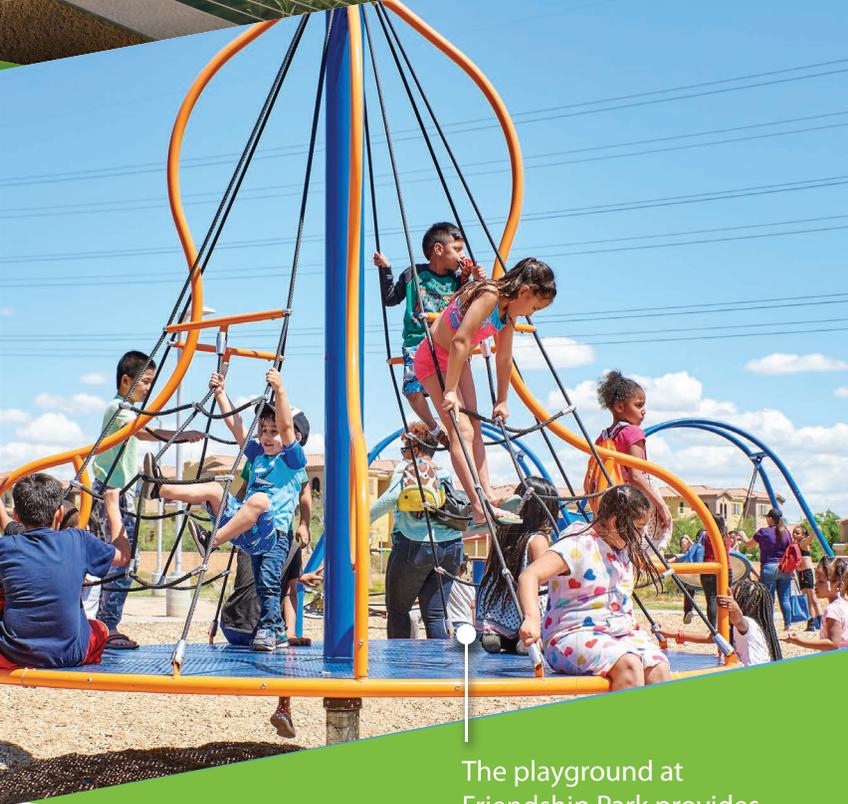




FISCAL YEAR ENDED
JUNE 30, 2019

An artist's rendering of Festival Fields due to be completed December 2019

Avondale, Arizona
**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



The playground at Friendship Park provides fun for kids of all ages

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019
CITY OF AVONDALE, ARIZONA



MAYOR AND COUNCIL

Kenn Weise, Mayor
Pat Dennis, Vice Mayor
Bryan Kilgore
Mike Pineda
Veronica Malone
Tina Conde
Curtis Nielson

MANAGEMENT STAFF

Charles Montoya, City Manager
Gina Montes, Assistant City Manager
Kevin Artz, Assistant City Manager

Prepared by: Finance and Budget Department

Lindsey Duncan, Finance and Budget Director
James Alcantar, Finance and Budget Assistant Director
Stephanie George, Senior Accountant
Greg Luethje, Senior Accountant
Lorisa Sjaaheim, Accountant
Melinda Tinney, Accountant

Avondale
Aspiring. Achieving. Accelerating.

**CITY OF AVONDALE, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	vii
Certificate of Achievement for Excellence in Financial Reporting	xi
Principal Officials	xii
Organizational Chart	xiii
FINANCIAL SECTION	
Independent Auditors' Report	1
Required Supplementary Information— Management's Discussion and Analysis	5
Basic Financial Statements	18
Government-wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements	
Governmental Funds	22
Balance Sheet	23
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	31
Dedicated Sales Tax Revenue Fund	32
Public Safety Sales Tax Revenue Fund	33
Proprietary Funds	34
Statement of Net Position	35
Statement of Revenues, Expenses, and Changes in Fund Net Position	36
Statement of Cash Flows	37
Fiduciary Funds	40
Statement of Fiduciary Net Position	41
Statement of Changes in Fiduciary Net Position	42
Notes to the Financial Statements	44
Other Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability— Cost-Sharing Plans	83
Schedule of Changes in the City's Net Pension Liability and Related Ratios— Agent Plans	84
Schedule of City Pension Contributions	86
Notes to Pension Plan Schedules	87

**CITY OF AVONDALE, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION SECTION	
Combining Fund Financial Statements and Budgetary Comparison Schedules	
Major Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Development Fees Fund	89
Nonmajor Governmental Funds	90
Combining Fund Statements	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Highway User Revenue Fund	101
Local Transportation Assistance Fund	102
Senior Programs Fund	103
Judicial Collection Enhancement Fund	104
Grants-in-Aid Fund	105
Family Advocacy Center Fund	106
Environmental Fees Fund	107
Vehicle Replacement Fund	108
Equipment Replacement Fund	109
Other Capital Projects Fund	110
General Obligation Bonds Fund	111
Highway User Revenue Bonds Fund	112
Dedicated Sales Tax Revenue Bonds Fund	113
Other Debt Service Fund	114
Internal Service Funds	116
Combining Statement of Net Position	117
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	118
Combining Statement of Cash Flows	119
STATISTICAL SECTION	
Financial Trends	120
Net Position by Component - Last Ten Fiscal Years	121
Changes in Net Position - Last Ten Fiscal Years	123
Fund Balances of Governmental Funds - Last Ten Fiscal Years	125
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	127
Revenue Capacity	
Assessed Value, Estimated Actual Value and Assessment Ratios of Taxable Property - Last Ten Fiscal Years	129
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	131
Principal Property Taxpayers - Current Year and Nine Years Ago	133

**CITY OF AVONDALE, ARIZONA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

	Page
STATISTICAL SECTION (CONCL'D)	
Revenue Capacity (Cont'd)	
Property Tax Levies and Collections - Last Ten Fiscal Years	134
Direct and Overlapping Net Limited Assessed Property Values for Tax Purposes and Tax Rates	135
Transaction Privilege Taxes by Industry Classification - Last Ten Fiscal Years	137
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	139
Legal Debt Margin Information - Last Ten Fiscal Years	141
Avondale Water and Sewer Systems Pledged Revenue Coverage - Last Ten Fiscal Years	143
Actual Excise Tax Revenues - Last Ten Fiscal Years	145
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	147
Direct and Overlapping Governmental Activities Debt - As of June 30, 2019	148
Sources of the Water System - Last Eight Calendar Years	149
Schedule of Water and Sewer Sales, Number of Customers, and Other Fees and Revenue - Last Nine Fiscal Years	151
Current Year Statistics - Last Eight Fiscal years	153
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	155
Principal Employers - Current Year and Nine Years Ago	156
Operating Information	
Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years	157
Operating Indicators by Function - Last Ten Fiscal Years	159
Capital Asset Statistics by Function - Last Ten Fiscal Years	161



INTRODUCTORY SECTION





Finance and Budget Department
11465 W. Civic Center Drive
Avondale, AZ 85323
Phone: (623) 333-2000
Fax: (623) 333-0200
Website: www.avondale.org

January 30, 2020

Honorable Mayor and City Council, and Citizens of the City of Avondale:

In accordance with the requirements of the City of Avondale's (the City) Charter, we are pleased to submit the City's Comprehensive Annual Financial Report for the fiscal year ended 2019. This report has been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governments as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The report consists of management's representations concerning the City's finances. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, city management has established an internal control framework that is designed both to protect the City's assets from loss, theft, and misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have 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 CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City as of and for the fiscal year ended June 30, 2019, 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements as of and for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. 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" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditors to report on the fair presentation of the financial statements; and also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and

legal requirements involving the administration of federal awards. The Single Audit Report is published as a separate document.

As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal control is 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.

GAAP requires that management provide 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 compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

City of Avondale Profile

The City of Avondale, incorporated in 1946, is located on the southwestern side of the Phoenix metropolitan area, and over the past ten years, is one of the fastest growing residential areas in Maricopa County, Arizona. The City's planning area currently occupies 94 square miles and serves a population of over 85,000. Unique to Avondale are the three rivers that traverse the City; the Gila, Salt, and Agua Fria Rivers. The convergence of these rivers within Avondale presents a unique opportunity to build an open space system around these natural resources. Avondale also is home to ISM Raceway (formerly Phoenix International Raceway); a world-class motor sports venue nestled in the foothills of the beautiful Estrella Mountains. Avondale is a popular NASCAR destination. Each year, racing enthusiasts and race teams converge in Avondale, spending millions of dollars.

Avondale operates under the Council-Manager form of government in accordance with its Charter. Legislative authority is vested in a seven-member City Council consisting of a mayor and six council members elected at large for a term of four years. The Mayor and Council appoint the City Manager, City Attorney, and Presiding Judge. The City of Avondale provides a full range of services to its citizens. Services include police, fire, public transportation, library, human services, parks and recreation, street maintenance, and general administration. The City also operates water, wastewater, and sanitation services.

The annual budget serves as the foundation for the City of Avondale's financial planning and control. The City Manager submits a proposed budget on or before June 1, to the City Council for review, for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of funding. Various meetings are held during the months leading up to the final budget adoption including Council work sessions and a Citizen Capital Improvement Plan meeting. The City Council holds public hearings prior to the budget's final adoption in order to obtain additional citizen feedback. At a regular Council meeting in June, the City Council formally adopts a final budget and it is then legally enacted through passage of a resolution. The resolution sets the limit for expenditures during the fiscal year. The legal level of expenditure control is at the department level for the General Fund and at the fund level for all other funds. The City Council legally adopts the budget and allocates spending authority to City funds through passage of an ordinance for the ensuing year. Budgetary comparison statements and schedules, as appropriate, are provided in this report for each of these funds. The primary property tax supports city operations. The secondary property tax is used to pay principal and interest bonds

issued for the construction of public infrastructure. Both primary and secondary taxes are levied by the City Council in June.

In addition to maintaining budgetary control through formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order.

Local Economy

Fiscal year 2019 local revenues continued an upward trend and increased about 6.2% from fiscal year 2018. Retail sales tax collections have improved over the past several years. The City has added over 200,000 square feet of retail, and almost 1 million square feet of industrial buildings which are anticipated to add significant sales tax and employment opportunities to the local economy. Some of the new and expanding businesses are Site Solar Manufacturing, Hickman's Farm, Scale and Feather Meadery, AKOS Medical Campus, and BridgeWater Assisted Living. Starting in 2020, developers are planning to offer over 5,000 new home sites in Avondale.

Construction sales tax collections had been at a ten-year low during fiscal years 2014 and 2015. Due to the improving economy and the City Council's Accelerate Now initiative, single family housing permits have increased from only 68 in fiscal year 2015 to over 200 in fiscal years 2016, 2017 and 2018. During fiscal year 2019 there were 119 new single permits issued. While residential construction sales tax is not collected until the home sells, construction sales tax decreased by about \$0.1 million between fiscal years 2018 and 2019. In addition, the City experienced a 7.4% increase in the net limited assessed property value, growing from \$370,922,156 to \$398,288,948 for fiscal year 2019.

Long-term financial planning

During the budget process, the City prepares a multi-year forecast which incorporates ongoing revenue and expenditure projections. The City also prepares a 5-year Capital Improvement Project plan to ensure sustainable construction of projects upon commencement. Summary information from the multi-year forecast and 5-year CIP plan is presented to City Council during the budget preparation process.

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 August 30, 2016 the voters of the City approved an alternative expenditure limitation, the effect of which is that the total budgeted expenditures, of each yearly budget, become the expenditure limitation for that year on a total budget basis. This alternative limitation is effective until June 30, 2021.

Stabilization Fund Financial Policy

The City has established a two-tier stabilization fund in accordance with GASB Statement No. 54. The General Fund stabilization amount is 35% of the prior year's budgeted expenditures and transfers. The budgeted stabilization fund for fiscal year 2019 is \$26,907,594. In addition, net position in the Water and Wastewater Funds are maintained at a minimum of nine months of

operating expenses plus five percent of the value of the Fund's capital assets excluding accumulated depreciation. All other enterprise funds maintain a minimum of four months of operating expenses plus the amount required to meet annual debt service requirements.

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 of Avondale for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year. This year's report will also be submitted to the program.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year 2019 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Budget Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and Council for their continued support to help maintain the highest standards of professionalism in the management of the City of Avondale's finances.

Respectfully submitted,



Lindsey Duncan
Finance and Budget Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Avondale
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**CITY OF AVONDALE, ARIZONA
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2019**

**CITY OF AVONDALE, ARIZONA
PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2019**

MAYOR AND COUNCIL

Kenn Weise, Mayor

Pat Dennis, Vice Mayor

Mike Pineda, Councilmember

Curtis Nielson, Councilmember



Bryan Kilgore, Councilmember

Veronica Malone, Councilmember

Tina Conde, Councilmember

MANAGEMENT STAFF

Charles Montoya, City Manager

Gina Montes, Assistant City Manager

Kevin Artz, Assistant City Manager

DEPARTMENT HEADS

Craig Jennings, City Judge

Cindy Blackmore, Public Works Director

Cherlene Penilla, Human Resources Director

Kirk Haines, Parks, Recreation and Libraries
Director

Lindsey Duncan, Finance and Budget Director

Tracy Stevens, Development and Engineering
Services Director

Pier Simeri, Community Relations Director

Paul Adams, Chief of Fire and Medical

Dale Nannenga, Chief of Police

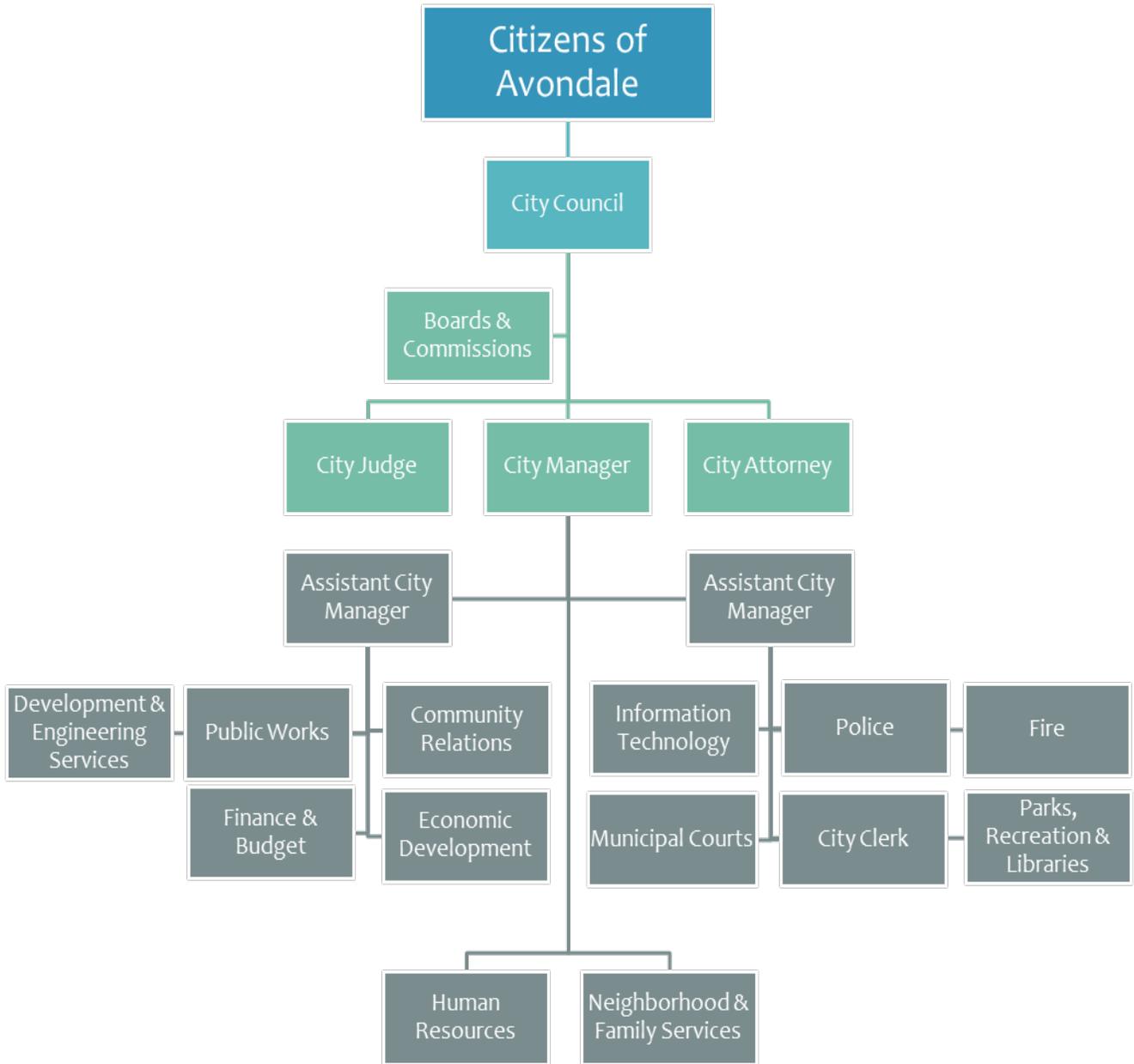
Dan Davis, Economic Development Director

Chris Lopez, Neighborhood and Family
Services Director

Jeff Scheetz, Chief Information Officer

Carmen Martinez, City Clerk

**CITY OF AVONDALE, ARIZONA
 ORGANIZATIONAL CHART
 YEAR ENDED JUNE 30, 2019**





Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Avondale, Arizona
Avondale, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avondale, Arizona as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the statement of revenues, expenditures and changes in fund balances – budget to actual statements for the General Fund, Dedicated Sales Tax Revenue Fund and the Public Safety Sales Tax Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Avondale, Arizona's basic financial statements. The introductory section, statistical section and the supplementary information section (combining fund financial statements and budgetary comparison schedules and other supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section (combining fund financial statements and budgetary comparison schedules and other supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors and Stockholders
City of Avondale, Arizona

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, on our consideration of the City of Avondale, Arizona'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 result of that testing, and not to provide an opinion on the effectiveness of the City of Avondale, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Avondale, Arizona's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
January 30, 2020

**Management's Discussion and Analysis
(Required Supplementary Information)**

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the City of Avondale, 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, 2019. This discussion and analysis is designed to 1) assist the reader in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position, 4) identify any significant deviations from the City's *Annual Budget and Financial Plan* (the council-adopted annual budget), and 5) identify individual fund issues or concerns. The information presented in this discussion and analysis is based on currently known facts, decisions, and conditions.

This discussion and analysis has a different focus and purpose than the Letter of Transmittal presented on pages vii-xii of this report and is designed to be read in conjunction with the Letter of Transmittal, as well as the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The following are some of the more significant financial highlights. Explanations for these changes are provided below and in the following sections.

