
	\$ 2,348,712	\$ 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
<b>City's Contributions as a Percentage of Covered Payroll</b>	42.56%	63.16%	61.91%	55.45%	53.50%	61.02%	59.96%	91.93%	74.01%	56.75%
<b>City of Tolleson Fire Public Safety Personnel Retirement System</b>										
Actuarially determined contribution	\$ 679,104	\$ 723,677	\$ 709,672	\$ 550,828	\$ 562,315	\$ 635,240	\$ 469,927	\$ 611,230	\$ 433,691	\$ 751,037
City's contributions in relation to the actuarially determined contribution	<u>2,259,104</u>	<u>1,723,677</u>	<u>1,709,672</u>	<u>750,828</u>	<u>687,315</u>	<u>955,240</u>	<u>1,278,913</u>	<u>1,163,074</u>	<u>833,691</u>	<u>751,037</u>
City's contribution deficiency (excess)	\$ (1,580,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (200,000)	\$ (125,000)	\$ (320,000)	\$ (808,986)	\$ (551,844)	\$ (400,000)	\$ -
<b>City's Covered Payroll</b>										
	\$ 2,458,740	\$ 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
<b>City's Contributions as a Percentage of Covered Payroll</b>	91.88%	65.79%	66.54%	34.79%	31.95%	47.98%	61.47%	53.84%	35.45%	33.62%

*See notes to pension plan schedule*

# City of Tolleson, Arizona

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Required Supplementary Information  
Notes to Pension Plan Schedules  
June 30, 2025

## 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 40% 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.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

## **City of Tolleson, Arizona**

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Required Supplementary Information  
Notes to Pension Plan Schedules  
June 30, 2025

### **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

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#### 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, 2025

<b>Special Revenue</b>					
	<b>Highway User Revenue Fund</b>	<b>Grants</b>	<b>Debt Service</b>	<b>Total</b>	
<b>Assets</b>					
Cash and cash equivalents	\$ 895,287	\$ -	\$ 216,362	\$ 1,111,649	
Receivables, net:					
Taxes receivable	- -	- -	41,568	41,568	
Intergovernmental	<u>72,228</u>	<u>813,329</u>	<u>51,700</u>	<u>937,257</u>	
Total assets	<u><u>967,515</u></u>	<u><u>813,329</u></u>	<u><u>309,630</u></u>	<u><u>2,090,474</u></u>	
<b>Liabilities</b>					
Accounts payable	\$ 49,308	\$ 374,293	\$ -	\$ 423,601	
Accrued wages and benefits	- -	2,069	- -	2,069	
Due to other funds	<u>- -</u>	<u>123,963</u>	<u>- -</u>	<u>123,963</u>	
Total liabilities	<u><u>49,308</u></u>	<u><u>500,325</u></u>	<u><u>- -</u></u>	<u><u>549,633</u></u>	
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	<u>- -</u>	<u>281,014</u>	<u>23,783</u>	<u>304,797</u>	
Total deferred inflows of resources	<u><u>- -</u></u>	<u><u>281,014</u></u>	<u><u>23,783</u></u>	<u><u>304,797</u></u>	
<b>Fund Balances</b>					
Restricted:					
Highways and streets	918,207	- -	- -	918,207	
Debt service	- -	- -	285,847	285,847	
Grants	<u>- -</u>	<u>31,990</u>	<u>- -</u>	<u>31,990</u>	
Total fund balances	<u><u>918,207</u></u>	<u><u>31,990</u></u>	<u><u>285,847</u></u>	<u><u>1,236,044</u></u>	
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 967,515</u></u>	<u><u>\$ 813,329</u></u>	<u><u>\$ 309,630</u></u>	<u><u>\$ 2,090,474</u></u>	