- Government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent year by about \$1.2 billion (net position). Of this amount, \$108.4 million represents unrestricted net position, down about \$5.7 million (5.9%) from last year, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$37.2 million (3.3%) during the year, resulting from a \$31.2 million (5.4%) increase in governmental activities net position and \$6.0 million (1.1%) increase in business-type activities net position between years.
- Governmental activities program revenues increased \$8.6 million (39.2%) and general revenues increased by \$6.8 million (8.3%) between years, while expenses decreased about \$0.8 million during the same period.
- Business-type activities program revenues decreased \$0.5 million (1.5 %) and general revenues increased by about \$1.6 million (151.2%) over the previous year, while expenses increased about \$1.8 million during the same period.
- Government-wide assets increased about \$52.9 million (4.2%) over the prior year. This was largely due to an increase in capital assets of \$21.4 million between years.
- Government-wide liabilities increased about \$16.8 million (11.4%) over the prior year. This was mainly due to 2019 General Obligation Bond of \$21.4 million was issued.
- At year end, the governmental funds reported combined fund balance of \$137.6 million, an increase of \$24.0 million over the previous year. Of this amount, about \$115.2 million was either externally restricted or internally committed to specific purposes. About \$1.5 million unassigned balance was decreased from prior year.
- Combined governmental fund revenues of \$105.7 million increased \$4.0 million and expenditures of \$106.4 million increased \$17.2 million between years.
- General Fund revenues exceeded budgeted revenues by \$2.1 million, while expenditures were \$6.6 million less than final budgeted expenditures during the year, resulting in a net budgetary savings of \$8.7 million.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provides an introduction to the City's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, some of which is required, that provides additional detail information to support the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances in a manner similar to a private-sector business. All of the City's activities, except those of a fiduciary nature, are included in these statements.

The City's activities are presented in two columns; governmental activities and business-type activities. A total column is also presented for the City.

- **Governmental activities** include the City's basic services such as general government (administration), public safety (police and fire), highways and streets, health and welfare, economic and community development, culture and recreation, and transportation. These activities are mainly supported by general revenues.
- **Business-type activities** include private sector-type activities such as city-owned water, wastewater, and sanitation systems that provide services to city residents and businesses. These activities are primarily supported by user charges and fees.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. The focus on net position is important because increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Increases in net position may indicate an improved financial position, but decreases in net position may not necessarily indicate the City's financial position is deteriorating. Instead, decreases in net position may reflect situations where the City has used previously accumulated funds to finance its operations or projects such as cash funding of capital projects. As a result, readers must consider and evaluate other financial and nonfinancial indicators to effectively assess the City's overall financial health.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Since the economic resources measurement focus and full accrual accounting are used for the government-wide financial statements, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 long-term debt that has not matured). This statement also focuses on both the gross and net costs of city functions based only on direct functional revenues and expenses. This focus is designed to show the extent to which city functions are dependent on general revenues for support.

The government-wide financial statements can be found on pages 20-21 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to establish and maintain control over city assets as part of its fiduciary responsibility. All city funds are categorized as governmental funds, proprietary funds, or fiduciary funds. The fund financial statements focus on the City's major funds.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Governmental funds 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 year end. Such information may be useful in evaluating the City's near-term financing requirements and determining what financial resources are available in the near future to fund city programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it may be useful to compare the information presented for the 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 City's near-term financing decisions. To facilitate this comparison, reconciliations of the differences between the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances and government-wide statement of net position and statement of activities are provided immediately following the respective governmental fund statements. These reconciliations are on pages 26 and 30, respectively.

The City maintains eighteen governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Dedicated Sales Tax Revenue Fund, Public Safety Sales Tax Revenue Fund, and Development Fees Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining financial statements and schedules.

The City adopts an annual budget and legally allocates (appropriates) available monies for all governmental funds. Budgetary comparison statements are presented for all major funds, except for the Development Fees Fund, on pages 32-34. Budgetary comparison schedules are presented for the remaining governmental funds on pages 91 and 103-116.

Proprietary funds use the economic resources measurement focus and full accrual accounting, the same method used by private sector business. The City maintains seven proprietary funds.

- **Enterprise funds** account for activities that primarily serve customers outside the city unit. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detailed information such as cash flows. The City uses separate enterprise funds to account for its water, wastewater and sanitation system services. These funds are considered to be major funds of the City.
- **Internal service funds** account for activities where the City is the primary customer. Because these funds primarily provide services to governmental activities, the internal service fund account balances and activities are reported in the governmental activities column on the government-wide financial statements. The internal service fund account balances and activities are presented in a single, aggregated column on the proprietary fund financial statements. The operating income or loss of the internal service funds is allocated to the various user functions on the government-wide statement of activities. Since the City partially allocates the operating income or loss of the internal service funds to business-type activities on the government-wide financial statements, a reconciliation is provided on the face of the proprietary fund financial statements to reconcile total enterprise fund net position and changes in net position on the fund financial statements to the business-type activities column on the government-wide financial statements. The City uses separate internal service funds to account for its risk management program, workers' compensation, printing services, and fleet management services. Additional information on the internal service funds is provided in combining statements.

Fiduciary funds account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of these funds are not available to support city programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with these financial statements. The notes can be found on pages 46-82 of this report.

Required supplementary information other than MD&A—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process and employer pension plans. Governments have the option of including budgetary comparison statements of the General Fund and major special revenue funds either as part of the fund financial statements within the basic financial statements or as required supplementary information. The City has elected to present budgetary comparison statements as part of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analyses discuss the financial position and changes in the financial position of the City as of and for the year ended June 30, 2019, with comparative information from June 30, 2018.

Net Position—As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by about \$1.2 billion at the close of the most recent year.

**Net Position
At June 30**

	Governmental Activities		Business-type Activities		Total Government		Percent Change
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 157,110,158	\$ 128,760,675	\$ 107,209,807	\$ 101,011,768	\$ 264,319,965	\$ 229,772,443	15.0
Capital assets, net	585,141,562	563,739,591	454,337,422	457,412,562	1,039,478,984	1,021,152,153	1.8
Total assets	742,251,720	692,500,266	561,547,229	558,424,330	1,303,798,949	1,250,924,596	4.2
Deferred outflows of resources							
Deferred charge on debt refunding	2,061,078	2,447,469	7,470	8,964	2,068,548	2,456,433	(15.8)
Deferred outflows related to pensions and other postemployment benefits	15,924,026	12,644,046	1,258,859	1,021,010	17,182,885	13,665,056	25.7
Total deferred outflows of resources	17,985,104	15,091,515	1,266,329	1,029,974	19,251,433	16,121,489	
Current and other liabilities	24,615,883	21,592,795	7,418,171	9,040,574	32,034,054	30,633,369	4.6
Long-term liabilities	117,048,524	100,263,744	15,859,244	17,215,706	132,907,768	117,479,450	13.1
Total liabilities	141,664,407	121,856,539	23,277,415	26,256,280	164,941,822	148,112,819	11.4
Deferred inflows of resources							
Deferred inflows related to pensions and other postemployment benefits	4,260,215	2,706,997	855,612	468,198	5,115,827	3,175,195	61.1
Net position:							
Net investment in capital assets	534,401,329	512,653,918	444,455,024	445,885,371	978,856,353	958,539,289	2.1
Restricted	43,841,243	38,693,992	21,858,516	21,099,328	65,699,759	59,793,320	9.9
Unrestricted	36,069,630	31,680,335	72,366,991	65,745,127	108,436,621	97,425,462	11.3
Total net position	\$ 614,312,202	\$ 583,028,245	\$ 538,680,531	\$ 532,729,826	\$ 1,152,992,733	\$ 1,115,758,071	3.3

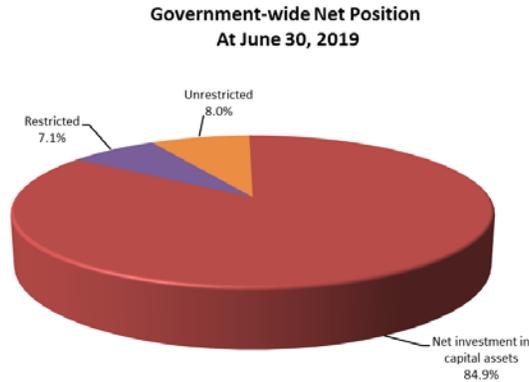
At year end, the City is able to report positive balances in all three categories of net position for both governmental and business-type activities. Total net position increased about \$37.2 million from the prior year.

The largest portion of net position, net investment in capital assets of \$978.9 million, reflects the City's investment in capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources related to the debt also are included in this component of net position. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities. Net investment in capital assets increased about \$20.3 million between years.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Restricted net position of \$65.7 million represents resources with constraints placed on their use externally either by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net position increased about \$5.9 million between years, which is largely due to increases in resources restricted for capital projects and debt service.

Unrestricted net position of \$108.4 million may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position increased about \$11.0 million between years.



Changes in Net Position

The following table presents revenues, expenses, and changes in net position of the City for the fiscal years ended June 30, 2019, and June 30, 2018.

**Changes in Net Position
Year Ended June 30**

	Governmental Activities		Business-type Activities		Total (Primary Government)		Percent Change
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues							
Charges for services	\$ 5,574,441	\$ 6,251,597	\$ 30,866,450	\$ 30,430,226	\$ 36,440,891	\$ 36,681,823	(0.7) %
Operating grants and contributions	10,156,821	9,759,508	-	-	10,156,821	9,759,508	4.1
Capital grants and contributions	14,680,697	5,841,412	3,293,949	4,242,922	17,974,646	10,084,334	78.2
General revenues							
Sales and use taxes	52,003,028	49,443,328	-	-	52,003,028	49,443,328	5.2
Property taxes	7,114,194	5,960,491	-	-	7,114,194	5,960,491	19.4
Franchise taxes	1,223,384	1,256,448	-	-	1,223,384	1,256,448	(2.6)
State-shared revenues	22,314,405	21,713,658	-	-	22,314,405	21,713,658	2.8
Investment income	3,113,051	660,720	2,678,897	500,622	5,791,948	1,161,342	398.7
Capital contribution	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	590,335	(40,759)	38,168	124,425	628,503	83,666	651.2
Miscellaneous	2,167,739	2,748,927	-	456,716	2,167,739	3,205,643	(32.4)
Total revenues	118,938,095	103,595,330	36,877,464	35,754,911	155,815,559	139,350,241	11.8
Expenses:							
General government	13,286,395	17,413,185	-	-	13,286,395	17,413,185	(23.7)
Public safety	38,891,455	38,601,762	-	-	38,891,455	38,601,762	0.8
Highways and streets	14,906,217	13,797,634	-	-	14,906,217	13,797,634	8.0
Health and welfare	3,476,278	3,592,893	-	-	3,476,278	3,592,893	(3.2)
Economic and community development	6,924,053	6,354,065	-	-	6,924,053	6,354,065	9.0
Culture and recreation	6,790,207	5,964,961	-	-	6,790,207	5,964,961	13.8
Transportation	1,357,022	1,138,438	-	-	1,357,022	1,138,438	19.2
Interest on long-term debt	1,722,511	1,268,556	-	-	1,722,511	1,268,556	35.8
Water	-	-	15,843,476	16,560,738	15,843,476	16,560,738	(4.3)
Wastewater	-	-	10,355,180	11,620,939	10,355,180	11,620,939	(10.9)
Sanitation	-	-	5,028,104	4,809,711	5,028,104	4,809,711	4.5
Total expenses	87,354,138	88,131,494	31,226,759	32,991,388	118,580,897	121,122,882	(2.1)
Increase (decrease) in net position before transfers	31,583,957	15,463,836	5,650,705	2,763,523	37,234,662	18,227,359	
Transfers	(300,000)	(150,000)	300,000	150,000	-	-	
Increase (decrease) in net position	31,283,957	15,313,836	5,950,705	2,913,523	37,234,662	18,227,359	
Net position, July 1	583,028,245	567,714,409	532,729,826	529,816,303	1,115,758,071	1,097,530,712	
Net position, June 30	\$ 614,312,202	\$ 583,028,245	\$ 538,680,531	\$ 532,729,826	\$ 1,152,992,733	\$ 1,115,758,071	

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Total 2019 revenues of \$155.8 million increased about \$16.4 million over the previous year. Governmental activities revenues increased by \$15.3 million (and business-type activities revenues increased about \$1.1 million over the prior year), while expenses decreased \$0.7 million for governmental and decreased \$1.8 million for business-type activities during the same period.

Governmental Activities

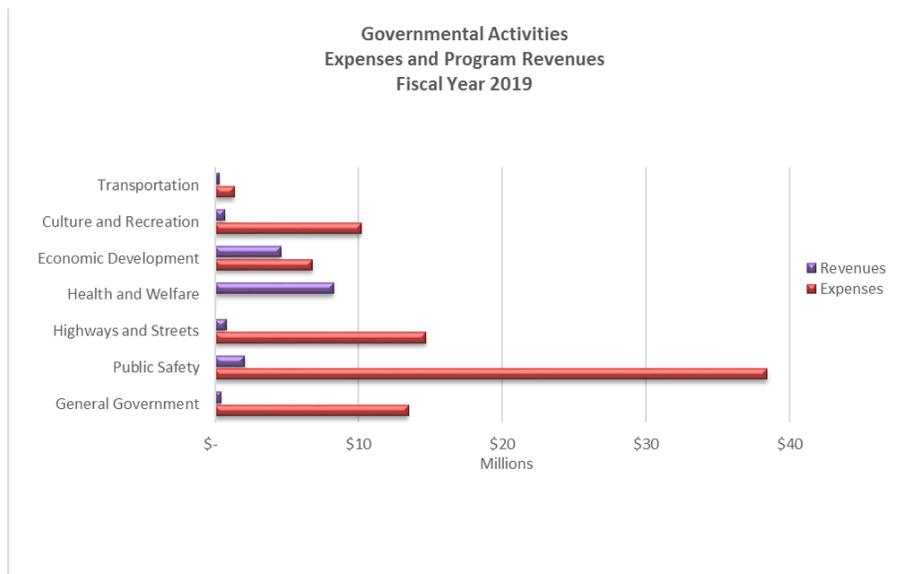
Governmental activities increased the City's net position before transfers by \$31.6 million during the year, compared to \$15.5 million in the prior year. The increase between years was largely due to increases in general and program revenues of about \$8.6 million and \$6.8 million, respectively, over the prior year, offset by a decrease in expenses of about \$0.7 million between years. Governmental activities accounted for 76.3% of the City's total revenues and 73.7% of total expenses during the year. Program revenues of \$30.4 million were 25.6% of governmental activities expenses during the year, compared to \$21.9 million, or 24.8%, of expenses in 2018.

Program revenues increased between years largely due to increase in capital grants and contributions of \$8.8 million, which were mainly due to an increase in capital contributions from other governments and developers from the prior year.

General revenues increased between years mainly due to the following:

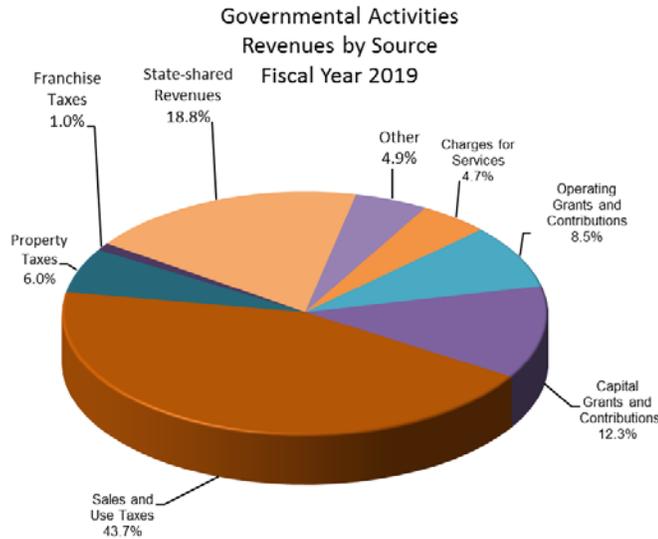
- Sales and use taxes increased \$2.6 million. An increase in sales and use tax revenues of about 5.2% was projected based on collection trends by tax rate classification and assuming a stable population and employment.
- Capital contribution of \$14.7 million was received from Arizona Department of Transportation for infrastructure constructed.

The following graph shows governmental activities functional revenues and expenses in order to demonstrate the extent to which the governmental functions produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation to these functions. Expenses not covered by direct program revenues are covered by the City's general revenues, which consist primarily of taxes and state-shared revenue.

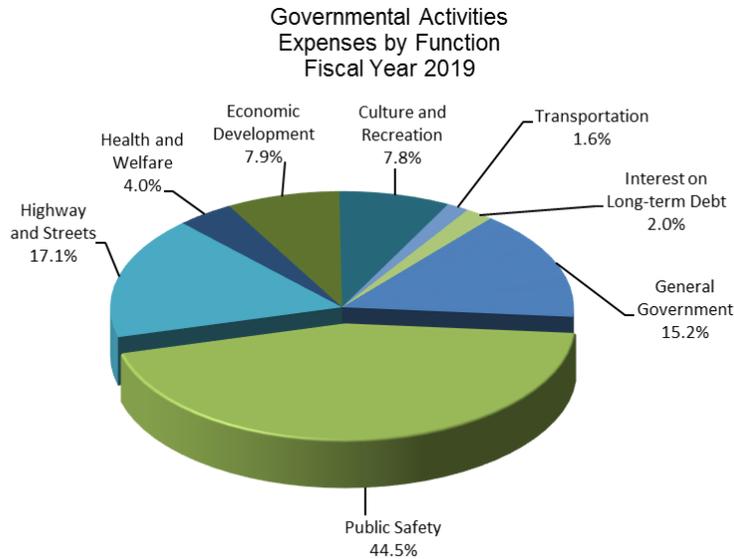


**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As seen in the following graph, the largest governmental activities revenue sources are sales and use taxes of \$52.0 million (43.7%), followed by state-shared revenues of \$22.3 million (18.8%) and capital grants and contributions of \$14.7 million (12.3%).



The City's largest governmental activities expenses by function include public safety at \$38.9 million (44.5%), followed by highway and streets at \$14.9 million (17.1%) and general government at \$13.3 million (15.2%).