**City of Tolleson, Arizona**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2025

	<b>Special Revenue</b>			
	<b>Highway User</b>		<b>Debt</b>	<b>Total</b>
	<b>Revenue</b>	<b>Fund</b>		
<b>Revenues</b>				
Taxes:				
Sales taxes	\$	-	\$	\$
Property taxes			-	620,400
Intergovernmental		966,506	2,217,000	2,966,135
Charges for services		-	192,156	-
Investment earnings:				3,183,506
Interest income		19,320	-	192,156
			998	20,318
Total revenues		<u>985,826</u>	<u>2,409,156</u>	<u>3,587,533</u>
				<u>6,982,515</u>
<b>Expenditures</b>				
Current:				
General government		-	47,426	-
Public safety		-	659,361	-
Highway and streets		328,458	186,296	-
Economic development			600	514,754
Health and welfare		-	2,350,747	-
Capital outlay		737,931	-	600
Debt service:				2,350,747
Principal retirement		-	-	2,753,000
Interest and fiscal charges		-	-	2,753,000
		<u>-</u>	<u>689,340</u>	<u>689,340</u>
Total expenditures		<u>1,066,389</u>	<u>3,244,430</u>	<u>3,442,340</u>
				<u>7,753,159</u>
Excess of revenues over (under) expenditures		<u>(80,563)</u>	<u>(835,274)</u>	<u>145,193</u>
				<u>(770,644)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in		-	693,963	-
Transfers out		-	(126,736)	-
		<u>-</u>	<u>(126,736)</u>	<u>693,963</u>
Total other financing sources (uses)		<u>-</u>	<u>567,227</u>	<u>-</u>
Net change in fund balances		<u>(80,563)</u>	<u>(268,047)</u>	<u>145,193</u>
				<u>(203,417)</u>
<b>Fund Balances, Beginning</b>		<u>998,770</u>	<u>300,037</u>	<u>140,654</u>
<b>Fund Balances, Ending</b>		<u>\$ 918,207</u>	<u>\$ 31,990</u>	<u>\$ 285,847</u>
				<u>\$ 1,236,044</u>

## **Financial Section**

### **Supplementary Information**

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#### **Major Fund Budgetary Comparison Schedules**

Capital Projects Fund

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#### **Non-Major Budgetary Comparison Schedules**

Highway User Revenue Fund  
Grants Fund  
Debt Service Fund



## City of Tolleson, Arizona

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

Capital Projects Fund

Year Ended June 30, 2025

	Budgeted Amounts	Actual	Variance With
	Original	Final	Final Budget -
			Positive (Negative)
<b>Revenues</b>			
Investment earnings:			
Interest income	\$ -	\$ -	\$ 150,218
Total revenues	<u>-</u>	<u>-</u>	<u>150,218</u>
<b>Expenditures</b>			
Capital outlay	21,000,000	21,000,000	-
Debt service:			
Bond issuance costs	<u>-</u>	<u>-</u>	<u>358,052</u>
Total expenditures	<u>21,000,000</u>	<u>21,000,000</u>	<u>358,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,000,000)</u>	<u>(21,000,000)</u>	<u>(207,834)</u>
			<u>20,792,166</u>
<b>Other Financing Sources (Uses)</b>			
General obligation bonds issued	<u>21,000,000</u>	<u>21,000,000</u>	<u>21,287,855</u>
Total other financing sources and uses	<u>21,000,000</u>	<u>21,000,000</u>	<u>21,287,855</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>21,080,021</u>
			<u>20,504,311</u>
<b>Fund Balances, Beginning</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, Ending</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,080,021</u>
			<u>\$ 20,504,311</u>

**City of Tolleson, Arizona**

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

Highway User Revenue Fund

Year Ended June 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenues	\$ 845,000	\$ 845,000	\$ 966,506	\$ 121,506
Investment earnings:				
Interest income	15,000	15,000	19,320	4,320
Total revenues	860,000	860,000	985,826	125,826
<b>Expenditures</b>				
Current:				
Highways and streets	420,000	420,000	328,458	91,542
Capital outlay	950,000	950,000	737,931	212,069
Total expenditures	1,370,000	1,370,000	1,066,389	303,611
Excess (deficiency) of revenues over (under) expenditures	(510,000)	(510,000)	(80,563)	429,437
Net change in fund balances	(510,000)	(510,000)	(80,563)	429,437
<b>Fund Balances, Beginning</b>	998,770	998,770	998,770	-
<b>Fund Balances, Ending</b>	<b>\$ 488,770</b>	<b>\$ 488,770</b>	<b>\$ 918,207</b>	<b>\$ 429,437</b>

## City of Tolleson, Arizona

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

Grants Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 54,019,744	\$ 54,019,744	\$ 2,217,000	\$ (51,802,744)
Charges for service	-	-	192,156	192,156
Total revenues	<u>54,019,744</u>	<u>54,019,744</u>	<u>2,409,156</u>	<u>(51,610,588)</u>
<b>Expenditures</b>				
Current:				
General government	-	-	47,426	(47,426)
Economic Development	-	-	600	(600)
Public safety	389,910	389,910	659,361	(269,451)
Highways and Streets	-	-	186,296	(186,296)
Health and welfare	-	-	2,350,747	(2,350,747)
Capital outlay	<u>51,820,620</u>	<u>51,820,620</u>	<u>-</u>	<u>51,820,620</u>
Total expenditures	<u>52,210,530</u>	<u>52,210,530</u>	<u>3,244,430</u>	<u>48,966,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,809,214</u>	<u>1,809,214</u>	<u>(835,274)</u>	<u>(2,644,488)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	751,650	751,650	693,963	(57,687)
Transfers out	-	-	(126,736)	(126,736)
Total other financing sources and (uses)	<u>751,650</u>	<u>751,650</u>	<u>567,227</u>	<u>(184,423)</u>
Net change in fund balances	2,560,864	2,560,864	(268,047)	(2,828,911)
<b>Fund Balances, Beginning</b>	<u>300,037</u>	<u>300,037</u>	<u>300,037</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 2,860,901</u>	<u>\$ 2,860,901</u>	<u>\$ 31,990</u>	<u>\$ (2,828,911)</u>