Business-type Activities

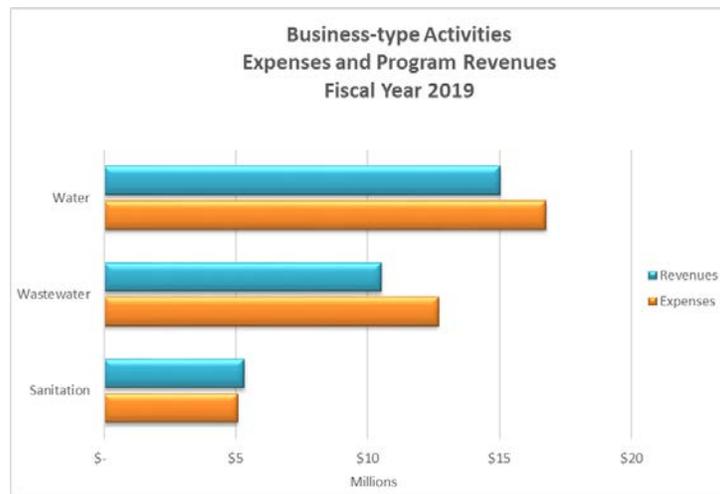
Business-type activities increased net position before transfers by \$5.7 million during the year, an increase of about \$3.0 million over the prior year. Program revenues decreased \$0.5 million and general revenues increased about \$1.6 million over the prior year, respectively, while expenses decreased about \$1.7 million from the previous year. Business-type activities accounted for 23.7% of the City's total revenues and 26.3% of total expenses during the year. Program revenues of \$34.1 million were 118.1% of business-type expenses during the year, compared to \$34.7 million, or 97.0%, of expenses in 2018.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

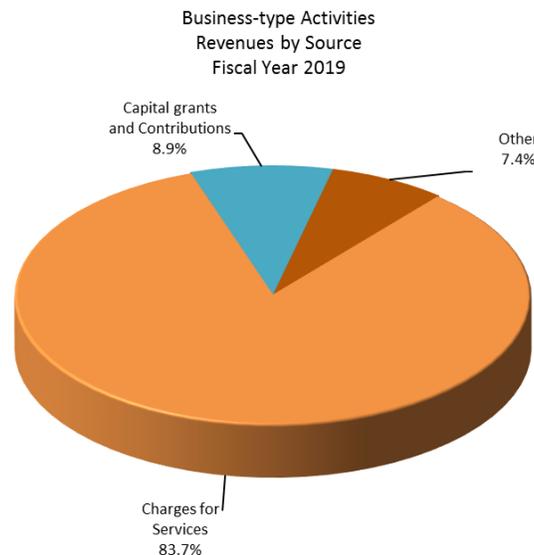
The changes in business-type activities program and general revenues between years were mainly due to better investment performance resulted in an increase in investment income.

Business-type activities program expenses remained substantially unchanged from the previous year.

The following graph shows the revenues and expenses of the business-type activities in order to demonstrate the extent to which the business-type activities produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation to these activities. As noted previously, expenses not covered by direct program revenues are covered by the City's general revenues.



The City's largest business-type activity is water services with program expenses of \$15.8 million and program revenues of \$15.8 million, followed by wastewater services with expenses of \$10.4 million and revenues of \$10.4 million, during the year.



**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Charges for services, which consist almost entirely of city water sales, sewer fees, and refuse collection fees, provided the largest share of revenues at \$30.9 million or 83.7%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to establish and maintain control over city assets as part of its fiduciary responsibility.

Governmental Funds

The focus of the City's governmental fund financial statements 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 the City's resources available for spending at year end.

The financial performance of the City, as a whole, is reflected in its governmental funds. As of June 30, 2019, the City reported combined fund balance of \$137.6 million, an increase of \$24.0 million over the previous year. About \$21.3 million of the fund balance is unassigned and \$29.0 million is assigned. These balances are available for spending at the City's discretion. The remainder of the fund balance consists of nonspendable balances of about \$1.1 million, restricted balances of \$59.2 million, and committed balances of \$27.0 million.

General Fund—accounts for all city financial resources not required to be accounted for in other funds. This fund is the City's primary operating fund and accounts for many major functions of the City such as general government, public safety, health and welfare, economic and community development, and culture and recreation. At year end, fund balance of the General Fund was \$57.5 million compared to \$48.1 million in the prior year, an increase of \$9.4 million. The overall increase in fund balance during the year was largely due to revenues increased by about \$3.0 million over the previous year. Taxes and intergovernmental revenues increased \$2.5 million in total, and accounted for most of the revenue increase between years. Expenditures remained comparable to prior year.

Dedicated Sales Tax Revenue Fund—accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems and streets that serve city neighborhoods, as well as transportation projects and services. The tax was approved by the voters and became effective in July 2001, and amended by voters in September 2008, to include transportation projects and services.

Revenues increased about \$0.6 million over the previous year. Transfer out of \$6.7 million were to finance various construction projects. Net fund activities increased fund balance by about \$1.9 million over the previous year.

Public Safety Sales Tax Revenue Fund—accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods. The tax was approved by the voters and became effective in January 2004.

Revenues increased about \$0.7 million over the prior year. Expenditures increased \$0.4 million over the prior fiscal year. Net fund activities increased fund balance by about \$1.2 million over the previous year.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Development Fees Fund—accounts for development fees collected from developers for growth-related development; and construction based on the impact the development will have on city services and infrastructure, as well as bond proceeds, sales tax and grant revenues, other revenues, and fund transfers that are restricted, committed or assigned to debt service or capital development and maintenance. The fee is allowable under A.R.S. §9-463.05. Development fees are collected with each new building permit issued. The City charges development fees for streets, libraries, parks and recreation, police and fire, and general government projects.

Revenues decreased \$2.6 million over the prior year. This decrease was mainly due to decrease in licenses and permit revenue in residential and commercial development. Expenditures increased \$13.1 million from the previous year. The increase was almost largely due to an increase in spending on street construction and improvement projects and park renovations and enhancements between years.

A portion of the newly issued 2019 General Obligation Bond was also accounted for in the Development Fees Fund in the amount of \$13.0 million and reported under Other Financing Sources. Net fund activities increased fund balance by \$0.1 million over the prior year.

Proprietary Funds—The proprietary fund financial statements are prepared using the same measurement focus and accounting basis as the government-wide financial statements, but they provide more detail since each major enterprise fund is presented discretely. Of the total enterprise funds net position of \$537.9 million, \$444.5 million consisted of net investment in capital assets, \$21.8 million was restricted, and \$71.6 million was unrestricted. The factors concerning the finances of these funds, as well as the changes in net position, have been addressed previously during the discussion of the City's business-type activities.

BUDGETARY HIGHLIGHTS

The City's *Annual Budget and Financial Plan* (council-adopted budget) establishes the legal level of expenditure control. Amendments to the adopted budget may occur throughout the year, in a legally permissible manner, between departments within the General Fund and within funds in all other funds. During the year, budget adjustments did occur. None of the adjustments increased the City's total budget and all budget amendments were routine in nature.

On August 30, 2016, city voters approved an alternative expenditure limitation (Home Rule Option), the effect of which allowed the City's total budgeted expenditures of the adopted budget to become the expenditure limitation for that year on a total budget basis. This alternative expenditure limitation is effective for four years.

Budgetary comparison statements are required for the General Fund and all major special revenue funds. These statements compare the original adopted budget, the budget as amended throughout the year, and the actual revenues and expenditures. Budgetary comparison statements for the General Fund and major special revenue funds can be found on pages 32-34. Budgetary comparison schedules for all other governmental funds can be found on pages 91 and 103-116.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

General Fund Budgetary Analysis

General Fund revenues of \$70.5 million exceeded budgeted inflows by \$2.1 million or 3.1%, while expenditures and other financing uses of \$62.3 million was only 90.4% of final budgeted outflows of \$68.9 million. A more detailed analysis of General Fund revenues, expenditures, and other financing sources and use is outlined in the governmental funds section of this analysis.

During the year, the original budget was amended in a legally permissible manner. All budget amendments were routine in nature, and no budget adjustments increased the budget on a total funds basis. The original General Fund expenditures budget of \$61.4 million was amended by \$1.1 million to the final expenditure budget of \$60.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of June 30, 2019, the City had invested about \$1.0 billion in governmental and business-type capital assets, net of accumulated depreciation. Total depreciation expense for the year was \$32.6 million, with \$17.7 million attributed to governmental activities and \$14.9 million to business-types activities.

The following schedule presents capital asset balances as of June 30, 2019, and June 30, 2018.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
Land	\$ 271,014,235	\$ 256,459,877	\$ 16,273,312	\$ 16,273,312	\$ 287,287,547	\$ 272,733,189	5.3 %
Buildings and improvements	52,488,355	53,648,742	-	-	52,488,355	53,648,742	(2.2)
Improvements other than building	23,289,438	21,340,984	441,462	481,902	23,730,900	21,822,886	8.7
Vehicles, furniture and equipment	12,815,888	9,330,170	23,768,726	4,663,875	36,584,614	13,994,045	161.4
General infrastructure	210,852,538	212,050,465	-	-	210,852,538	212,050,465	(0.6)
Water system	-	-	205,683,901	204,286,612	205,683,901	204,286,612	0.7
Sewer system	-	-	141,287,815	145,247,593	141,287,815	145,247,593	(2.7)
Wastewater treatment system	-	-	62,243,190	63,244,815	62,243,190	63,244,815	(1.6)
Intangible assets	1,370,219	1,435,728	3,908,194	3,982,708	5,278,413	5,418,436	(2.6)
Construction in progress	13,310,889	9,473,625	730,822	19,231,745	14,041,711	28,705,370	(51.1)
Total	<u>\$ 585,141,562</u>	<u>\$ 563,739,591</u>	<u>454,337,422</u>	<u>\$ 457,412,562</u>	<u>\$ 1,039,478,984</u>	<u>\$ 1,021,152,153</u>	1.8

The City's combined capital assets balances increased \$18.3 million between years, with governmental activities increased by about \$21.4 million and business-type activities decreased by about \$3.1 million between years. The changes in capital asset balances were due to the following.

Governmental Activities—The \$21.4 million increase between years consisted of \$39.8 million of capital assets additions, including by \$15.8 million of transfers from construction in progress, offset by \$17.7 million in accumulated depreciation during the year. Capital additions included \$19.6 million of new construction in progress.

Business-type Activities—The \$3.1 million decrease between years consisted of \$11.8 million of capital additions, and \$14.9 million in depreciation expense during the year. Capital additions included \$11.0 million of new construction in progress.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The City has adopted a five-year capital improvement plan for years 2020 through 2024, with budgeted capital outlays totaling \$270.6 million. The plan, which includes \$100.7 million of budgeted capital outlays for 2020, takes into consideration all known capital needs and ties potential revenue sources to those needs. Anticipated funding for 2020 is through a combination of existing fund balances, development (impact) fees, bond proceeds, outside funding sources such as grants and intergovernmental cost-sharing agreements, and operating and non-operating revenues and other financing sources. The capital improvement plan is updated annually as part of the City's formal budgetary process.

Debt Administration—As of June 30, 2019, the City had total long-term obligations outstanding of \$148.8 million, increased by \$15.7 million (11.8%) from the previous year. Of this balance, \$131.4 million was attributable to governmental activities and \$17.4 million was attributable to business-type activities. Of the total outstanding bonds of \$66.2 million, net of unamortized discounts and premiums, \$40.0 million are general obligation bonds backed by the full faith and credit of the City, and \$26.2 million were revenue bonds secured by pledges of specific revenue sources of the City. Of the \$66.2 million of outstanding bonds, \$9.2 million is due within one year. Of the remaining long-term obligations, \$61.9 million reflects the City's net pension and other postemployment benefit (OPEB) obligation and \$4.4 million of obligations under capital leases.

On May 7, 2019, the City issued \$21,390,000 of General Obligation Bonds, Series 2019 to provide funds for the acquisition and construction of capital projects including a resource center, park improvements, and expansion of police facilities and to pay related bond issue costs. The issuance yielded \$24,320,479 of net bond proceeds, including a bond premium of \$2,930,479, less bond issue costs of \$77,497.

The Arizona Constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the City's net full cash property assessed value (formerly referred to as secondary assessed valuation). The City's legal debt margin at June 30, 2019, and June 30, 2018, is \$25.8 million and \$30.6 million in the 6% capacity and \$84.7 million and \$82.5 million in the 20% capacity, respectively. Additional debt limitation and capacity information can be found in the statistical section of this report.

The following schedule presents a summary of the City's outstanding long-term obligations as of June 30, 2019, and June 30, 2018.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2019	2018	2019	2018	2019	2018	
Compensated absences	\$ 5,869,497	\$ 5,494,967	\$ 741,298	\$ 735,445	\$ 6,610,795	\$ 6,230,412	6.1 %
Capital leases payable	4,358,487	4,542,254	-	-	4,358,487	4,542,254	(4.0)
Claims payable	1,797,451	935,032	-	-	1,797,451	935,032	92.2
General obligation bonds	39,940,000	21,740,000	-	-	39,940,000	21,740,000	83.7
Pledged Revenue Obligations	17,476,549	22,418,375	498,452	626,626	17,975,001	23,045,001	(22.0)
Water and sewer revenue bonds	-	-	8,270,000	9,080,000	8,270,000	9,080,000	(8.9)
Unamortized premiums and discounts, net	6,842,359	4,579,194	1,049,510	1,165,065	7,891,869	5,744,259	37.4
Net pension/OPEB liabilities	55,076,228	54,476,039	6,833,952	7,250,653	61,910,180	61,726,692	0.3
Total	\$ 131,360,571	\$ 114,185,861	\$ 17,393,212	\$ 18,857,789	\$ 148,753,783	\$ 133,043,650	11.8

ECONOMIC FACTORS

The City remains dependent on sales taxes and other economically sensitive revenues and is greatly influenced by the national, state and local economy. All have seen growth in recent years, showing substantial recovery from the Great Recession we experienced ten years ago.

The City continued to see an upward trend in local revenue during the year, increasing about 7.7% over the previous year, and retail sales have improved significantly over the past several years. We expect the upward trend in local revenue to continue for fiscal year 2020.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The City's 2020 budget is structurally balanced and reflects continued growth in recurring General Fund revenues. As Avondale experiences economic growth, City leaders have strategically increased resources to maintain and enhance current levels of service for residents, while gradually increasing staffing levels. Most of these staffing and service level increases are necessary to meet the demands of the City's growing population, increase in development projects, and growing economy.

Request for Information

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 demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please visit our website at <http://www.avondaleaz.gov> or contact:

City of Avondale
Finance and Budget Department
11465 W. Civic Center Drive, Suite 250
Avondale, Arizona 85323
(623) 333-2000

Basic Financial Statements

Government-wide Financial Statements include the Statement of Net Position and Statement of Activities, which use the economic resource measurement focus and accrual basis of accounting for financial reporting.

Governmental Fund Financial Statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds, which use the current financial resources measurement focus and modified accrual basis of accounting for financial reporting.

Proprietary Fund 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-types activities, which use the economic resource measurement focus and accrual basis of accounting for financial reporting.

Fiduciary Fund Financial Statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position for assets being held for the benefit of parties outside of the City. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds.

Notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered essential to the fair presentation of the financial statements.



CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental	Business-type	Total
ASSETS			
Current assets:			
Cash and investments	\$ 93,674,221	\$ 28,263,719	\$ 121,937,940
Receivables, net:			
Accounts	872,572	7,169,267	8,041,839
Taxes	7,165,041	161,646	7,326,687
Interest	180,928	215,024	395,952
Due from other governments	1,589,897	-	1,589,897
Internal balances	(755,331)	755,331	-
Inventories	790,996	871,137	1,662,133
Prepaid items	397,009	12,207	409,216
Restricted cash:			
Customer deposits	-	3,375,394	3,375,394
Cash with fiscal agents	8,322,347	1,015,770	9,338,117
Total current assets	<u>112,237,680</u>	<u>41,839,495</u>	<u>154,077,175</u>
Noncurrent assets:			
Water storage credits inventory	-	14,039,472	14,039,472
Investments	44,287,399	51,330,840	95,618,239
Equity in joint ventures	585,079	-	585,079
Capital assets:			
Nondepreciable	284,325,124	18,527,889	302,853,013
Depreciable, net	<u>300,816,438</u>	<u>435,809,533</u>	<u>736,625,971</u>
Total noncurrent assets	<u>630,014,040</u>	<u>519,707,734</u>	<u>1,149,721,774</u>
Total assets	<u>742,251,720</u>	<u>561,547,229</u>	<u>1,303,798,949</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	2,061,078	7,470	2,068,548
Deferred outflows related to pensions/OPEB	<u>15,924,026</u>	<u>1,258,859</u>	<u>17,182,885</u>
Total deferred outflows of resources	<u>17,985,104</u>	<u>1,266,329</u>	<u>19,251,433</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,152,034	1,450,572	7,602,606
Accrued payroll and employee benefits	1,808,461	202,257	2,010,718
Accrued liabilities	926,094	182,768	1,108,862
Construction contracts payable	1,030,025	71,908	1,101,933
Sales taxes payable	2,163	386,566	388,729
Deposits held for others	260,137	3,375,394	3,635,531
Unearned revenues	124,922	214,739	339,661
Claims payable	1,177,840	-	1,177,840
Compensated absences	4,695,598	593,039	5,288,637
Capital leases payable	270,570	-	270,570
Bonds payable	8,168,039	940,928	9,108,967
Total current liabilities	<u>24,615,883</u>	<u>7,418,171</u>	<u>32,034,054</u>
Noncurrent liabilities:			
Claims payable	619,611	-	619,611
Compensated absences	1,173,899	148,260	1,322,159
Capital leases payable	4,087,917	-	4,087,917
Bonds payable	56,090,869	8,877,032	64,967,901
Net pension/OPEB liabilities	55,076,228	6,833,952	61,910,180
Total noncurrent liabilities	<u>117,048,524</u>	<u>15,859,244</u>	<u>132,907,768</u>
Total liabilities	<u>141,664,407</u>	<u>23,277,415</u>	<u>164,941,822</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions/OPEB	4,260,215	855,612	5,115,827
Total deferred inflows of resources	<u>4,260,215</u>	<u>855,612</u>	<u>5,115,827</u>
NET POSITION			
Net investment in capital assets	534,401,329	444,455,024	978,856,353
Restricted for:			
Transit services	1,635,539	-	1,635,539
Highways and streets	7,629,218	-	7,629,218
Grant and contributor purposes	2,971,847	-	2,971,847
Public safety	10,126,138	-	10,126,138
Customer deposits	-	5,000	5,000
Debt service	7,881,894	1,015,770	8,897,664
Capital projects	13,596,607	20,837,746	34,434,353
Unrestricted	36,069,630	72,366,991	108,436,621
Total net position	<u>\$ 614,312,202</u>	<u>\$ 538,680,531</u>	<u>\$ 1,152,992,733</u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 13,286,395	\$ 175,579	\$ 81,736	\$ 75,853	\$ (12,953,227)	\$ -	\$ (12,953,227)
Public safety	38,891,455	389,186	1,448,578	233,208	(36,820,483)	-	(36,820,483)
Highways and streets	14,906,217	-	-	14,166,004	(740,213)	-	(740,213)
Health and welfare	3,476,278	-	8,251,265	-	4,774,987	-	4,774,987
Economic and community development	6,924,053	4,595,774	-	-	(2,328,279)	-	(2,328,279)
Culture and recreation	6,790,207	413,902	82,452	205,632	(6,088,221)	-	(6,088,221)
Transportation	1,357,022	-	292,790	-	(1,064,232)	-	(1,064,232)
Interest on long-term debt	1,722,511	-	-	-	(1,722,511)	-	(1,722,511)
Total governmental activities	87,354,138	5,574,441	10,156,821	14,680,697	(56,942,179)	-	(56,942,179)
Business-type activities:							
Water	15,843,476	15,024,198	-	879,495	-	60,217	60,217
Wastewater	10,355,180	10,515,981	-	2,414,454	-	2,575,255	2,575,255
Sanitation	5,028,104	5,326,271	-	-	-	298,167	298,167
Total business-type activities	31,226,759	30,866,450	-	3,293,949	-	2,933,640	2,933,640
Total primary government	\$ 118,580,897	\$ 36,440,891	\$ 10,156,821	\$ 17,974,646	(56,942,179)	2,933,640	(54,008,539)
General revenues:							
Taxes:							
Sales and use taxes					52,003,028	-	52,003,028
Property taxes, levied for general purposes					2,939,551	-	2,939,551
Property taxes, levied for debt service					4,174,643	-	4,174,643
Franchise taxes					1,223,384	-	1,223,384
State-shared revenues, unrestricted					22,314,405	-	22,314,405
Investment income:							
Interest income					2,464,580	1,711,188	4,175,768
Net change in the fair value of investments					648,471	967,709	1,616,180
Gain on sale of capital assets					590,335	38,168	628,503
Miscellaneous					2,167,739	-	2,167,739
Transfers in (out)					(300,000)	300,000	-
Total general revenues and transfers					88,226,136	3,017,065	91,243,201
Change in net position					31,283,957	5,950,705	37,234,662
Net position, July 1, 2018					583,028,245	532,729,826	1,115,758,071
Net position, June 30, 2019					\$ 614,312,202	\$ 538,680,531	\$ 1,152,992,733

The notes to the financial statements are an integral part of this statement.