## City of Tolleson, Arizona

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

Debt Service Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Sales taxes	\$ 626,000	\$ 626,000	\$ 620,400	\$ (5,600)
Property taxes	3,277,000	3,277,000	2,966,135	(310,865)
Investment earnings:				
Interest income	-	-	998	998
Total revenues	<u>3,903,000</u>	<u>3,903,000</u>	<u>3,587,533</u>	<u>(315,467)</u>
<b>Expenditures</b>				
Current:				
Debt service:				
Principal retirement	5,355,000	5,355,000	2,753,000	2,602,000
Interest	-	-	689,340	(689,340)
Total expenditures	<u>5,355,000</u>	<u>5,355,000</u>	<u>3,442,340</u>	<u>1,912,660</u>
Net change in fund balances	(1,452,000)	(1,452,000)	145,193	1,597,193
<b>Fund Balances, Beginning</b>	<u>140,654</u>	<u>140,654</u>	<u>140,654</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ (1,311,346)</u>	<u>\$ (1,311,346)</u>	<u>\$ 285,847</u>	<u>\$ 1,597,193</u>

## Statistical Section

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	Contents	Pages
<b>Financial Trends:</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.		99-104
<b>Revenue Capacity:</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.		105-111
<b>Debt Capacity:</b> 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.		112-117
<b>Demographic and Economic Statistics:</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.		118-119
<b>Operating Information:</b> 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.		120-126



**City of Tolleson, Arizona**

Table 1

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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	\$ 76,435,356
Restricted	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	13,699,145
Unrestricted	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	108,005,819
Total governmental activities net position	<u>39,759,389</u>	<u>44,118,937</u>	<u>48,974,279</u>	<u>57,404,388</u>	<u>67,480,577</u>	<u>85,967,459</u>	<u>116,241,706</u>	<u>138,340,077</u>	<u>166,809,289</u>	<u>198,140,320</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	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	64,628,156
Restricted	-	499,179	506,163	518,226	619,400	579,374	601,735	549,112	579,785	-
Unrestricted	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	37,807,873
Total business-type activities net position	<u>64,900,035</u>	<u>67,838,833</u>	<u>72,048,369</u>	<u>77,621,190</u>	<u>81,600,935</u>	<u>85,808,737</u>	<u>88,983,270</u>	<u>92,982,855</u>	<u>98,963,647</u>	<u>102,436,029</u>
<b>Primary Government</b>										
Net investment in capital assets	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	141,063,512
Restricted	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	13,699,145
Unrestricted	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	145,813,692
Total primary government net position	<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>	<u>\$ 300,576,349</u>

**City of Tolleson, Arizona**

Table 2

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 13,265,612
Public safety	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	22,239,062
Highways and streets	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	3,550,493
Culture and recreation	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	2,589,036
Economic development	641,130	1,196,079	794,512	1,000,307	701,000	807,093	1,220,010	538,311	1,768,355	1,206,875
Health and welfare	510,429	455,278	506,590	545,600	602,713	805,115	941,668	1,014,599	1,081,804	2,426,121
Interest on long-term debt	750,181	717,956	636,533	727,733	1,093,652	735,730	616,099	535,092	475,620	558,709
Total governmental activities	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	45,835,908
Business-type activities:										
Water	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	9,196,021
Sanitation	475,758	418,557	373,399	362,235	362,020	390,518	356,675	421,727	391,739	437,105
Wastewater and sewer	6,434,002	6,720,582	6,639,875	6,298,733	6,885,266	6,739,960	6,955,939	10,554,083	10,750,021	12,028,576
Total business-type activities	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	21,661,702
Total primary government expenses	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	67,497,610
<b>Program Revenues</b>										
Governmental activities:										
Fines, fees and charges for services:										
General government	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	177,050
Public safety	598,221	404,051	321,968	303,551	1,056,164	1,450,784	1,253,789	1,486,168	1,828,817	1,521,790
Highways and streets	126,794	-	-	-	-	-	-	-	-	-
Culture and recreation	122,954	22,316	36,482	64,882	60,419	5,999	28,228	65,055	97,115	102,474
Economic development	-	-	-	-	-	-	-	-	1,339,209	538,015
Health and welfare	-	-	-	-	-	-	-	-	173,392	192,156
Other	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	759,072	973,563	972,700	1,355,565	1,923,497	2,471,673	1,415,906	1,388,004	1,650,870	2,926,167
Capital grants and contributions	21,240	18,472	69,939	161,413	31,883	10,242	391,195	221,661	333,577	186,296
Total governmental activities program revenues	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	5,643,948
Business-type activities:										
Charges for services:										
Water	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	8,540,381
Sanitation	352,861	384,453	449,095	457,751	449,137	448,320	452,833	449,584	459,187	439,310
Wastewater and sewer	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	13,434,288
Capital grants and contributions	150,584	49,811	-	-	-	1,217,479	784,432	65,187	2,360,424	-
Total business-type activities program revenues	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	22,413,979
Total primary government revenues	\$ 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	\$ 28,057,927