Governmental Fund Financial Statements

Major Funds

General Fund accounts for all financial resources of the City, except those required to be accounted for in other funds. This fund is the City's chief operating fund.

Dedicated Sales Tax Revenue Fund is a special revenue fund that accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems and streets, and transportation projects and services that serve city neighborhoods.

Public Safety Sales Tax Revenue Fund is a special revenue fund that accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods.

Development Fees Fund is a capital projects fund that accounts for fees collected from developers for growth-related development and construction based on the impact the development will have on city services and infrastructure, as well as bonds proceeds, sales tax and grant revenues, and fund transfers that are restricted, committed or assigned to capital development and maintenance.

Nonmajor Funds

All other governmental funds are nonmajor funds. These funds can be found on pages 92-114.

CITY OF AVONDALE, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 23,980,679	\$ 4,504,748	\$ 5,155,414
Investments	29,192,464	1,010,987	3,538,455
Receivables:			
Taxes	4,833,791	1,140,343	1,140,318
Accounts	547,385	1,010	2,522
Interest	121,217	-	16,851
Due from other funds	1,004,331	-	16
Due from other governments	551,166	-	-
Inventories	185,773	-	-
Prepaid items	207,169	-	829
Restricted cash with fiscal agents	-	-	-
Advances to other funds	128,000	-	-
Total assets	<u>\$ 60,751,975</u>	<u>\$ 6,657,088</u>	<u>\$ 9,854,405</u>
LIABILITIES			
Accounts payable	1,128,598	136	6,935
Accrued payroll and employee benefits	1,539,423	-	73,675
Accrued liabilities	25,517	-	-
Construction contracts payable	-	-	-
Deposits held for others	238,262	-	-
Sales taxes payable	1,530	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Advances from other funds	-	-	-
Total liabilities	<u>2,933,330</u>	<u>136</u>	<u>80,610</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	24,814	-	-
Unavailable revenue - other	299,666	-	-
Total deferred inflows of resources	<u>324,480</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	520,942	-	829
Restricted	77,977	6,656,952	9,772,966
Committed	26,907,594	-	-
Assigned	6,990,024	-	-
Unassigned	22,997,628	-	-
Total fund balances	<u>57,494,165</u>	<u>6,656,952</u>	<u>9,773,795</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 60,751,975</u>	<u>\$ 6,657,088</u>	<u>\$ 9,854,405</u>

The notes to the financial statements are an integral part of this statement.

Development Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,720,487	\$ 39,690,134	\$ 88,051,462
-	7,391,186	41,133,092
-	50,589	7,165,041
-	311,486	862,403
-	31,457	169,525
-	5	1,004,352
-	1,038,731	1,589,897
-	382,970	568,743
-	188,912	396,910
-	8,322,347	8,322,347
-	-	128,000
<u>\$ 14,720,487</u>	<u>\$ 57,407,817</u>	<u>\$ 149,391,772</u>
4,158,519	770,348	6,064,536
-	169,377	1,782,475
-	900,577	926,094
1,030,025	-	1,030,025
-	21,875	260,137
343	290	2,163
-	1,002,575	1,002,575
124,922	-	124,922
128,000	-	128,000
<u>5,441,809</u>	<u>2,865,042</u>	<u>11,320,927</u>
-	35,282	60,096
-	118,315	417,981
-	153,597	478,077
-	571,882	1,093,653
10,996,023	31,741,236	59,245,154
-	91,452	26,999,046
-	21,984,608	28,974,632
(1,717,345)	-	21,280,283
<u>9,278,678</u>	<u>54,389,178</u>	<u>137,592,768</u>
<u>\$ 14,720,487</u>	<u>\$ 57,407,817</u>	<u>\$ 149,391,772</u>

**CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balances—governmental funds		\$ 137,592,768
<p>Amounts reported for governmental activities in the Statements of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital assets	\$ 852,624,822	
Accumulated depreciation	<u>(267,806,945)</u>	584,817,877
<p>Long-term liabilities, such as net pension/OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
Compensated absences	(5,785,212)	
Bonds payable	(57,416,549)	
Capital leases payable	(4,358,487)	
Net pension/OPEB liabilities	<u>(54,286,043)</u>	(121,846,291)
<p>Equity in joint ventures are not financial resources and, therefore, are not reported in the funds.</p>		
		585,079
<p>Some items related to the issuance of bonds are recognized at the time of issuance in the funds, but are amortized over the life of the debt in the government-wide statements.</p>		
Bond discount/premium, net		(6,842,359)
<p>Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred charge on debt refunding	2,061,078	
Deferred outflows related to pensions/OPEB	15,773,766	
Deferred inflows related to pensions/OPEB	<u>(4,163,076)</u>	13,671,768
<p>Internal service funds are used by management to charge the costs of certain activities, including risk management, printing services, and fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the Statement of Net Position.</p>		
		5,855,283
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Intergovernmental	453,263	
Property taxes	<u>24,814</u>	<u>478,077</u>
Net position of governmental activities		<u>\$ 614,312,202</u>

The notes to the financial statements are an integral part of this statement.



CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund
Revenues			
Taxes	\$ 39,274,382	\$ 8,468,147	\$ 8,468,147
Licenses and permits	2,453,941	-	-
Intergovernmental	22,907,122	-	-
Charges for services	1,433,962	-	-
Fines, forfeitures, and penalties	1,257,723	-	-
Investment income			
Interest Income	819,031	90,340	227,816
Net decrease in fair value of investments	548,085	-	-
Contributions	14,890	-	-
Miscellaneous	1,839,092	-	80
Total revenues	<u>70,548,228</u>	<u>8,558,487</u>	<u>8,696,043</u>
Expenditures			
Current:			
General government	12,075,667	5,700	280,431
Public safety	27,811,344	-	6,870,321
Highways and streets	-	-	-
Health and welfare	1,589,091	-	-
Economic and community development	4,391,411	-	-
Culture and recreation	4,264,220	-	-
Transportation	-	-	-
Debt service:			
Principal	31,525	-	-
Interest and other charges	90,694	-	-
Capital outlay	3,482,078	-	67,734
Total expenditures	<u>53,736,030</u>	<u>5,700</u>	<u>7,218,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,812,198</u>	<u>8,552,787</u>	<u>1,477,557</u>
Other financing sources (uses)			
Bonds issued	-	-	-
Bond premium	-	-	-
Sale of capital assets	1,182,553	-	-
Transfers in	-	-	-
Transfers out	(8,573,300)	(6,700,000)	(308,170)
Total other financing sources (uses)	<u>(7,390,747)</u>	<u>(6,700,000)</u>	<u>(308,170)</u>
Net change in fund balances	9,421,451	1,852,787	1,169,387
Fund balances, July 1, 2018	<u>48,072,714</u>	<u>4,804,165</u>	<u>8,604,408</u>
Fund balances, June 30, 2019	<u>\$ 57,494,165</u>	<u>\$ 6,656,952</u>	<u>\$ 9,773,795</u>

The notes to the financial statements are an integral part of this statement.

Development Fees Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,174,643	\$ 60,385,319
1,689,994	283,196	4,427,131
-	9,644,017	32,551,139
-	68,598	1,502,560
-	-	1,257,723
260,310	869,467	2,266,964
-	100,386	648,471
-	499,303	514,193
-	328,567	2,167,739
<u>1,950,304</u>	<u>15,968,177</u>	<u>105,721,239</u>
23,057	469,131	12,853,986
69,204	1,536,801	36,287,670
1,752,609	1,681,376	3,433,985
-	1,867,697	3,456,788
-	2,493,956	6,885,367
-	500,661	4,764,881
-	1,248,002	1,248,002
-	8,284,068	8,315,593
95,538	1,817,202	2,003,434
20,646,978	2,931,090	27,127,880
<u>22,587,386</u>	<u>22,829,984</u>	<u>106,377,586</u>
<u>(20,637,082)</u>	<u>(6,861,807)</u>	<u>(656,347)</u>
12,993,099	8,396,901	21,390,000
1,780,084	1,150,395	2,930,479
-	150,798	1,333,351
6,325,000	12,189,412	18,514,412
(302,950)	(3,659,872)	(19,544,292)
<u>20,795,233</u>	<u>18,227,634</u>	<u>24,623,950</u>
158,151	11,365,827	23,967,603
<u>9,120,527</u>	<u>43,023,351</u>	<u>113,625,165</u>
<u>\$ 9,278,678</u>	<u>\$ 54,389,178</u>	<u>\$ 137,592,768</u>

**CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Total net change in fund balances—governmental funds \$ 23,967,603

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.

Expenditures for capital assets	\$ 26,765,837	
Depreciation expense	<u>(17,516,659)</u>	9,249,178

The net effect of miscellaneous capital asset transactions (e.g., sales, contributions, transfers and disposals) not recorded in governmental funds. 12,113,369

Changes in net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB do not require the use of current financial resources, and therefore, are not reported in the governmental funds.

Change in net pension/OPEB liabilities	(654,575)	
Change in deferred outflows of resources related to pensions/OPEB	3,243,651	
Change in deferred inflows of resources related to pensions/OPEB	<u>(1,502,657)</u>	1,086,419

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately 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. The net effect of these differences in the treatment of long-term debt and related items is listed below:

Compensated absences	(381,789)	
Bond and premium on issuance	(24,320,479)	
Principal paid on long-term debt	8,315,593	
Amortization of bond discount/premium	667,314	
Amortization of deferred charge on debt refunding	<u>(386,391)</u>	(16,105,752)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities in the Statement of Activities. 1,404,263

Some revenues and expenses reported in the Statement of Activities do not provide or use current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds.

Property taxes	(47,605)	
Intergovernmental revenue	(379,875)	
Change in equity in joint ventures	<u>(3,643)</u>	<u>(431,123)</u>

Change in net position of governmental activities \$ 31,283,957

The notes to the financial statements are an integral part of this statement.

**Major Governmental Funds
Budgetary Comparison Statements**

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 39,460,401	\$ 39,254,171	\$ 39,274,382	\$ 20,211
Licenses and permits	2,775,400	2,760,280	2,453,941	(306,339)
Intergovernmental	22,350,599	22,350,599	22,907,122	556,523
Charges for services	1,901,840	1,723,160	1,433,962	(289,198)
Fines, forfeitures, and penalties	1,006,110	1,006,110	1,257,723	251,613
Investment income	300,000	300,000	1,367,116	1,067,116
Contributions	8,350	7,350	14,890	7,540
Miscellaneous	1,030,910	1,030,150	1,839,092	808,942
Total revenues	<u>68,833,610</u>	<u>68,431,820</u>	<u>70,548,228</u>	<u>2,116,408</u>
Expenditures				
Current:				
General government	17,115,498	20,546,459	12,075,667	8,470,792
Public safety	28,347,741	24,072,821	27,811,344	(3,738,523)
Health and welfare	1,808,410	1,686,222	1,589,091	97,131
Economic and community development	6,302,965	6,436,526	4,391,411	2,045,115
Culture and recreation	4,842,397	4,640,867	4,264,220	376,647
Debt service:				
Principal	31,525	31,525	31,525	-
Interest and other charges	90,694	90,694	90,694	-
Capital outlay	2,820,300	2,838,274	3,482,078	(643,804)
Total expenditures	<u>61,359,530</u>	<u>60,343,388</u>	<u>53,736,030</u>	<u>6,607,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,474,080</u>	<u>8,088,432</u>	<u>16,812,198</u>	<u>8,723,766</u>
Other financing sources (uses)				
Sale of capital assets	2,503,900	2,503,900	1,182,553	(1,321,347)
Transfers out	(11,573,300)	(8,573,300)	(8,573,300)	-
Total other financing sources (uses)	<u>(9,069,400)</u>	<u>(6,069,400)</u>	<u>(7,390,747)</u>	<u>(1,321,347)</u>
Net change in fund balance	(1,595,320)	2,019,032	9,421,451	7,402,419
Fund balance, July 1, 2018	<u>48,072,714</u>	<u>48,072,714</u>	<u>48,072,714</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 46,477,394</u>	<u>\$ 50,091,746</u>	<u>\$ 57,494,165</u>	<u>\$ 7,402,419</u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEDICATED SALES TAX REVENUE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,373,160	\$ 8,373,160	\$ 8,468,147	\$ 94,987
Investment income	50	50	90,340	90,290
Total revenues	<u>8,373,210</u>	<u>8,373,210</u>	<u>8,558,487</u>	<u>185,277</u>
Expenditures				
Current:				
General government	4,000	890	5,700	(4,810)
Total expenditures	<u>4,000</u>	<u>890</u>	<u>5,700</u>	<u>(4,810)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,369,210</u>	<u>8,372,320</u>	<u>8,552,787</u>	<u>180,467</u>
Other financing sources (uses)				
Transfers out	(6,700,000)	(6,700,000)	(6,700,000)	-
Total other financing sources (uses)	<u>(6,700,000)</u>	<u>(6,700,000)</u>	<u>(6,700,000)</u>	<u>-</u>
Net change in fund balance	1,669,210	1,672,320	1,852,787	180,467
Fund balance, July 1, 2018	<u>4,804,165</u>	<u>4,804,165</u>	<u>4,804,165</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>6,473,375</u></u>	<u><u>6,476,485</u></u>	<u><u>6,656,952</u></u>	<u><u>180,467</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY SALES TAX REVENUE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,373,680	\$ 8,373,680	\$ 8,468,147	\$ 94,467
Investment income	11,610	11,610	227,816	216,206
Miscellaneous	-	-	80	80
Total revenues	<u>8,385,290</u>	<u>8,385,290</u>	<u>8,696,043</u>	<u>310,753</u>
Expenditures				
Current:				
General government	772,740	275,535	280,431	(4,896)
Public safety	6,819,822	6,781,816	6,870,321	(88,505)
Capital outlay	-	-	67,734	(67,734)
Total expenditures	<u>7,592,562</u>	<u>7,057,351</u>	<u>7,218,486</u>	<u>(161,135)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>792,728</u>	<u>1,327,939</u>	<u>1,477,557</u>	<u>149,618</u>
Other financing sources (uses)				
Transfers out	(322,170)	(308,170)	(308,170)	-
Total other financing sources (uses)	<u>(322,170)</u>	<u>(308,170)</u>	<u>(308,170)</u>	<u>-</u>
Net change in fund balance	470,558	1,019,769	1,169,387	149,618
Fund balance, July 1, 2018	<u>8,604,408</u>	<u>8,604,408</u>	<u>8,604,408</u>	<u>-</u>
Fund balance, June 30, 2019	<u>9,074,966</u>	<u>9,624,177</u>	<u>9,773,795</u>	<u>149,618</u>

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Financial Statements

Major Funds

Water Fund accounts for the operation, maintenance, and financing of the City's water services, which provide for the production, treatment, storage, and distribution of potable water supplies to city customers.

Wastewater Fund accounts for the operation, maintenance, and financing of the City's wastewater services, which ensure the effective operation of the wastewater collection system and the water reclamation facility in compliance with application regulations, with an emphasis on the production of reclaimed water for recharge and reuse.

Sanitation Fund accounts for the operation, maintenance, and financing of the City's solid waste and recycling services, which includes its solid waste collection, recycling and disposal system.

Internal Service Funds

These funds can be found on pages 117-119.

**CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-type Activities—Enterprise Funds				Governmental Activities
	Water	Wastewater	Sanitation	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 12,732,367	\$ 9,300,857	\$ 6,230,495	\$ 28,263,719	\$ 5,622,759
Receivables:					
Accounts, net	4,330,487	1,894,816	943,964	7,169,267	10,168
State and county taxes	161,646	-	-	161,646	-
Interest	128,118	61,692	25,214	215,024	11,403
Due from other funds	-	-	-	-	307,536
Inventories	668,706	183,310	19,121	871,137	222,253
Prepaid items	9,018	3,189	-	12,207	99
Restricted cash:					
Customer deposits	3,370,394	-	5,000	3,375,394	-
Cash with fiscal agents	26,709	989,061	-	1,015,770	-
Total current assets	<u>21,427,445</u>	<u>12,432,925</u>	<u>7,223,794</u>	<u>41,084,164</u>	<u>6,174,218</u>
Noncurrent assets:					
Water storage credits inventory	14,039,472	-	-	14,039,472	-
Investments	30,822,840	13,693,892	6,814,108	51,330,840	3,154,307
Capital assets:					
Nondepreciable	15,914,438	2,613,451	-	18,527,889	-
Depreciable, net	216,028,529	218,432,952	1,348,052	435,809,533	323,685
Total noncurrent assets	<u>276,805,279</u>	<u>234,740,295</u>	<u>8,162,160</u>	<u>519,707,734</u>	<u>3,477,992</u>
Total assets	<u>298,232,724</u>	<u>247,173,220</u>	<u>15,385,954</u>	<u>560,791,898</u>	<u>9,652,210</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	-	7,470	-	7,470	-
Deferred outflows related to pensions/OPEB	605,446	348,317	305,096	1,258,859	150,260
Total deferred outflows of resources	<u>605,446</u>	<u>355,787</u>	<u>305,096</u>	<u>1,266,329</u>	<u>150,260</u>
LIABILITIES					
Current liabilities:					
Accounts payable	856,486	379,627	214,459	1,450,572	87,498
Accrued payroll and employee benefits	100,218	61,235	40,804	202,257	25,986
Accrued liabilities	12,199	170,569	-	182,768	-
Construction contracts payable	71,908	-	-	71,908	-
Sales taxes payable	386,406	160	-	386,566	-
Deposits held in custody for others	3,370,394	-	5,000	3,375,394	-
Claims payable	-	-	-	-	1,177,840
Due to other funds	1,328	398	68	1,794	307,519
Unearned revenues	214,739	-	-	214,739	-
Compensated absences	279,772	174,397	138,870	593,039	67,427
Revenue bonds	28,824	912,104	-	940,928	-
Total current liabilities	<u>5,322,274</u>	<u>1,698,490</u>	<u>399,201</u>	<u>7,419,965</u>	<u>1,666,270</u>
Noncurrent liabilities:					
Claims payable	-	-	-	-	619,611
Compensated absences	69,943	43,599	34,718	148,260	16,857
Revenue bonds	26,649	8,850,383	-	8,877,032	-
Net pension/OPEB liabilities	3,319,234	1,924,740	1,589,978	6,833,952	790,185
Total noncurrent liabilities	<u>3,415,826</u>	<u>10,818,722</u>	<u>1,624,696</u>	<u>15,859,244</u>	<u>1,426,653</u>
Total liabilities	<u>8,738,100</u>	<u>12,517,212</u>	<u>2,023,897</u>	<u>23,279,209</u>	<u>3,092,923</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions and OPEB	433,005	222,005	200,602	855,612	97,139
NET POSITION					
Net investment in capital assets	231,815,586	211,291,386	1,348,052	444,455,024	323,685
Restricted for:					
Debt service	26,709	989,061	-	1,015,770	-
Capital projects	8,847,213	7,508,404	4,482,129	20,837,746	-
Customer deposits	-	-	5,000	5,000	-
Unrestricted	48,977,557	15,000,939	7,631,370	71,609,866	6,288,723
Total net position	<u>\$ 289,667,065</u>	<u>\$ 234,789,790</u>	<u>\$ 13,466,551</u>	<u>537,923,406</u>	<u>\$ 6,612,408</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				757,125	
Net position of business-type activities (page 20)				<u>\$ 538,680,531</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water	Wastewater	Sanitation	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 15,024,198	\$ 10,515,981	\$ 5,326,271	\$ 30,866,450	\$ 5,641,537
Miscellaneous	1,286,414	14,785	8,559	1,309,758	119,296
Total operating revenues	<u>16,310,612</u>	<u>10,530,766</u>	<u>5,334,830</u>	<u>32,176,208</u>	<u>5,760,833</u>
Operating expenses:					
Salaries, wages and benefits	3,095,100	1,839,476	1,627,916	6,562,492	851,611
Contractual services, materials and supplies	5,484,089	1,272,723	2,859,591	9,616,402	2,083,546
Insurance claims and expenses	-	-	-	-	2,104,662
Depreciation and amortization	7,294,880	7,035,683	581,309	14,911,872	150,171
Total operating expenses	<u>15,874,069</u>	<u>10,147,882</u>	<u>5,068,816</u>	<u>31,090,766</u>	<u>5,189,990</u>
Operating income (loss)	<u>436,543</u>	<u>382,884</u>	<u>266,014</u>	<u>1,085,442</u>	<u>570,843</u>
Nonoperating revenues (expenses):					
Gain on sale of capital assets	9,156	-	29,012	38,168	-
Investment income					
Interest Income	982,562	463,591	265,035	1,711,188	138,183
Net increase in fair value of investments	579,938	259,226	128,545	967,709	59,433
Interest expense	-	(230,239)	-	(230,239)	-
Total non-operating revenues (expenses)	<u>1,571,656</u>	<u>492,578</u>	<u>422,592</u>	<u>2,486,826</u>	<u>197,616</u>
Income (loss) before development fees, capital contributions, and transfers	2,008,199	875,462	688,606	3,572,268	768,459
Capital contributions	25,430	-	-	25,430	-
Development fees	854,065	1,104,696	-	1,958,761	-
Transfers in	2,456,118	150,000	-	2,606,118	2,250,000
Transfers out	-	(2,306,118)	-	(2,306,118)	(1,520,120)
Change in net position	<u>5,343,813</u>	<u>(175,960)</u>	<u>688,606</u>	<u>5,856,459</u>	<u>1,498,339</u>
Net position, July 1, 2018	<u>284,323,252</u>	<u>234,965,750</u>	<u>12,777,945</u>	<u>532,066,947</u>	<u>5,114,069</u>
Net position, June 30, 2019	<u>\$ 289,667,065</u>	<u>\$ 234,789,790</u>	<u>\$ 13,466,551</u>		<u>\$ 6,612,408</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>94,246</u>	
Change in net position of business-type activities (page 21)				<u>\$ 5,950,705</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmenta
	Water	Wastewater	Sanitation	Total	Activities Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 14,014,472	\$ 10,403,922	\$ 5,317,761	\$ 29,736,155	\$ 5,633,178
Payments to suppliers for goods and services	(8,770,148)	(2,510,522)	(2,806,381)	(14,087,051)	(3,397,662)
Payments to employees for services	(3,110,143)	(1,843,710)	(1,722,041)	(6,675,894)	(916,855)
Miscellaneous	1,286,414	14,785	8,559	1,309,758	119,296
Net cash provided (used) by operating activities	3,420,595	6,064,475	797,898	10,282,968	1,437,957
Cash flows from noncapital financing activities:					
Interfund borrowing	970	69	11	1,050	(146,060)
Transfers in	2,456,118	150,000	-	2,606,118	2,250,000
Transfers out	-	(2,306,118)	-	(2,306,118)	(1,520,120)
Net cash provided (used) for noncapital financing activities	2,457,088	(2,156,049)	11	301,050	583,820
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(7,860,483)	(4,453,112)	(90,418)	(12,404,013)	(189,597)
Principal payments on capital debt	(33,888)	(904,288)	-	(938,176)	-
Interest payments on capital debt	(2,092)	(341,138)	-	(343,230)	-
Development fees received	866,160	1,104,696	-	1,970,856	-
Proceeds from sale of capital assets	9,311	-	29,012	38,323	-
Net cash provided (used) for capital and related financing activities	(7,020,992)	(4,593,842)	(61,406)	(11,676,240)	(189,597)
Cash flows from investing activities:					
Purchase of investments	(982,809)	(439,306)	(217,843)	(1,639,958)	(100,719)
Investment income	969,882	458,401	262,462	1,690,745	136,994
Net cash provided (used) by investing activities	(12,927)	19,095	44,619	50,787	36,275
Net increase (decrease) in cash and cash equivalents	(1,156,236)	(666,321)	781,122	(1,041,435)	1,868,455
Cash and Cash Equivalents - Beginning of Year	17,285,706	10,956,239	5,454,373	33,696,318	3,754,304
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 16,129,470	\$ 10,289,918	\$ 6,235,495	\$ 32,654,883	\$ 5,622,759
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 436,543	\$ 382,884	\$ 266,014	\$ 1,085,442	\$ 570,843
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	7,294,880	7,035,683	581,309	14,911,872	150,171
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(1,005,747)	(112,059)	(8,510)	(1,126,316)	(8,359)
(Increase) decrease in inventories	(3,286,505)	(113,710)	5,017	(3,395,198)	(6,619)
(Increase) decrease in prepaid items	(6,630)	(3,189)	-	(9,819)	30
(Increase) decrease in deferred outflows of resources related to pensions and OPEB	(117,536)	(64,334)	(55,979)	(237,849)	(36,329)
Increase (decrease) in accounts payable	(271,220)	(1,086,773)	53,193	(1,304,800)	(65,284)
Increase (decrease) in accrued payroll and employee benefits	100,218	61,235	(13,573)	147,880	(17,831)
Increase (decrease) in accrued liabilities	5,767	(34,287)	-	(28,520)	-
Increase (decrease) in sales taxes payable	122,195	160	-	122,355	-
Increase (decrease) in deposits held in custody for others	150,333	-	(5,000)	145,333	-
Increase (decrease) in unearned revenue	(3,979)	-	-	(3,979)	-
Increase (decrease) in compensated absences	15,578	7,206	(16,930)	5,854	(7,259)
Increase (decrease) in claims payable	-	-	-	-	862,419
Increase (decrease) in pension/OPEB liability	(189,201)	(118,782)	(108,718)	(416,701)	(54,386)
Increase (decrease) in deferred inflows of resources related to pensions and OPEB	175,898	110,441	101,075	387,414	50,561
Net cash provided (used) by operating activities	\$ 3,420,595	\$ 6,064,475	\$ 797,898	\$ 10,282,968	\$ 1,437,957

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds				Governmenta
	Water	Wastewater	Sanitation	Total	Activities Internal Service Funds
<i>Continuation</i>					
Reconciliation of cash and cash equivalents at June 30, 2019 to statement of net position:					
Cash and cash equivalents	\$ 12,732,367	\$ 9,300,857	\$ 6,230,495	\$ 28,263,719	\$ 5,622,759
Restricted:					
Customer deposits	3,370,394	-	5,000	3,375,394	-
Cash with fiscal agents	26,709	989,061	-	1,015,770	-
Total cash and cash equivalents	<u>\$ 16,129,470</u>	<u>\$ 10,289,918</u>	<u>\$ 6,235,495</u>	<u>\$ 32,654,883</u>	<u>\$ 5,622,759</u>
Noncash capital, financing and investing activities:					
Amortization of bond premiums, discounts, and deferred charge on refunding	\$ 3,162	\$ 110,899	\$ -	\$ 114,061	\$ -
Capital contributions	\$ 25,430	\$ -	\$ -	\$ 25,430	\$ -
Change in fair value of investments	\$ 579,938	\$ 259,226	\$ 128,545	\$ 967,709	\$ 59,433
Capital asset addition paid by accounts payable	\$ 71,908	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.



Fiduciary Fund Financial Statements

Volunteer Fire Fighters Relief and Pension Fund accounts for the City's single-employer defined contribution plan that provides pension benefits to volunteer fire fighters not covered under the Public Safety Personnel Retirement System.

**CITY OF AVONDALE, ARIZONA
 STATEMENT OF FIDUCIARY NET POSITION
 VOLUNTEER FIRE FIGHTERS RELIEF AND PENSION FUND
 JUNE 30, 2019**

	<u>Volunteer Fire Fighters Relief and Pension Fund</u>
ASSETS	
Cash and cash equivalents	\$ 225,538
LIABILITIES	
Accounts payable	<u>175</u>
NET POSITION	
Net position restricted for pensions	<u><u>\$ 225,363</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF AVONDALE, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
VOLUNTEER FIRE FIGHTERS RELIEF AND PENSION FUND
YEAR ENDED JUNE 30, 2019**

	<u>Volunteer Fire Fighters Relief and Pension Fund</u>
ADDITIONS	
Investment income	\$ 4,965
DEDUCTIONS	
Benefits paid to plan members	<u>4,800</u>
Change in net position	165
Net position, July 1, 2018	<u>225,198</u>
Net position, June 30, 2019	<u><u>\$ 225,363</u></u>

The notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

The notes to the financial statements include a summary of significant accounting policies and other disclosures considered essential to the fair presentation of the accompanying financial statements.

Note		Page
1	Summary of Significant Accounting Policies	45
2	Stewardship, Compliance and Accountability	56
3	Cash and Investments	57
4	Property Tax Calendar	59
5	Receivables	59
6	Capital Assets	60
7	Fund Balances	62
8	Pension Plans	63
9	Long-Term Obligations	73
10	Interfund Balances and Activity	78
11	Self-Insurance	79
12	Contingencies, Commitments and Other Claims	80
13	Operating Leases	81
14	Joint Ventures	81

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The City of Avondale, Arizona (the City) was incorporated in 1946 under the provisions of the Constitution of Arizona and Arizona Revised Statutes (A.R.S.). Avondale operates under the Council-Manager form of government in accordance with its Charter. Legislative authority is vested in a seven-member City Council consisting of a mayor and six councilmembers elected at large for a term of four years. The City Council appoints the City Manager and such other officers deemed necessary and proper for the orderly administration of the City's affairs. The City provides a full range of municipal services including police and fire protection, planning and development, parks and recreation, library, transportation, certain human services, and general administration. The City also owns and operates an enterprise whose activities include water, wastewater and sanitation services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements 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). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the City (the primary government) and its blended component unit, the City of Avondale Municipal Development Corporation, collectively referred to as "the financial reporting entity". The component unit referred to below has been included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The City has no discretely presented component units.

City of Avondale Municipal Development Corporation (MDC) is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City with the financing, acquisition, and construction of municipal projects and facilities. The MDC is governed by a board of directors which is responsible for approving the MDC's bonds. The City Council appoints MDC board members and also approves MDC bond sales. Although it is legally separate from the City, the MDC is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and construction of municipal projects and facilities for the City. The MDC does not issue separate financial statements, but it does file an annual report with the Arizona Corporation Commission. Copies of the report are available from the City's Finance and Budget Department.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements focus on the City as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide Financial Statements: The government-wide financial statements (the Statement of Net Position and the Statement of Activities), which exclude fiduciary funds, provide information about the City as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The government-wide focus emphasizes the sustainability of the City and aggregate change in financial position resulting from the activities of the fiscal period.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The Statement of Net Position presents all financial and capital resources of the City. It is presented in a format that displays assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, equals net position, with assets and liabilities presented in order of their relative liquidity. Net position is presented in three components—net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of bonds, capital leases, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources related to the acquisition, construction, or improvement of those assets or related debt also are included in net investment in capital assets. Restricted net position consists of restricted assets with constraints placed on their use externally either by creditors (such as bond covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position equals that portion of assets plus deferred outflows of resources, less liabilities and deferred inflows of resources, which are not otherwise classified as part of net investment in capital assets or restricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Interest on long-term debt is not allocated to various functions in the governmental activities so it is reported separately. Program revenues include 1) charges to customers or users who purchase, use or directly benefit from the goods, services or privileges provided by a particular function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the City levies or imposes, are reported as general revenues. General revenues support the net costs of the functions and segments not covered by program revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. Net interfund activity and balances between governmental activities and business-type activities are presented in the government-wide financial statements. Certain charges for interfund services provided and used, such as charges between the Enterprise Fund utility segments and various functional activities, were not eliminated if the charges approximated their exchange values. The General Fund charges administrative service fees to other operating funds to support general services (e.g., purchasing, accounting and administration) used by the other operating funds. These administrative fees were not eliminated from the government-wide or fund financial statements.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All nonmajor governmental funds, as well as the internal service funds, are summarized into a single column on the fund financial statements and detailed in combining statements included as supplementary information after the basic financial statements. Fiduciary funds are aggregated and reported by fund type.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements: The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flows occur. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental Fund Financial Statements: The governmental fund financial statements are presented 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 to finance the City's operations. 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 principal revenue sources that are susceptible to accrual are sales taxes, property taxes, intergovernmental, and investment income.

City sales taxes collected and held by merchants at year-end on behalf of the City are recognized as revenue. State-shared revenues, including sales and income taxes, highway user and auto lieu taxes, and lottery distributions for transportation assistance, which are collected and held by the State at year-end on behalf of the City, are also recognized as revenue. Licenses and permits, charges for services, fines, forfeitures and penalties, contributions, and miscellaneous revenues are recorded as revenue when received because they are generally not available until actually received. Changes in the fair value of investments are recognized as part of revenue at year-end.

In applying the susceptible to accrual concept to intergovernmental revenues and receivables, revenues are recognized when all the applicable eligibility requirements, including time requirements, have been met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources. Revenue for reimbursement grants is recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met, provided that the available criterion is met.

Expenditures are recorded when the related fund liability is incurred except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt issuances and proceeds and acquisitions under capital lease agreements are reported as other financing sources.

The governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements. Therefore, a reconciliation is presented on the page following each governmental fund financial statement that briefly explains the adjustments necessary to transform the governmental fund financial statements into the governmental activities column of the government-wide financial statements.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements: The financial statements of the proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements described above.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values are operating revenues. Other revenues that result from transactions in which the parties do not exchange equal values are considered nonoperating revenues, along with investment earnings and revenues generated from ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The internal service funds, which provide services to the other funds of the City, are presented in a single combined column in the proprietary fund financial statements. Because the principal users of the internal service funds are the City's governmental activities, the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the internal service funds are consolidated into the governmental activities column of the government-wide Statement of Net Position. The costs of the internal service funds services are spread to the appropriate function or segment on the government-wide Statement of Activities, and the revenues and expenses within the internal service funds are eliminated from the government-wide financial statements to avoid any doubling-up effect of these revenues and expenses.

Fiduciary Fund Financial Statements: The City's fiduciary fund, a pension trust fund, is presented in the fund financial statements. The fund accounts for resources that are required to be held in trust for members of the City's Volunteer Fire Fighters Relief and Pension Fund. The City excludes this fund from the government-wide financial statements because pension trust assets are not available to support city programs. The fiduciary financial statements reporting focus is on net position and changes in net position and employ accounting principles similar to proprietary funds.

D. Fund Accounting

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses. The various funds are reported by generic classification within the fund financial statements. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The City has elected to present some additional governmental funds as major funds because of community focus. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining fund financial section.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 those required to be accounted for in another fund.

The *Dedicated Sales Tax Revenue Fund*, a special revenue fund, accounts for the voter-approved 0.5-cent dedicated sales tax revenues. The use of these revenues is restricted to maintaining, improving, renovating, and constructing water and sewer systems, streets, and transportation projects and services that serve city neighborhoods. The tax was approved by the voters and became effective in July 2001. In September 2008, voters approved the expanded use of tax revenue to include transportation projects and services.

The *Public Safety Sales Tax Revenue Fund*, a special revenue fund, accounts for the voter-approved 0.5-cent public safety sales tax revenues. The use of these revenues is restricted to providing increased public safety services for city neighborhoods. The tax was approved by the voters and became effective in January 2004.

The *Development Fees Fund*, a capital projects fund, accounts for developer fees collected to finance growth-related development and construction, bond proceeds, sales tax and grant revenues, and fund transfers that are restricted, committed, or assigned to capital development and maintenance.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operation, maintenance, and financing of the City's water system, which provides for the production, treatment, storage, and distribution of potable water supplies to city customers.

The *Wastewater Fund* accounts for the operation, maintenance, and financing of the City's wastewater system, which ensures the effective operation of the wastewater collection system and the water reclamation facility in compliance with applicable laws and regulations.

The *Sanitation Fund* accounts for the operation, maintenance, and financing of the City's sanitation system, which provides solid waste collection, recycling, and disposal services to city customers.

Additionally, the City reports the following fund types:

The internal service funds account for the operations that provide services to other city departments on a cost-reimbursement basis. The services include self-insurance, printing services, and fleet management.