(Continued)

**City of Tolleson, Arizona**

Table 2

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Sales taxes	\$ 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	\$ 52,438,335
Property taxes	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	8,402,329
Franchise taxes	44,139	49,514	42,647	47,217	51,390	55,333	53,575	54,561	54,575	23,885
State revenue sharing	1,042,649	1,093,270	689,720	725,514	754,547	874,563	1,020,466	1,078,354	1,093,578	1,127,832
State income tax revenue sharing	788,017	857,378	889,064	872,525	943,866	1,053,562	953,371	1,383,873	1,923,309	1,525,897
Auto lieu tax	269,956	275,697	583,704	510,081	509,050	549,384	544,683	562,331	376,427	394,080
Investment earnings	147,383	162,952	285,082	838,282	873,182	67,930	(708,714)	1,847,112	3,146,931	4,684,557
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	2,393,219
Other	55,827	119,963	164,376	152,928	222,745	44,041	51,134	40,443	73,205	457,991
Transfers	(116,962)	(420,000)	(139,000)	(25,447)	-	-	-	-	(3,888)	-
Total governmental activities	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	71,448,125
Business-type activities:										
Property taxes	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	764,853
Investment earnings	96,484	99,441	169,839	705,392	653,480	53,972	(249,998)	1,159,854	1,920,254	1,955,252
Other	96,272	57,587	-	-	-	-	-	-	(25,765)	-
Transfers	116,962	420,000	139,000	25,447	-	-	-	-	3,888	-
Total business-type activities	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	2,720,105
Total primary government	\$ 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	\$ 74,168,230
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 31,331,031
Business-type activities	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	3,472,382
Total primary government	\$ 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	\$ 34,803,413

(Concluded)

**City of Tolleson, Arizona**

Table 3

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

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>General Fund</b>										
Restricted	\$ 563,507	\$ 829,648	\$ 509,582	\$ 545,198	\$ 526,278	\$ 520,396	\$ 490,798	\$ 388,906	\$ 348,685	\$ -
Nonspendable	-	1,017	4,505	23,095	5,711	6,744	8,003	38,024	11,148	30,658
Assigned	-	-	-	-	-	-	-	-	23,665,158	23,058,687
Unassigned	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	95,354,918
Total general fund	<u>17,127,528</u>	<u>22,051,299</u>	<u>23,817,481</u>	<u>23,902,066</u>	<u>29,330,303</u>	<u>44,511,785</u>	<u>62,036,357</u>	<u>73,740,919</u>	<u>92,800,202</u>	<u>118,444,263</u>
<b>All Other Governmental Funds</b>										
Restricted:										
Highways and streets	1,030,489	1,040,487	283,631	545,458	650,231	891,983	1,296,098	1,241,680	998,770	918,207
Debt service	879,996	609,568	325,667	456,077	786,808	1,020,169	500,282	265,351	140,654	285,847
Capital projects	242,592	169,021	25,447	11,574,765	11,563,422	10,074,230	-	-	-	21,080,021
Public safety	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	12,463,101
Other purposes	266,943	225,549	-	266,575	176,377	230,807	221,258	275,861	300,037	31,990
Nonspendable:										
Prepaid items	-	-	-	-	-	-	-	1,275	-	-
Assigned for:										
Other purposes	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,193,834</u>	<u>\$ 4,855,233</u>	<u>\$ 2,875,945</u>	<u>\$ 15,140,964</u>	<u>\$ 16,666,186</u>	<u>\$ 18,400,743</u>	<u>\$ 12,525,715</u>	<u>\$ 13,595,073</u>	<u>\$ 14,263,846</u>	<u>\$ 34,779,166</u>

**City of Tolleson, Arizona**

Table 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 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	\$ 60,884,003
Intergovernmental	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	5,901,560
Fines and penalties	272,888	325,149	292,883	283,882	223,321	215,889	197,352	175,831	188,749	232,297
Licenses and permits	305,411	506,796	650,962	644,556	422,794	770,437	881,248	598,581	1,339,209	538,015
Charges for services	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	1,634,243
Rents and royalties	-	-	62,525	47,045	54,054	54,054	69,707	36,339	35,852	83,345
Contributions and donations	74,790	66,681	40,437	66,619	52,218	1,270,908	66,975	73,179	56,316	29,985
Impact fees	-	-	-	-	-	-	-	-	-	-
Investment earnings	146,674	168,706	285,082	838,282	873,182	67,930	(708,714)	1,847,112	3,146,931	4,684,557
Other	74,675	88,835	254,617	405,051	585,522	-	-	17,766	16,632	639,103
Total revenues	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	74,627,108
<b>Expenditures</b>										
General government	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	11,591,214
Public safety	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	19,452,482
Highways and streets	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	1,845,054
Culture and recreation	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	4,305,863
Economic development	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	1,190,093
Health and welfare	476,396	457,557	481,220	518,667	631,734	762,709	940,237	937,160	1,209,939	2,350,747
Capital outlay	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	9,553,225
Debt service:										
Principal retirement	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	3,113,820
Interest on long-term debt	776,837	744,612	663,188	770,870	1,022,360	881,666	762,035	681,028	621,594	756,561
Issuance costs	-	-	-	226,656	180,388	-	-	-	-	358,052
Total expenditures	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	54,517,111
Excess of revenues over (under) expenditures	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	20,109,997

(Continued)

**City of Tolleson, Arizona**

Table 4

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 3,134,362	\$ 2,596,590	\$ 1,518,209	\$ 305,239	\$ 1,608,678	\$ 360,569	\$ 361,148	\$ 435,021	\$ 537,328	\$ 693,963
Transfers out	(3,251,324)	(3,016,589)	(1,657,209)	(330,686)	(1,608,678)	(360,569)	(361,148)	(435,021)	(541,216)	(693,963)
Subscription-based information technology arrangements	-	-	-	-	-	-	-	330,328	1,324,675	1,970,671
Proceeds of refunding debt issuance	-	-	-	-	6,737,000	-	-	-	-	-
Premium on refunding debt issuance	-	-	-	-	686,780	-	-	-	-	-
Proceeds of general obligation bond issuance	-	-	-	10,850,000	-	-	-	-	-	19,990,000
Premium on general obligation bond issuance	-	-	-	1,005,367	-	-	-	-	-	1,297,855
Payment to refunded debt escrow agent	-	-	-	-	(7,190,000)	-	-	-	-	-
Proceeds from sale of capital assets	17,525	14,394	9,520	9,272	5,458	21,204	30,568	16,370	-	2,790,858
Total other financing sources (uses)	(99,437)	(405,605)	(129,480)	11,839,192	239,238	21,204	30,568	346,698	1,320,787	26,049,384
Net change in fund balances	\$ 4,830,605	\$ 3,585,170	\$ 53,469	\$ 12,083,029	\$ 6,953,459	\$ 16,916,039	\$ 11,649,544	\$ 12,773,920	\$ 19,728,056	\$ 46,159,381
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
	7.29%	10.79%	7.46%	6.90%	9.88%	10.74%	9.13%	7.72%	7.75%	8.48%

(Concluded)

## **City of Tolleson, Arizona**

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Table 5

General Government Tax Revenues by Source

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Franchise</b>	<b>Total</b>
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
2025	8,507,859	52,260,972	23,885	60,792,716
Change 2016-2025	113.3%	166.7%	-45.9%	157.3%

*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
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%
2025	517,224	13,055	69,470	2,919	602,668	2.6796	602,668	100%

## **City of Tolleson, Arizona**

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Table 7

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

(Unaudited)

(Rate per \$1,000 of Assessed Value)

<b>Fiscal Year</b>	<b>Direct Rates</b>			<b>Overlapping Rates</b>			<b>Rate Total</b>
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct Rate</b>	<b>School District</b>	<b>Flood Control and Water Conservation District</b>	<b>County</b>	
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
2025	1.5194	1.1602	2.6796	N/A	N/A	N/A	2.6796

Source: Maricopa County Finance Department

N/A - Not available at the time of printing

## City of Tolleson, Arizona

Table 8

Principal Property Taxpayers  
June 30, 2025  
(Unaudited)