The Volunteer Fire Fighters Relief and Pension Fund accounts for pension benefits of volunteer fire fighters not covered under the Public Safety Personnel Retirement System.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

On June 3, 1980, Arizona voters approved a constitutional amendment prescribing an expenditure limitation for all local governments. This constitutional amendment was enacted to control expenditures and limit future increases in spending adjustments for inflation and population growth. This limitation restricts the growth of expenditures to a percentage determined by population and inflation, with certain expenditures excluded from the limitation. Prior to April 1st of each year, the State Economic Estimates Commission determines and publishes the expenditure limitation for the following fiscal year for each governmental unit. Fiscal year 1979-80 is the base year for calculations.

The constitutional amendment includes provisions that require voter approval to establish an alternative expenditure limitation for cities and towns. The alternative expenditure limitation is valid for a period of two to seven years. On August 30, 2016, city voters approved an alternative expenditures limitation (Home Rule Option), the effect of which, allows total budgeted expenditures of the City's adopted budget to become the expenditure limitation for that year on a total budget basis. City voters have approved the Home Rule Option every four years since 1981. This alternative expenditure limitation is effective until June 30, 2021.

The following provides a brief budgetary overview of the City.

1. The City's fiscal year is established by state law and runs from July 1st through June 30th of each year.
2. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the City to obtain citizen comments.
3. On or before the first Monday in August, the City Council legally adopts the budget and allocates spending authority to City funds through passage of an ordinance for the ensuing year. Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes, and City Charter. These appropriations lapse at the end of the fiscal year.
4. The City Manager is authorized to transfer any unencumbered appropriations balance, or portion thereof, between general classifications of expenditures within a department or fund or between departments within the same function. At the request of the City Manager, the City Council may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures from one department or fund to another.
5. The legal level of expenditure control is at the function level for the General Fund and at the fund level for all other funds. During the year ended June 30, 2019, the original budget was amended in a legally permissible manner. Budget and actual comparisons are provided in this report for each of the governmental funds.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments

For the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, restricted cash with fiscal agents, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Investment income includes interest and dividend earnings and changes in fair value of applicable investments during the fiscal year. The City maintains pooled cash and investments, except for certain non-pooled investments held by the General Fund, Dedicated Sales Tax Revenue Fund, Public Safety Sales Tax Revenue Fund, Water Fund, Highway User Revenue Fund, Vehicle Replacement Fund, Water Fund, Wastewater Fund, Sanitation Fund, and Self-Insurance Fund. All pooled investments are considered cash equivalents. Interest income from pooled cash and investments is allocated to the individual funds based on the fund's month-end cash balance in relation to the total pooled investments. Each fund's equity in the pooled cash and investments is tracked on an ongoing basis. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund at year-end. Investment income from non-pooled investments, which includes changes in fair value of investments during the fiscal year, is recorded based on the specific investments held by the fund. Investments are stated at fair value.

G. Restricted Assets

The City has executed trust indentures for all bond series issued that require all cash and investments of each bond series to be held on deposit by fiscal agents. These assets are restricted to retirement of principal balances, payment of interest, trustee fees associated with the bond issues, and to finance various capital projects. Accordingly, these assets are classified as restricted on the Balance Sheet and Statement of Net Position

H. Inventories

Supplies and parts inventories are accounted for in the governmental fund and government-wide financial statements using the consumption method. These inventories consist of expendable supplies held for consumption and are recorded as expenditures/expenses when consumed. Amounts on hand at year-end are shown as assets on the Balance Sheet and Statement of Net Position. In the governmental fund financial statements, inventories are shown as nonspendable fund balance to indicate that they do not constitute "available spendable resources".

Water Fund inventories include long-term storage water credits credited to the City's long-term storage account by the Arizona Department of Water Resources. Effluent water credits are stated at cost based on the City's cost of treating the wastewater and recharging the resulting effluent water into the Phoenix Active Management Area. All other water credits are valued using the applicable Central Arizona Project water rate in effect at the time the water credit was credited to the City's long-term storage account.

Inventories are valued using the first-in, first-out inventory flow assumption.

**CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund and government-wide financial statements. Prepaid items are recorded as expenditures/expenses when consumed. In the governmental fund financial statements, prepaid items are shown as nonspendable fund balance to indicate that they do not constitute “available spendable resources”.

J. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are reported as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All trade and other receivables are reported net of an allowance for uncollectible amounts.

K. Capital Assets

Capital assets, including public domain infrastructure assets such as roads, bridges, curbs and gutters, streets and sidewalks, water and sewer systems, lighting systems, and other assets that are immovable and of value only to the City, and intangible assets such as water rights, which lack physical substance, are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life more than one year. The City values these assets at cost or estimated historical cost if purchased or constructed; acquisition value for donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement; and estimated fair market value at the grant or allotment date for water rights. The City’s water rights have indefinite useful lives and, therefore, the City does not amortize these intangible assets. Capital assets are reported in the applicable governmental or business-types activities column of the government-wide financial statements and the proprietary fund financial statements. No capital assets, depreciation, or amortization are presented in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not significantly extend the useful lives of assets or increase their capacity are not capitalized. Major improvements are capitalized and depreciated over the remaining useful life of the improved capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City has chosen not to apply the modified approach to any infrastructure networks, systems, or subsystems. Capital assets are depreciated or amortized over their estimated useful lives using the straight-line method. The estimated useful lives follow:

	<u>Years</u>
Intangible assets	30-40
Buildings and improvements	40
Improvements other than buildings	20
Water, sewer, and storm drain systems improvements	50
Street systems	20-40
Park facilities and streetscape	20
Artwork	20
Furniture	7
Machinery and equipment	3-15

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expenditure or expense in future periods. Deferred inflows of resources represent the acquisition of net position or fund balance that applies to future periods that will be recognized as revenue and amortized in future periods.

M. Compensated Absences

Compensated absences payable consist of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. Vacation benefits vest with the employees when it is earned. The amount of sick leave benefits that vest with employees depends on the employees' number of years of continuous service and accumulated sick leave hours upon terminating employment. Regular full-time employees may accumulate up to 280 hours of vacation and Fire Battalion Chiefs assigned to a 24-hour shift schedule may accumulate up to 392 hours of vacation on a calendar year basis. Employees forfeit vacation hours in excess of these limits if not used by December 31st of each calendar year. All regular full-time employees may accumulate an unlimited number of sick leave hours.

Upon resignation, the City compensates employees for 33.3% of their accumulated sick leave at the employees' current hourly rate. Upon retirement, the City compensates employees as follows:

- Employees with 10 years of continuous service with the City will receive 100% of accrued sick leave up to 250 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
- Employees with 15 years of continuous service with the City will receive 100% of accrued sick leave up to 375 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
- Employees with 20 years of continuous service with the City will receive 100% of accrued sick leave up to 500 hours at the employees' current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.

Compensated absences payable is accrued as a liability in the government-wide and proprietary fund financial statements. Liabilities for these amounts are reported in the governmental fund financial statements only as they become due (e.g., as a result of employee resignations and retirements by fiscal year-end).

N. Long-term Obligations

In the fund financial statements, governmental fund types recognize bond issuance proceeds, bond discounts and premiums, and bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses, while premiums received on debt issuances are reported as other financing sources. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-term Obligations (Continued)

In the government-wide and proprietary fund financial statements, long-term debt and other obligations are reported as liabilities on the Statement of Net Position. Bond discounts and premiums and deferred charges or credits on debt refunding are amortized over the life of the bonds using the straight-line method.

O. Pension and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

P. Transactions between Funds

Transactions that would be treated as revenue or expenditures/expenses if they involved organizations external to the governmental unit are accounted for as revenue or expenditures/expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures/expenses initially made from that fund that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditures/expense in the fund that is reimbursed.

Cash flows from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental activities and business-type activities are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as "other financing sources (uses)" in governmental funds and after nonoperating revenues and expenses in proprietary funds.

Q. Fund Balance Classifications

The governmental funds' fund balances are reported within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations that the City Council approved, which is the highest level of decision-making authority within the City. Only the City Council can remove or change the constraints placed on the committed fund balances. Commitments must be made prior to fiscal year end to be reported as a commitment. Committed fund balances also include resources that have been specifically committed to satisfy contractual requirements.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance Classifications (Continued)

Assigned fund balances are spendable resources constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable resources not reported in other classifications. Also, deficits in fund balances of other governmental funds are reported as unassigned.

On June 20, 2011, the City Council approved a resolution adopting a formal City fund balance policy and stabilization arrangement. The significant components of the policy and arrangement follow:

The City Council delegated authority to the City Manager to assign fund balances for specific purposes. Any fund balance assignments must be reported to the City Council at their next regular meeting, and the City Council has the authority to remove or change the assignments by a simple majority vote.

The City Council established a two-tier fiscal stabilization arrangement as committed fund balance in the General Fund equal to 35 percent of budgeted General Fund expenditures and transfers out of the prior fiscal year in order to provide a comfortable margin of safety against natural disasters, urgent events, revenue shortfalls, and budget deficits. The two tiers include an emergency reserve of 25 percent and a rainy day reserve of 10 percent.

The stabilization reserves shall be used only if:

- The City has exhausted all efforts to fund the natural disaster, urgent event, revenue shortfall, or budget deficit, as defined below, and there are no reasonable budget adjustments available to continue to provide essential services to the public.
- The City Manager, or his/her designee, is able to demonstrate the significance of the aforementioned events or conditions. This communication must be provided to the City Council in writing.

The City Council may approve the spending of the stabilization reserves by a simple majority vote.

Emergency Reserve

The emergency reserve shall be used only if the City directly experiences a natural disaster or urgent event that jeopardizes public safety, the federal government and/or the State of Arizona formally declares a disaster or emergency, and there are no reasonable budget adjustments available to continue essential public services. Emergency reserves shall be used only for the following reasons:

- Mitigate damage and expenditures caused by natural disasters.
- Respond to urgent events that jeopardize public safety.
- Provide and maintain essential public services during natural disasters or urgent events.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance Classifications (Continued)

Rainy Day Reserve

The rainy day reserve shall be used to provide an operating margin of safety against the following revenue shortfalls or budget deficits:

- Sudden or unexpected decline in ongoing revenues or state-shared revenues that is greater than 10 percent of General Fund operating revenues of the prior fiscal year.
- Reduction in assessed property valuations, resulting in secondary property tax revenue that falls below the City's general obligation debt service requirements.
- Sudden or unexpected self-insurance loss that is greater than available reserves in the Self-insurance Fund.

If the reserves are spent down below the minimum required reserve levels, the City shall develop and implement a reserve restoration plan to return the reserves to their required balances. The City shall replenish the emergency and rainy day reserves within two (2) fiscal years and five (5) fiscal years following the fiscal year in which the event occurred, respectively. If the depletion of the reserve occurs during an ongoing economic downturn, the City shall replenish the reserves within two (2) or five (5) years of revenue stabilization. The progress of replenishment shall be reported in the City's *Annual Budget & Financial Plan*.

R. Resource Flow Assumptions

When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net position, the City will generally use restricted fund balances/net position first. When disbursing unrestricted fund balances, the City will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities, deferred outflows and inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit fund balances—At June 30, 2019, the Fleet management fund shows a deficit of \$654,550. Fleet management has made incremental changes to the markup on parts and labor rates to begin fully recovering the cost of providing fleet management services to city departments. In fiscal year 2020, city management plans to eliminate the net position deficit by recovering prior years' cumulative fleet management undercharges from user departments. City management anticipates that net position deficit will be completely eliminated over the next couple years.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in the State Treasurer’s Local Government Investment Pool, the County Treasurer’s Investment Pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

Total City cash and investments as of June 30, 2019, are reported as follows:

Governmental activities	\$ 146,283,967
Business-type activities	83,985,723
Fiduciary fund	225,538
	<u>\$ 230,495,228</u>
Cash on hand	\$ 5,200
Cash in banks	47,061,488
Investments	174,090,423
Cash with fiscal agents	9,338,117
	<u>\$ 230,495,228</u>

Fair Value Measurement and Application for Investments

The City’s investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair Value Measurement Using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by Fair Value Level			
U.S. Agency Mortgage Backed Securities	\$ 19,433,601	\$ -	\$ 19,433,601
U.S. Treasury Securities	76,184,638	76,184,638	-
Total Investments by Fair Value Level	<u>95,618,239</u>	<u>\$ 76,184,638</u>	<u>\$ 19,433,601</u>
External Investment Pools Measured at Fair Value			
State Treasurer's Investment Pool 7	78,472,184		
Total Investments	<u>\$ 174,090,423</u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using institutional bond quotes and evaluations based on various market and industry inputs. Investments in the State Treasurer’s Investment Pool 7 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 Pool 7.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

During the year, the fair value of non-pooled investments decreased \$4,634,720. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on these investments held at June 30, 2019, was \$1,035,587. The calculation of realized gains and losses on investments is independent of the calculation of the change in fair value of investments. In addition, gains and losses of the current period include unrealized amounts from the prior period.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City does not have a formal investment policy that limits its investments with any specific depository institution or issuer. The City's investment in the State Treasurer's Investment Pool 7, which only invests in obligations issued or guaranteed by the United States, does not carry a credit rating.

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 period of an investment, the greater the sensitivity of its fair value to the changes in market interest rates.

The City does not have a formal investment policy that manages its exposure to declines in fair values in order to minimize its exposure to fair value losses arising from increasing interest rates.

At June 30, 2019, credit and interest rate risk for the City's investments was as follows:

Investment Type	Amount	Maturities		Moody's Investors Service	Standard & Poor's
		Less than 1 Year	1-5 Years		
US Agency Mortgaged Backed Securities	\$ 19,433,601	\$ 4,503,109	\$ 14,930,492	Aaa	AA+
US Treasury Note	76,184,638	-	76,184,638	Aaa	AA+
State Treasurer's Investment Pool 5	25,076,097	25,076,097	-	v	
State Treasurer's Investment Pool 7	53,396,087	53,396,087	-	Unrated	Unrated
Total investments	<u>\$ 174,090,423</u>	<u>\$ 82,975,293</u>	<u>\$ 91,115,130</u>		

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal deposit or investment policy for custodial credit risk.

Cash in bank—The carrying amount of City's operating account deposits at June 30, 2019, excluding fiduciary fund cash, was \$42,376,150 and the bank balance was \$43,993,029. The difference between the carrying amount and bank balance was due to outstanding checks and deposits, and other reconciling items. The City also held \$106,523 of cash deposits in a U.S. Government securities investment account, with maturity dates less than one year, at June 30, 2019. These balances were either covered by the Federal Depository Insurance Corporation (FDIC), National Credit Union Administration (NCUA), or collateralized at 102 percent of deposits not covered by FDIC. In addition, \$4,552,991 were held under the terms of lease-purchase agreements at June 30, 2019.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 - CASH AND INVESTMENTS

Fiduciary fund cash—The carrying amount of fiduciary deposits at June 30, 2019, was \$2,234 and the bank balance was also \$2,234. In addition, \$223,304 invested in State Treasurer’s Investment Pool is not subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of deposits or investments in a single depository institution or issuer. The City does not have a formal investment policy for concentration of credit risk, nor does state law specify any requirements for concentration of credit risk. In addition, the City does not limit the amount that may be deposited or invested with any one institution.

At June 30, 2019, the following issuers represents more than 5% of the City’s total investments: 43.8% in U.S. Treasury Notes, 7.0% in Federal Home Loan Bank, and 45.1% invested in the State Treasurer’s Investment Pool 7.

NOTE 4 - PROPERTY TAX CALENDAR

The City levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

NOTE 5 - RECEIVABLES

Receivables in the General, Special Revenue, Debt Service, Capital Projects, and Pension Trust Funds are considered to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established in these funds. The allowances for doubtful accounts for receivables in the Water, Wastewater, and Sanitation Funds at June 30, 2019, are \$85,054, \$53,066, and \$26,424, respectively. Uncollectible amounts related to current period revenues of the Water, Wastewater, and Sanitation Funds are \$1,426, \$7,307 and \$3,461, respectively.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity for governmental activities on the government-wide financial statements for the year ended June 30, 2019, follows:

Governmental Activities	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 256,459,877	\$ 15,294,306	\$ (739,948)	\$ 271,014,235
Construction in progress	9,473,625	19,641,450	(15,804,186)	13,310,889
Total non-depreciable capital assets	<u>265,933,502</u>	<u>34,935,756</u>	<u>(16,544,134)</u>	<u>284,325,124</u>
Depreciable assets:				
Buildings and improvements	82,784,906	1,132,324	-	83,917,230
Improvements other than buildings	23,847,840	3,167,903	-	27,015,743
Vehicles, furniture, and equipment	44,050,329	7,466,251	(568,315)	50,948,265
Infrastructure	396,918,861	8,913,769	-	405,832,630
Intangible assets	1,965,259	-	-	1,965,259
Total depreciable capital assets	<u>549,567,195</u>	<u>20,680,247</u>	<u>(568,315)</u>	<u>569,679,127</u>
Less accumulated depreciation for:				
Buildings and improvements	29,136,164	2,292,711	-	31,428,875
Improvements other than buildings	2,506,856	1,219,449	-	3,726,305
Vehicles, furniture and equipment	34,720,159	3,977,465	(565,247)	38,132,377
Infrastructure	184,868,396	10,111,696	-	194,980,092
Intangible assets	529,531	65,509	-	595,040
Total accumulated depreciation	<u>251,761,106</u>	<u>17,666,830</u>	<u>(565,247)</u>	<u>268,862,689</u>
Total capital assets being depreciated, net	<u>297,806,089</u>	<u>3,013,417</u>	<u>(3,068)</u>	<u>300,816,438</u>
Total governmental activities capital assets, net	<u>\$ 563,739,591</u>	<u>\$ 37,949,173</u>	<u>\$ (16,547,202)</u>	<u>\$ 585,141,562</u>

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 - CAPITAL ASSETS (Continued)

A summary of capital asset activity for business-type activities on the government-wide financial statements for the year ended June 30, 2019, follows:

Business-type activities:	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	\$ 16,273,312	\$ -	\$ -	\$ 16,273,312
Intangible assets	1,523,755	-	-	1,523,755
Construction in progress	19,231,745	10,994,607	(29,495,530)	730,822
Total non-depreciable assets	37,028,812	10,994,607	(29,495,530)	18,527,889
Depreciable assets:				
Water system	306,761,923	7,618,514	-	314,380,437
Sewer system	230,339,871	1,343,046	-	231,682,917
Wastewater treatment system	81,877,353	-	-	81,877,353
Vehicles, furniture and equipment	17,815,919	21,376,095	(198,423)	38,993,591
Intangible Assets	2,980,551	-	-	2,980,551
Improvements other than buildings	808,883	-	-	808,883
Total depreciable capital assets	640,584,500	30,337,655	(198,423)	670,723,732
Less accumulated depreciation for:				
Water system	102,475,311	6,221,225	-	108,696,536
Sewer system	85,092,278	5,302,824	-	90,395,102
Wastewater treatment system	18,632,538	1,001,625	-	19,634,163
Vehicles, furniture and equipment	13,152,044	2,271,244	(198,423)	15,224,865
Intangible Assets	521,598	74,514	-	596,112
Improvements other than buildings	326,981	40,440	-	367,421
Total accumulated depreciation	220,200,750	14,911,872	(198,423)	234,914,199
Total business-type activities capital assets being depreciated, net	420,383,750	15,425,783	-	435,809,533
Total business-type activities capital assets, net	\$ 457,412,562	\$ 26,420,390	\$ (29,495,530)	\$ 454,337,422

Depreciation expense was charged to functions and programs of the primary government as follows:

Depreciation Expense by Activities

Governmental activities:	
General government	\$ 1,489,545
Public safety	2,391,281
Highways and streets	11,146,383
Health and welfare	92,679
Economic and community development	182,486
Culture and recreation	2,101,947
Transportation	112,338
Internal services	150,171
Total	\$ 17,666,830
Business-type activities:	
Water	\$ 7,294,880
Wastewater	7,035,683
Sanitation	581,309
Total	\$ 14,911,872

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - FUND BALANCES

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund	Development Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable:						
Inventory	\$ 185,773	\$ -	\$ -	\$ -	\$ 382,970	\$ 568,743
Prepaid items	207,169	-	829	-	188,912	396,910
Advances to other funds	128,000	-	-	-	-	128,000
Restricted for:						
Transit services	-	-	-	-	1,621,340	1,621,340
Highway and streets	-	-	-	-	7,454,379	7,454,379
Courts	-	-	-	-	568,017	568,017
Grant and contributor purposes	-	-	-	-	2,216,806	2,216,806
Public safety	77,977	-	9,772,966	-	-	9,850,943
Debt service	-	-	-	-	7,846,612	7,846,612
Capital projects	-	-	-	10,996,023	10,798,973	21,794,996
Water, sewer, streets and transportation	-	6,656,952	-	-	960,743	7,617,695
Crime victim advocacy	-	-	-	-	274,366	274,366
Committed to:						
Budgetary stabilization	26,907,594	-	-	-	-	26,907,594
Crime victim advocacy	-	-	-	-	91,452	91,452
Assigned to:						
Vehicle replacement	-	-	-	-	8,885,144	8,885,144
Equipment replacement	-	-	-	-	1,073,667	1,073,667
Capital projects	-	-	-	-	12,025,797	12,025,797
Other purposes	6,990,024	-	-	-	-	6,990,024
Unassigned	22,997,628	-	-	(1,717,345)	-	21,280,283
Total fund balances	<u>\$ 57,494,165</u>	<u>\$ 6,656,952</u>	<u>\$ 9,773,795</u>	<u>\$ 9,278,678</u>	<u>\$ 54,389,178</u>	<u>\$ 137,592,768</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS

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

At June 30, 2019, the City reported the following aggregate amounts related to pensions plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension and OPEB liabilities			
Pension			
ARSR	\$ 24,020,348	\$ 6,826,478	\$ 30,846,826
PSPRS	29,697,116	-	29,697,116
EORP/CORP	1,210,556	-	1,210,556
OPEB*	148,208	7,474	155,682
Total	<u>\$ 55,076,228</u>	<u>\$ 6,833,952</u>	<u>\$ 61,910,180</u>
Deferred outflows of resources related to pensions and OPEB			
Pension			
ARSR	\$ 4,401,334	\$ 1,186,703	\$ 5,588,037
PSPRS	10,910,562	-	10,910,562
EORP/CORP	274,127	-	274,127
OPEB*	338,003	72,156	410,159
Total	<u>\$ 15,924,026</u>	<u>\$ 1,258,859</u>	<u>\$ 17,182,885</u>
Deferred inflows of resources related to pensions and OPEB			
Pension			
ARSR	\$ 2,845,430	\$ 801,511	\$ 3,646,941
PSPRS	643,665	-	643,665
EORP/CORP	386,579	-	386,579
OPEB*	384,541	54,101	438,642
Total	<u>\$ 4,260,215</u>	<u>\$ 855,612</u>	<u>\$ 5,115,827</u>
Pension and OPEB expense			
Pension			
ARSR	\$ 1,107,535	\$ 306,899	\$ 1,414,434
PSPRS	5,049,733	-	5,049,733
EORP/CORP	(268,100)	-	(268,100)
OPEB*	123,287	27,292	150,579
Total	<u>\$ 6,012,455</u>	<u>\$ 334,191</u>	<u>\$ 6,346,646</u>

*EORP/CORP and OPEB balances are not material to the financial statement as a whole, and therefore, note disclosure has been omitted.

The City's accrued payroll and employee benefits includes \$637,951 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2019. Also, the City reported \$4,558,031 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

During the year ended June 30, 2019, the City did not liquidate any of its pension liabilities. Liquidations of these liabilities would be paid primarily from the General Fund.

**CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System

Plan description—City employees not covered by the other pension plans 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 website at www.azasrs.gov.

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit 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 year,s 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 earnings. 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 retirement benefit option chosen determines the survivor benefit. 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, 2019, statute required active ASRS members were required by statute to contribute at the actuarially determined rate of 11.64 percent of the members’ annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 11.18 percent of the active members’ annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.41 percent 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 plan for the year ended June 30, 2019, was \$2,718,912.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

During fiscal year 2019, the City paid for ASRS pension contributions as follows: 62.8 percent from the General Fund, 22.4 percent from other major funds, and 14.8 percent from other funds.

Net Pension Liability—At June 30, 2019, the City reported a liability of \$30,846,826 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

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, 2018. The City’s proportion measured as of June 30, 2018, was 0.22 percent, which remained substantially unchanged from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the City recognized pension expense for ASRS of \$1,414,434. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 849,805	\$ 170,053
Change in assumptions or other inputs	816,263	2,734,995
Net difference between projected and actual earnings on pension plan investments	-	741,793
Changes in proportion and differences between city contributions and proportionate share of contributions	1,203,057	-
City contributions subsequent to the measurement date	2,718,912	-
Total	<u>\$ 5,588,037</u>	<u>\$ 3,646,841</u>

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

The \$2,718,912 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 ending June 30, 2020. 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:

<u>Year ending June 30</u>	<u>Net Outflow/ (Inflow)</u>
2020	\$ 896,294
2021	(216,098)
2022	(1,125,246)
2023	(332,666)

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

ASRS	Target	Long-Term
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Arithmetic Rate of Return</u>
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

**CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

A. Arizona State Retirement System (Continued)

Discount Rate—The discount rate used to measure the total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 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 pension 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 ASRS net pension liability to changes in the discount rate—The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	<u>1% Decrease</u> (6.5%)	<u>Current Discount Rate</u> (7.5%)	<u>1% Increase</u> (8.5%)
City's proportionate share of the net pension liability	\$ 43,972,860	\$ 30,846,826	\$ 19,880,237

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan descriptions—City police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. 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.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Benefits provided—The PSPRS 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 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	On or after July 1, 2017
Retirement and Disability			
Years of service and age required to receive benefit	20 years of service, any age 15 years of services, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of service, age 52.5* 15 or more years of service, age
Final average salary is based on	Highest 36 consecutive month of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
Benefit percent			
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater		
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefit			
Retired Members	80% to 100% 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 is subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Employees covered by benefit terms—At June 30, 2019, the following employees were covered by the agent pension plans’ benefit terms:

	<u>PSPRS Police</u>	<u>PSPRS Fire</u>
Inactive employees or beneficiaries currently receiving benefits	29	9
Inactive employees entitled to but not yet receiving benefits	32	6
Active employees	110	64
Total	<u>171</u>	<u>79</u>

Contributions—State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension 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. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	<u>Active member - Pension</u>	<u>City Pension</u>
PSPRS-Police Tier 1 & 2	7.65%	29.08%
PSPRS-Police Tier 3	9.94%	24.18%
PSPRS-Fire Tier 1 & 2	7.65%	27.63%
PSPRS-Fire Tier 3	9.94%	21.46%

In addition, statute required the City to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

	<u>PSPRS Police</u>	<u>PSPRS Fire</u>
Pension	12.49%	10.03%

The City’s contributions to the plans for the year ended June 30, 2019, were:

	<u>Pension</u>
PSPRS–Police Tier 1 & 2	\$2,737,614
PSPR–Police Tier 3	94,572
PSPRS–Fire Tier 1 & 2	1,830,362
PSPR–Fire Tier 3	28,629

During fiscal year 2018, the City paid for PSPRS pension contributions as follows: 75.8 percent from the General Fund, 24.1 percent from other major funds, and 0.1 percent from other funds.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension Liability—At June 30, 2019, the City reported the following net pension liabilities:

	Net Pension Liability
PSPRS—Police	<u>\$19,133,987</u>
PSPRS—Fire	10,563,129

The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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

PSPRS and CORP—Pension

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

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

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP	Long-Term	
Asset Class	Target Allocation	Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private equity	12%	5.83%
Real estate	10%	3.75%
Private credit	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Pension discount rates—At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was the same discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rates 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 pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

PSPRS—Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 42,982,080	\$ 25,286,084	\$ 17,695,996
Changes for the year:			
Service cost	1,946,106	-	1,946,106
Interest on total pension liability	3,186,313	-	3,186,313
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	326,924	-	326,924
Changes in assumptions or other inputs	-	-	-
Contributions—employer	-	2,451,734	(2,451,734)
Contributions—employee	-	825,215	(825,215)
Net investment income	-	1,759,091	(1,759,091)
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,793,686)	-
Hall/Parker Settlement	-	(981,953)	981,953
Administrative expense	-	(27,473)	27,473
Other changes	-	(5,262)	5,262
Net changes	3,665,657	2,227,666	1,437,991
Balances at June 30, 2019	<u>\$ 46,647,737</u>	<u>\$ 27,513,750</u>	<u>\$ 19,133,987</u>

Changes in the Net Pension Liability (Asset)

PSPRS—Fire	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 30,989,344	\$ 21,861,747	\$ 9,127,597
Changes for the year:			
Service cost	1,418,344	-	1,418,344
Interest on total pension liability	2,309,854	-	2,309,854
Changes in benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	574,991	-	574,991
Changes in assumptions or other inputs	-	-	-
Contributions—employer	-	1,682,744	(1,682,744)
Contributions—employee	-	512,464	(512,464)
Net investment income	-	1,520,488	(1,520,488)
Benefit payments, including refunds of employee contributions	(968,557)	(968,557)	-
Hall/Parker Settlement	-	(824,447)	824,447
Administrative expense	-	(23,842)	23,842
Other changes	-	250	(250)
Net changes	3,334,632	1,899,100	1,435,532
Balances at June 30, 2019	<u>\$ 34,323,976</u>	<u>\$ 23,760,847</u>	<u>\$ 10,563,129</u>

CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Sensitivity of the City's net pension liability to changes in the discount rate—The following table presents the City's net pension liabilities calculated using the discount rates noted above, 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 (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

Net Pension Liability	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PSPRS—Police	\$ 26,760,894	\$ 19,133,987	\$ 13,040,905
PSPRS—Fire	16,075,072	10,563,129	6,127,040

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS reports.

Pension expense—For the year ended June 30, 2019, the City recognized the following pension expense:

	Pension Expense
PSPRS—Police	\$ 3,318,664
PSPRS—Fire	1,731,069

Pension deferred outflows/inflows of resources—At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS—Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,294,770	\$ 519,328
Changes of assumptions or other inputs	2,173,566	-
Net difference between projected and actual earnings on pension plan investments	297,321	-
City contributions subsequent to the measurement date	2,832,186	-
Total	\$ 6,597,843	\$ 519,328
PSPRS—Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 695,723	\$ 124,337
Changes of assumptions or other inputs	1,501,195	-
Net difference between projected and actual earnings on pension plan investments	256,810	-
City contributions subsequent to the measurement date	1,858,991	-
Total	\$ 4,312,719	\$ 124,337

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - PENSION PLANS (Continued)

B. Public Safety Personnel Retirement System (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	<u>PSPRS</u>	<u>PSPRS</u>
	<u>Police</u>	<u>Fire</u>
2020	\$ 1,029,740	\$ 550,642
2021	873,040	415,802
2022	448,131	158,124
2023	405,253	318,930
2024	284,251	296,672
Thereafter	205,914	589,221

NOTE 9 - LONG-TERM OBLIGATIONS

The City has issued general obligation bonds to acquire and construct water and sewer system improvements, street and highway improvements, library facilities, a multi-purpose recreation center and to refund prior outstanding general obligation bonds. The City has also issued governmental activities pledged revenue refunding obligations and highway user revenue refunding bonds to refund prior outstanding pledged revenue and highway user revenue bonds, as well as business-type activities water and sewer system revenue bonds to finance and acquire improvements to the water production and distribution system, sewer collection and treatment system, and wastewater treatment plant.

Annual debt service requirements to maturity on these bonds at June 30, 2019, are summarized as follows:

Year Ending June 30	<u>Governmental Activities</u>				<u>Business-type Activities</u>			
	<u>General</u>		<u>Pledged Revenue</u>		<u>Water and Sewer</u>		<u>Pledged Revenue</u>	
	<u>Obligation Bonds</u>		<u>Refunding Obligations</u>		<u>Revenue Bonds</u>		<u>Refunding Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,245,000	\$ 1,610,886	\$ 5,194,628	\$ 594,594	\$ 690,000	\$ 297,000	\$ 135,373	\$ 17,856
2021	2,320,000	1,536,700	4,503,259	379,880	715,000	274,600	111,741	12,270
2022	2,235,000	1,451,400	2,179,575	270,900	315,000	262,000	70,425	8,750
2023	2,335,000	1,351,000	2,290,976	156,350	325,000	249,000	74,025	5,050
2024	2,460,000	1,245,250	2,402,376	36,229	340,000	235,400	77,624	1,170
2025-29	14,390,000	4,310,150	905,735	-	1,920,000	952,600	29,264	-
2030-34	5,815,000	2,014,700	-	-	2,330,000	521,000	-	-
2035-39	6,665,000	763,250	-	-	1,635,000	67,000	-	-
2040-2044	1,475,000	-	-	-	-	-	-	-
Total	<u>\$ 39,940,000</u>	<u>\$ 14,283,336</u>	<u>\$ 17,476,549</u>	<u>\$ 1,437,953</u>	<u>\$ 8,270,000</u>	<u>\$ 2,858,600</u>	<u>\$ 498,452</u>	<u>\$ 45,096</u>

The general obligation bonds are secured by property taxes (ad valorem taxes) levied by the City on all taxable property within the City sufficient to pay all principal and interest on the bonds as they come due.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The City has pledged certain future revenues to repay specific revenue bonded debt as follows:

- The City has pledged future excise tax revenues, including local sales taxes and state-shared sales and income taxes, to repay \$31.5 million of Pledged Revenue Refund Obligations, Series 2013 and 2016. At year end, \$18.0 million in bonds remains outstanding to be repaid with future excise tax revenues over the next 7 years. For the year ended June 30, 2019, the excise taxes available to service debt was \$75.8 million, and the principal and interest on this debt was \$5.9 million (7.8% of the available pledged revenues).
- The City has pledged future water and wastewater utility revenues to repay \$18.1 million of Water and Sewer System Revenue Obligations, Series 2010 and 2016. At year end, \$8.3 million in bonds remains outstanding to be repaid with future water and sewer revenues over the next 18 years. For the year ended June 30, 2019, the net water and wastewater utility revenues available to service debt was \$18.8 million and the principal and interest on this debt was \$1.1 million (6.0% of the available net pledged revenues).

A summary of changes in governmental activities long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2019, follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 5,494,967	\$ 4,226,701	\$ 3,852,171	\$ 5,869,497	\$ 4,695,598
Capital leases payable	4,542,254	-	183,767	4,358,487	270,570
Claims payable	935,032	1,303,523	441,104	1,797,451	1,177,840
General Obligation Bonds	21,740,000	21,390,000	3,190,000	39,940,000	2,245,000
Pledged Revenue Bonds	22,418,375	-	4,941,826	17,476,549	5,194,628
Unamortized premiums and discounts, net	4,579,194	2,930,479	667,314	6,842,359	728,411
Net pension and other post- employment benefits liability	54,476,039	7,590,977	6,990,788	55,076,228	-
Total	<u>\$ 114,185,861</u>	<u>\$ 37,441,680</u>	<u>\$ 20,266,970</u>	<u>\$ 131,360,571</u>	<u>\$ 14,312,047</u>

The internal service funds primarily provide services to the governmental funds. Accordingly, their long-term liabilities are reported with governmental activities in the Statement of Net Position. At fiscal year-end, internal service funds compensated absences of \$84,284, self-insurance claims payable of \$1,797,451, and \$790,185 of net pension and other postemployment benefit liability are included in the above liabilities.

Compensated Absences—Compensated absences payable are paid from various funds in the same proportion that those funds pay payroll and employee benefit costs. During the year ended June 30, 2019, the City primarily paid for compensated absences from the General Fund.

Capital Leases—The City has acquired and installed heating, cooling, lighting, and street lighting equipment under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they transfer ownership by the end of the lease term.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The following assets were acquired through capital leases:

<u>Class of Property</u>	<u>Governmental Activities</u>
Chiller/HVAC Upgrades	\$3,041,799
LED Streetlights	2,947,611
Less: Accumulated depreciation	199,427
Carrying value	<u>\$5,789,983</u>

The following schedule details debt service requirements to maturity for the City's capital lease payable at June 30, 2019.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 381,357
2021	367,645
2022	384,210
2023	410,068
2024	423,648
2025-2029	2,082,598
2030-2034	1,103,123
Total minimum lease payments	5,152,649
Less amount representing interest	(794,162)
Present value of net minimum lease payments	<u>\$ 4,358,487</u>

Pledged Revenue Refunding Obligations—These obligations were issued to refund outstanding MDC Revenue Bonds and are backed by the City's general excise taxes. Principal payments are due annually and interest payments are due semiannually.

The following issues are currently outstanding.

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2019</u>
2013 series bonds	2.00 - 4.00%	2020	\$ 2,050,000
2016 series bonds (96.87% of total issue)	2.00 - 5.00%	2024	15,426,549
			<u>\$ 17,476,549</u>

Annual debt service requirements to maturity for the pledged revenue refunding obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,194,628	\$ 594,594
2021	4,503,259	379,880
2022	2,179,575	270,900
2023	2,290,976	156,350
2024	2,402,376	36,229
2025	905,735	-
Total	<u>\$ 17,476,549</u>	<u>\$ 1,437,953</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds—These bonds are issued for the purpose of constructing capital assets and related improvements. The bonds are backed by the taxing authority of the City and are approved by the voters. Principal payments are due annually and interest payments are due semiannually.