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CLNC NNN Alberts AZ LLC	\$ 13,235,573	1	4.19%	\$ -	-	
FR CAL 3 Tolleson Buckeye LLC	12,292,217	2	3.89%			
Smiths Food & Drug Centers Inc.	11,756,126	3	3.72%	12,555,284	1	6.29%
Prologis-Exchange Westside Business Park LLC	8,949,436	4	2.83%			
SVC Manufacturing INC	8,658,433	5	2.74%	6,493,964	4	3.25%
CSHV TCP E LLC	6,984,917	6	2.21%			
SBSS W Jefferson LLC/CI448 W Jefferson LLC	6,310,788	7	2.00%			
Price Company	6,221,220	8	1.97%	4,022,044	8	2.01%
Greater Arizona Auto Auctions Inc.	5,358,412	9	1.70%	4,858,193	6	2.43%
Tolleson 70 LLC	5,331,878	10	1.69%			
LBA Realty Fund III Company IX LLC				9,496,721	2	4.76%
ABS SW Investor LLC (Albertson)				7,250,817	3	3.63%
Cole HD Tolleson AZ LLC				5,605,685	5	2.81%
Liberty Property Holdings LP				4,684,952	7	2.35%
91st Avenue Investment Co.				3,457,762	9	1.73%
AZEJM Land Holdings/Oxnard				3,178,607	10	1.59%
Total	<u>\$ 85,099,000</u>		<u>26.94%</u>	<u>\$ 61,604,029</u>		<u>30.85%</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		
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%
2025	8,473,177	8,486,882	100.16%	51,506	8,435,376	99.55%	61,455	0.73%

Source: Maricopa County Finance Department

**City of Tolleson, Arizona**

Table 10

Taxable Sales by Category  
Last Ten Fiscal Years  
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Sales Category</b>										
Communication and utilities	\$ 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	\$ 1,910,678
Construction	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	3,082,239
Manufacturing	769,714	973,913	955,024	998,523	680,611	820,935	1,250,592	-	-	-
Wholesale	4,387,437	3,980,112	3,487,881	3,774,365	3,914,447	4,651,274	5,549,732	-	-	-
Retail	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	38,328,319
Real estate	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	7,056,412
Services	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	1,875,896
All other outlets	936,790	1,198,107	794,183	1,214,095	1,336,304	1,540,419	2,472,314	3,986	2,970	7,428
Total	<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>	<u>\$ 52,260,972</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% 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**

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Table 11

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

(Unaudited)

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>County</b>
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%
2025	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			
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
2025	29,657	2,503	2,762	-	2,192	-	-	3,013	40,127	*	5,548

\* 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
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
2025	31,849	1,757	33,606	602,668	5.58%	7,216	4,657

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, 2025

(Unaudited)

Governmental Unit	General Obligation Debt Outstanding (a)	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt (b)
<b>Debt Repaid With Property Taxes</b>			
Tolleson Elementary School District No. 17	\$ 33,645,000	71.74	\$ 24,136,923
Fowler Elementary School District No. 45	8,465,000	10.64	900,676
Littleton Elementary School District No. 65	40,005,000	13.64	5,456,682
Tolleson Union High School District No. 214	352,385,000	16.93	59,658,781
Maricopa County Community College District	26,675,000	0.54	144,045
Maricopa County Special Health Care District	512,560,000	0.54	2,767,824
Western Maricopa Education Center District No. 402	74,195,000	1.4	<u>1,038,730</u>
Subtotal, overlapping debt			94,103,661
City of Tolleson, Arizona Direct Debt	34,921,768	100.00	<u>34,921,768</u>
Total direct and overlapping debt			<u>\$ 129,025,429</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 2024/25.

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**

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Table 15

Calculation of Legal Debt Margin

June 30, 2025

(Unaudited)

<b>Net Assessed Valuation</b>	<b>\$ 602,668,606</b>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>	
Debt limit - 20% of secondary net assessed valuation	\$ 120,533,721
Debt applicable to limit	
General obligation bonds outstanding	\$ 24,489,354
Less amount set aside for repayment of debt	<u>-</u>
Net debt applicable to limit	<u>24,489,354</u>
20% legal debt margin	<u>96,044,367</u>
<u>All Other General Obligation Bonds</u>	
Debt limit - 6% of secondary net assessed valuation	36,160,116
Debt applicable to limit	
General obligation bonds outstanding	9,117,246
Less amount set aside for repayment of debt	<u>-</u>
Net debt applicable to limit	<u>9,117,246</u>
All other general obligation bonds debt margin	<u>27,042,870</u>
Total legal debt margin	<u>\$ 123,087,237</u>

Source: Maricopa County Assessor's Office

**City of Tolleson, Arizona**

Table 16

Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Net Secondary Assessed Valuation	\$ 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	\$ 602,668,606
Debt Limit	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	156,693,838
Total net debt applicable to limit	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	33,606,601
Legal debt margin	<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>	<u>\$ 123,087,237</u>
Total net debt applicable to the limit as a percentage of debt limit.	50.46%	36.44%	26.65%	33.63%	30.60%	25.04%	20.68%	17.40%	11.63%	21.45%

## 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				
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	-	-	-	-				
2025	620	-	620	510	110	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
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%
2025	7,233	\$ 55,015	\$ 22,083	N/A	N/A	N/A	4.00%

Sources: Census Reporter and U.S. Bureau of Labor Statistics  
<https://censusreporter.org/profiles/16000US0474190-tolleson-az/>  
[https://www.bls.gov/regions/west/az\\_phoenix\\_msa.htm](https://www.bls.gov/regions/west/az_phoenix_msa.htm)

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)

<b>Taxpayer</b>	<b>2025</b>			<b>2016</b>			<b>Percentage of Total City Employment</b>
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	
JBS	1,760	1	10.28%	1,200	1		9.55%
Albertsons, Inc.	800	2	4.67%	-	-		-
Windigo Logistics	680	3	3.97%	-	-		-
SK Food Group	550	4	3.21%	-	-		-
Pepsico	530	5	3.09%	420	4		3.64%
Sysco Food Services of Arizona	470	6	2.74%	270	10		2.34%
Papa Johns Salads Produce	420	7	2.45%	710	2		5.65%
Carvana Co	400	8	2.34%	-	-		-
Autozone	400	8	2.34%	-	-		-
Salt River Project	350	10	2.04%	350	7		3.03%
Atlas Retail Services	-	-	-	550	3		4.76%
Rousseau Farming Co.	-	-	-	400	5		3.46%
Ryder Inc. Hillshire Brands	-	-	-	320	9		2.77%
Quiktrip Corp.	-	-	-	330	8		2.86%
<b>Total</b>	<b><u>6,360</u></b>		<b><u>37.13%</u></b>	<b><u>4,550</u></b>			<b><u>38.06%</u></b>

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	41.0	47.0	48.0	60.0	56.0	55.0	54.0	61.0	79.5	80.5
Police	48.0	49.0	49.0	49.0	49.0	53.0	54.0	61.0	67.0	67.5
Fire	33.0	32.0	32.0	33.0	33.0	33.0	34.0	34.0	35.0	35.0
Public works	19.0	19.0	21.0	22.0	22.0	22.0	23.0	24.0	23.5	27.5
Community services	9.0	8.0	9.0	10.5	12.5	12.5	11.5	19.5	18.5	16.0
Water	11.0	12.0	12.6	14.0	14.0	14.0	14.0	14.0	12.0	12.0
Sanitation	3.0	2.0	0.0	-	-	-	-	-	-	-
Wastewater/sewer	28.0	28.5	27.4	28.5	29.0	28.0	28	30.0	31.0	31.0
Total	<u>192.0</u>	<u>197.5</u>	<u>199.0</u>	<u>217.0</u>	<u>215.5</u>	<u>217.5</u>	<u>218.5</u>	<u>243.5</u>	<u>266.5</u>	<u>269.5</u>

Source: City Records

## City of Tolleson, Arizona

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Police</b>										
Physical arrests	293	352	330	404	978	1,064	982	935	1,125	931
Call for services	14,650	15,428	15,942	16,560	15,507	17,376	17,901	17,068	17,007	17,653
Traffic violations	3,599	3,433	2,456	1,825	1,263	1,551	1,350	1,983	914	1,346
<b>Fire</b>										
Emergency responses	2,636	2,915	3,688	3,701	3,944	4,085	2,993	5,490	5,682	4,503
Fires extinguished	120	116	1,088	1,099	1,195	1,054	647	313	558	257
Inspections	633	52**	1	24	94	162	218	232	328	345
<b>Planning and Building Safety</b>										
Building permits issued	336	383	429	488	429	332	411	892	379	337
Building inspections conducted	694*	860*	1,286	1,565	984	1,090	788	1,110	5,776	2,898
<b>Transit</b>										
Total route miles	6	6	6	6	6	6	6	30	30	30
<b>Sanitation</b>										
Refuse collected (tons/day)	8.46	0.42***	0.54	0.76	11	12	7	8	5.98	5.04
<b>Library</b>										
Volumes in collection	22,894	24,337	23,809	25,210	24,244	42,311	43,886	25,522	28,709	26,356
Total volumes borrowed	29,166	34,419	31,110	39,211	36,281	16,415	19,213	43,716	82,021	85,201
<b>Water</b>										
New connections	19	26	8	59	35	17	36	42	22	13
Water main breaks				5	7	6	8	4	6	17
Average daily consumption (thousands of gallons)	3,823	3,082	3,940	3,774	4	4	4	4	4	3
Peak daily consumption (thousands of gallons)	7,100	6,480	5,602	5,721	6	5	6	7	5	5
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	5,347	5,353	5,359	5,490	5,739	5,534	6,061	5,910	5,541	5,560

\* 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	24	24	24	22	27	34	34	37	38	38
Fire Stations	1	1	1	1	1	1	1	1	1	1
<b>Refuse Collection</b>										
Collection trucks	6	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
Streets (miles)	34	34	34	34	34	34	30	30	30	30
Streetlights	778	778	778	944	965	1,071	955	955	955	955
Traffic signals	12	12	13	14	15	15	14	14	14	14
<b>Parks and Recreation</b>										
Acreage	20	20	20	24	24	24	29	29	29	29
Playgrounds	4	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	3	3	3	3	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	60	57	58	60	64	64	64	64.74	64.81	64.82
Fire hydrants	700	730	737	748	765	765	768	778	782	783
Storage capacity (thousands of gallons)	5,250		5,250	5,250	5,250	5,250	5,250	5,250	4,250	4,250
<b>Wastewater</b>										
Sanitary sewers (miles)	38.12	38.62	38.62	39.46	40.06	40.06	40.16	40.45	40.46	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**

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Table 23

Property Valuations

Fiscal Year Ended June 30, 2025

(Unaudited)

	<b>2024-2025</b>	<b>Fiscal Year</b>
Estimated actual valuation	\$ 4,254,719,415	
Net primary assessed valuation	315,791,337	

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

## **City of Tolleson, Arizona**

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Table 24

Secondary Valuations as a Percentage of Estimated Valuations  
Last Ten Fiscal Years  
(Unaudited)

<b>Fiscal Year</b>	<b>Net Secondary Assessed Valuation</b>	<b>Estimated Actual Valuation</b>	<b>Net Secondary Assessed Valuations as Percentage of the Estimated Actual Valuation</b>
2024-25	\$ 602,668,606	\$ 4,254,719,415	14.16%
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%

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

## City of Tolleson, Arizona

Table 25

Secondary Valuations by Legal Class

June 30, 2025

(Unaudited)

Legal Class	Description	2023-2024	2024	2024-2025	2025
		Secondary Assessed Valuation		Secondary Assessed Valuation	
1	Utilities Telecommunication and Commercial and Industrial	\$ 445,458,715	87.31%	\$ 517,224,477	85.82%
2	Agricultural and Vacant	13,722,612	2.69%	13,054,651	2.17%
3	Residential (Owner occupied)	26,061,836	5.11%	31,331,183	5.20%
4	Residential (Rental)	22,383,102	4.39%	38,138,904	6.33%
5	Railroad	1,062,182	0.21%	1,166,135	0.19%
6	Non-commercials	1,473,671	0.29%	1,753,257	0.29%
Total		\$ 510,162,118	100.00%	\$ 602,668,607	100.00%

Source: Maricopa County Assessor's Office

## City of Tolleson, Arizona

Table 26

Secondary Valuations by Major Taxpayer  
June 30, 2025  
(Unaudited)

Taxpayers	Business	Estimated Secondary 2024 - 2025 Assessed Valuation	Estimated as a Percent of the City's 2024 - 2025 Net Secondary Assessed Valuation
CLNC NNN Alberts AZ LLC (Albertsons)	Grocery Retailer	\$ 13,235,573	4.19%
FR CAL 3 Tolleson Buckeye LLC	Industrial Property	12,292,217	3.89%
Smiths Food & Drug Centers Inc.	Grocery Retailer	11,756,126	3.72%
Prologis-Exchange Westside Business Park LLC	Industrial Property	8,949,436	2.83%
SVC Manufacturing INC	Food Manufacture	5,658,433	2.74%
CSHV TCP E LLC	Real Estate	6,984,917	2.21%
SBSS W Jefferson LLC/CI448 W Jefferson LLC	Real Estate	6,310,788	2.00%
Price Company	Wholesale	6,221,220	1.97%
Greater Arizona Auto Auctions Inc.	Auto Auctions	5,358,412	1.70%
Tolleson 70 LLC	Development	5,331,878	1.69%
 Total		 \$ 82,099,000	 26.94%

Source: Maricopa County Assessor's Office

## **Compliance Section**

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**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With Government Auditing Standards**

Independent Auditors' Report

To the City Council of  
City of Tolleson, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Tempe, Arizona  
December 17, 2025