On May 7, 2019, the City issued \$21,390,000 of General Obligation Bonds, Series 2019 to provide funds for the acquisition and construction of capital projects including a resource center, park improvements, and expansion of police facilities and to pay related bond issue costs. The issuance yielded \$24,320,479 of net bond proceeds, including a bond premium of \$2,930,479, less bond issue costs of \$77,497.

On December 14, 2017, the City issued \$21,350,000 of General Obligation Refunding Bonds, Tax-Exempt Series 2017A and Taxable Series 2017B to refund \$20,900,000 of outstanding General Obligation Bonds, Taxable Series 2009, and pay related bond issue costs. The issuance yielded \$23,395,316 of net bond proceeds, including a bond premium of \$2,464,479, less bond issue costs of \$419,162. The City deposited \$23,395,316 of the net bond proceeds with an escrow agent, who deposited the proceeds in an irrevocable trust. The proceeds are invested in securities backed by the U.S. Government that are designed to meet all future debt service requirements of the defeased \$20,900,000 of General Obligation Bonds, Taxable Series 2009.

The following issues are currently outstanding:

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	Outstanding Principal June 30, 2019
2017A series bonds	1.88 - 2.40%	2029	\$ 14,740,000
2017B series bonds	4.00 - 5.00%	2021	3,810,000
2019 series bonds	3.00 - 5.00%	2039	21,390,000
			<u>\$ 39,940,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,245,000	\$ 1,610,886
2021	2,320,000	1,536,700
2022	2,235,000	1,451,400
2023	2,335,000	1,351,000
2024	2,460,000	1,245,250
2025-2029	14,390,000	4,310,150
2030-2034	5,815,000	2,014,700
2035-2039	6,665,000	763,250
2040	1,475,000	-
Total	<u>\$ 39,940,000</u>	<u>\$ 14,283,336</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

A summary of changes in long-term liabilities for the business-type activities reported in the government-wide financial statements for the year ended June 30, 2019, follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Business-type activities:					
Compensated absences	\$ 735,445	\$ 503,978	\$ 498,124	\$ 741,299	\$ 593,039
Water and Sewer Revenue Bonds	9,080,000	-	810,000	8,270,000	690,000
Pledged Revenue Bonds	626,626	-	128,174	498,452	135,373
Unamortized premiums and discounts, net	1,165,065	-	115,557	1,049,508	115,555
Net pension and post-employment benefits liability	<u>7,250,653</u>	<u>523,759</u>	<u>940,460</u>	<u>6,833,952</u>	<u>-</u>
Total	<u>\$ 18,857,789</u>	<u>\$ 1,027,737</u>	<u>\$ 2,492,315</u>	<u>\$ 17,393,211</u>	<u>\$ 1,533,967</u>

Water and Sewer Revenue Bonds—The revenue produced by the water and sewer facilities secures water and sewer revenue bonds. The voters must approve these bonds. Principal payments are due annually and interest payments are due semiannually.

The following issues are currently outstanding.

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding</u> <u>Principal</u> <u>June 30, 2019</u>
2010 series obligations	3.0 - 5.0%	2020	\$ 795,000
2016 series obligations	2.0 - 4.0%	2036	<u>7,475,000</u>
			<u>\$ 8,270,000</u>

Annual debt service requirements to maturity for the water and sewer revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 690,000	\$ 297,000
2021	715,000	274,600
2022	315,000	262,000
2023	325,000	249,000
2024	340,000	235,400
2025-2029	1,920,000	952,600
2030-2034	2,330,000	521,000
2035-2037	1,635,000	67,000
Total	<u>\$ 8,270,000</u>	<u>\$ 2,858,600</u>

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Pledged Revenue Refunding Obligations—These obligations were issued to refund outstanding MDC Revenue Bonds and are backed by the City’s general excise taxes. Principal payments are due annually and interest payments are due semiannually. The following issue is currently outstanding.

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2019</u>
2016 series bonds (3.13% of total issue)	2.00 - 5.00%	2024	\$ 498,452

Annual debt service payments to maturity for pledged revenue refunding obligations of business-type activities are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 135,373	\$ 17,856
2021	111,741	12,270
2022	70,425	8,750
2023	74,025	5,050
2024	77,624	1,170
2025	29,264	-
Total	<u>\$ 498,452</u>	<u>\$ 45,096</u>

NOTE 10 - INTERFUND BALANCES AND ACTIVITY

Interfund balances at June 30, 2019, were as follows:

<u>Due to</u>	<u>Due From</u>	<u>Amounts</u>
General Fund	Nonmajor Funds	\$ 1,002,575
	Water	1,328
	Wastewater	398
	Sanitation	30
		<u>1,004,331</u>
Public Safety Sales Tax Revenue Fund	Sanitation	16
		<u>5</u>
Nonmajor Funds	Sanitation	307,519
		<u>17</u>
Internal Service Funds	Internal Service Funds	307,536
	Sanitation	<u>17</u>
		<u>307,536</u>
		<u>\$ 1,311,888</u>

In addition, to the due to and due from for short-term borrowings, General Fund reported \$128,000 advance to Development Fees Funds at June 30, 2019 for prior year projects to be repaid at a future date.

The significant due from other funds balances were to cover cash deficits in the Nonmajor funds from the General Fund.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - INTERFUND BALANCES AND ACTIVITY (Continued)

Interfund transfers for the year ended June 30, 2019, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General Fund	\$ -	\$ 8,573,300
Dedicated Sales Tax Revenue Fund	-	6,700,000
Public Safety Sales Tax Revenue Fund	-	308,170
Development Fees Fund	6,325,000	302,950
Nonmajor Governmental Funds	12,189,412	3,659,872
Total governmental funds	<u>18,514,412</u>	<u>19,544,292</u>
Enterprise funds:		
Water Fund	2,456,118	-
Wastewater Fund	150,000	2,306,118
Total enterprise funds	<u>2,606,118</u>	<u>2,306,118</u>
Internal service funds:	2,250,000	1,520,120
Grand total	<u>\$ 23,370,530</u>	<u>\$ 23,370,530</u>

Major transfers include \$3.9 million from the General Fund to the Development Fees Fund to finance various construction projects, as well as city parks, library, and public safety facilities enhancement and improvement projects; about \$2.1 million to the Internal Services Funds to accumulate reserves for the future replacement of vehicles and equipment. Dedicated Sales Tax Revenue Fund transfers included \$5.2 million to debt service funds to service debt. Nonmajor Governmental Funds transfers include \$3.0 million from HURF Fund to Other Capital Project Funds to finance various capital projects.

All other transfers between funds were routine in nature and consistent with the fund making the transfer.

NOTE 11 – SELF-INSURANCE

The City is exposed to various risks of loss and administers and accounts for these risks in the Self-insurance Fund, which is an internal service fund.

In fiscal year 2005, the City established a self-insurance fund to manage losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for the first \$500,000 of any general liability and automobile liability occurrence and purchases commercial insurance to protect from losses in excess of \$500,000. The excess commercial insurance coverages and limits follow:

<u>Coverage</u>	<u>Limit</u>
Property and Boiler & Machinery	\$ 166,089,000
Public Entity/Excess Liability	25,500,000
Crime	2,000,000
Privacy/Network Liability (Cyber)	5,000,000
Environmental Liability	2,000,000

Beginning July 1, 2018, the City is self-insured against workers' compensation claims. The City is self-insured for the first \$1.0 million for wildland team firefighters and \$500,000 for all other employees. The excess commercial insurance coverage limits are \$1.0 million per occurrence and aggregate and \$2.0 million for the liability period.

**CITY OF AVONDALE, ARIZONA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 11 – SELF-INSURANCE (Continued)

The City retains all risks not covered by commercial insurance carriers and the Pool and has effectively managed risk through various employee education and prevention programs. There have not been any losses in excess of the coverages provided by the Self-insurance Fund since its inception.

Funds receiving insurance coverage pay monthly premiums to the Risk Management fund and Workers' Compensation Fund based upon a budget model taking into consideration actuarial analysis and projections, prior loss experience, staffing, and operating budget.

Premium payments to insurance carriers, loss control, and self-insurance expenses are made directly from the Self-insurance Fund.

Based on information provided by the actuary, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities include case reserves, the development of known claims, claims that have been incurred but not reported, and allocated loss adjustment expenses. The claims liabilities consider the effects of inflation, claims settlement trends, such as frequency and severity, and other factors. These liabilities are limited to the self-funded retention and deductibles.

Changes in the balances of claims liabilities during the past two years follows:

	<u>2019</u>	<u>2018</u>
Beginning balance at July 1	\$935,032	\$757,947
Current year claims and changes in estimates	1,303,523	925,844
Claim payments	(441,104)	(748,759)
Ending balance at June 30	<u>\$1,797,451</u>	<u>\$935,032</u>

NOTE 12 – CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS

Litigation—The City is in litigation arising in the ordinary course of its operations. The City believes that the liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity.

Federal and State Grants—The City received grants from both the federal and state governments during the year ended June 30, 2019, and some grants have been audited as of June 30, 2019. The City expects no material disallowance of expenditures.

Contractual Commitments—The City had major contractual commitments related to various capital projects at June 30, 2019. As of June 30, 2019, the City had spent \$27,018,595 on these projects and had remaining contractual commitments with contractors of \$14,859,892. These projects are being financed from development fees, bond proceeds, intergovernmental revenues, operating and capital grants, and general operating fund balances.

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 – CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS (Continued)

The project categories and remaining commitments at June 30, 2019, follow.

	<u>Balance</u>
Street construction and improvements	\$ 1,769,492
Police Development	569,687
Park enhancements and Improvements	8,791,539
One-time projects	950,197
Sewer Construction and Improvements	1,302,103
Water Equipment Replacement	420,155
Sewer Equipment Replacement	100,127
Water system construction and improvements	956,592
Total	<u>\$ 14,859,892</u>

NOTE 13 - OPERATING LEASES

The City jointly operates and funds the Southwest Family Advocacy Center (SWFAC) with the Avondale, Buckeye and Goodyear Police Departments and the Maricopa County Sheriff's Office. The City leases SWFAC office space under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease were \$370,293 for the year ended June 30, 2019. The following future minimum payments were required under the operating lease at June 30, 2019:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 387,792
2021	406,932
2022	406,932
2023	426,084
2024	426,084
2025-2026	890,472
Total	<u>\$ 2,944,296</u>

NOTE 14 – JOINT VENTURES

The City participates in the Regional Wireless Cooperative (RWC), an Arizona joint venture, multi-jurisdictional organization formed in 2008 to oversee the construction, operation, and maintenance of a regional communications network. The regional communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around the Phoenix Metropolitan Region. All members share ongoing financial responsibilities based on their relative size, which is measured by the number of subscriber units (radios) on the network. Currently, the City of Phoenix is responsible for the day-to-day operations and maintenance of the network, as well as the management of the RWC's organization and finances.

The City records its share of equity in the joint venture in the government-wide financial statements. The City's equity balance as of June 30, 2019, was \$585,079, or 0.82 percent of the RWC's total net position. The RWC Comprehensive Annual Financial Report is available from the Regional Wireless Cooperative, 200 West Washington Street, 12th Floor, Phoenix, Arizona, 85003.

NOTE 15 – SUBSEQUENT EVENTS

On July 25, 2019 the City issued \$10,000,000 in Pledged Revenue Obligations, Series 2019 under a third purchase agreement with U.S. Bank National Association. The proceeds of the issuance will be used to fund capital water and infrastructure projects. The City has pledged excise tax revenues, including local sales taxes and state-shared revenues to repay the obligations.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

**CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY —
COST-SHARING PLANS
JUNE 30, 2019**

ASRS	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
City's proportion of the net pension liability	0.221180%	0.210820%	0.209877%	0.203704%	0.200048%	Information not available
City's proportionate share of the net pension liability	\$ 30,846,826	\$ 32,841,652	\$ 33,876,740	\$ 31,729,753	\$ 29,600,287	
City's covered payroll	\$ 22,151,275	\$ 20,721,364	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916	
City's proportionate share of the net pension liability as a percentage of its covered payroll	139.26%	158.49%	172.39%	168.96%	164.69%	
Plan fiduciary net position as a percentage of the total pension liability	73.00%	69.92%	67.06%	68.35%	69.49%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS—
AGENT PLANS
JUNE 30, 2019

PSPRS Police	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						Information not available
Service cost	\$ 1,946,106	\$ 1,976,541	\$ 1,525,046	\$ 1,415,787	\$ 1,331,141	
Interest on the total pension liability	3,186,313	2,821,376	2,457,622	2,231,813	1,846,508	
Changes of benefit terms	-	381,272	2,654,715	-	295,006	
Differences between expected and actual experience in the measurement of the pension liability	326,924	966,425	(894,754)	367,549	380,206	
Changes of assumptions or other inputs	-	771,117	1,538,022		2,093,103	
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)	
Net change in total pension liability	3,665,657	5,787,280	6,019,425	2,889,919	4,911,301	
Total pension liability—beginning	42,982,080	37,194,800	31,175,375	28,285,456	23,374,155	
Total pension liability—ending (a)	<u>\$ 46,647,737</u>	<u>\$ 42,982,080</u>	<u>\$ 37,194,800</u>	<u>\$ 31,175,375</u>	<u>\$ 28,285,456</u>	
Plan fiduciary net position						
Contributions—employer	\$ 2,451,734	\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188	
Contributions—employee	825,215	976,415	932,789	861,574	743,958	
Net investment income	1,759,091	2,570,277	118,764	689,299	2,121,707	
Benefit payments, including refunds of employee contributions	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)	
Hall/Parker Settlement	(981,953)	-	-	-	-	
Administrative expense	(27,473)	(23,143)	(17,489)	(17,204)	(3,445)	
Other changes	(5,262)	21,812	(380,099)	1,164	(472,452)	
Net change in plan fiduciary net position	2,227,666	4,239,299	1,076,411	1,728,266	2,587,293	
Plan fiduciary net position—beginning	25,286,084	21,046,785	19,970,374	18,242,108	15,654,815	
Plan fiduciary net position—ending (b)	<u>\$ 27,513,750</u>	<u>\$ 25,286,084</u>	<u>\$ 21,046,785</u>	<u>\$ 19,970,374</u>	<u>\$ 18,242,108</u>	
City's net pension liability—ending (a) – (b)	<u>\$ 19,133,987</u>	<u>\$ 17,695,996</u>	<u>\$ 16,148,015</u>	<u>\$ 11,205,001</u>	<u>\$ 10,043,348</u>	
Plan fiduciary net position as a percentage of the total pension liability	58.83%	58.83%	56.59%	64.06%	64.49%	
Covered payroll	\$ 8,742,614	\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472	
City's net pension liability as a percentage of covered payroll	218.86%	198.76%	199.38%	145.43%	133.85%	

See accompanying notes to the pension schedules.

CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS—
AGENT PLANS
JUNE 30, 2019

PSPRS Fire	Reporting Fiscal Year (Measurement Date)					2014 through 2009
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						
Service cost	\$ 1,418,344	\$ 1,296,498	\$ 1,059,427	\$ 980,484	\$ 837,218	Information not available
Interest on the total pension liability	2,309,854	2,098,727	1,702,937	1,544,325	1,312,216	
Changes of benefit terms	-	170,572	2,475,378	-	106,903	
Differences between expected and actual experience in the measurement of the pension liability	574,991	(55,836)	216,529	(131,687)	50,110	
Changes of assumptions or other inputs	-	303,190	1,109,853	-	932,687	
Benefit payments, including refunds of employee contributions	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)	
Net change in total pension liability	3,334,632	3,495,986	6,095,082	2,038,065	2,886,259	
Total pension liability—beginning	30,989,344	27,493,358	21,398,276	19,360,211	16,473,952	
Total pension liability—ending (a)	<u>\$ 34,323,976</u>	<u>\$ 30,989,344</u>	<u>\$ 27,493,358</u>	<u>\$ 21,398,276</u>	<u>\$ 19,360,211</u>	
Plan fiduciary net position						
Contributions—employer	\$ 1,682,744	\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757	
Contributions—employee	512,464	642,054	729,183	597,484	506,808	
Net investment income	1,520,488	2,229,110	102,392	585,392	1,788,115	
Benefit payments, including refunds of employee contributions	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)	
Hall/Parker Settlement	(824,447)					
Administrative expense	(23,842)	(20,124)	(15,135)	(14,673)	(2,904)	
Other changes	250	2,937	(84,529)	(8,867)	(254,889)	
Net change in plan fiduciary net position	1,899,100	3,492,036	1,203,457	1,655,563	2,454,012	
Plan fiduciary net position—beginning	21,861,747	18,369,711	17,166,254	15,510,691	13,056,679	
Plan fiduciary net position—ending (b)	<u>\$ 23,760,847</u>	<u>\$ 21,861,747</u>	<u>\$ 18,369,711</u>	<u>\$ 17,166,254</u>	<u>\$ 15,510,691</u>	
City's net pension liability—ending (a) – (b)	<u>\$ 10,563,129</u>	<u>\$ 9,127,597</u>	<u>\$ 9,123,647</u>	<u>\$ 4,232,022</u>	<u>\$ 3,849,520</u>	
Plan fiduciary net position as a percentage of the total pension liability	69.23%	70.55%	66.82%	80.22%	80.12%	
Covered payroll	\$ 6,012,478	\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433	
City's net pension liability as a percentage of covered payroll	175.69%	161.29%	165.86%	81.26%	75.14%	

See accompanying notes to the pension schedules.

**CITY OF AVONDALE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
JUNE 30, 2019**

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,718,912	\$ 2,414,489	\$ 2,233,763	\$ 2,132,186	\$ 2,043,209	\$ 1,929,522	Information not available
City's contributions in relation to the statutorily required contribution	2,718,912	2,414,489	2,233,763	2,132,186	2,043,209	1,929,522	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 24,271,500	\$ 22,151,275	\$ 20,721,364	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916	
City's contributions as a percentage of covered payroll	11.20%	10.90%	10.78%	10.85%	10.88%	10.70%	

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 2,832,186	\$ 2,452,912	\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188	Information not available
City's contributions in relation to the statutorily required contribution	2,832,186	1,485,625	1,823,389	1,683,672	1,318,663	1,232,188	
City's contribution deficiency (excess)	\$ -	\$ 967,287	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 9,448,807	\$ 8,742,614	\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472	
City's contributions as a percentage of covered payroll	29.97%	16.99%	20.48%	20.79%	17.12%	16.42%	

	Reporting Fiscal Year						2013 through 2009
	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,858,991	\$ 1,391,519	\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757	Information not available
City's contributions in relation to the statutorily required contribution	1,858,991	581,486	955,224	940,588	851,284	769,757	
City's contribution deficiency (excess)	\$ -	\$ 810,033	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 6,256,884	\$ 6,012,478	\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433	
City's contributions as a percentage of covered payroll	29.71%	9.67%	16.88%	17.10%	16.35%	15.02%	

See accompanying notes to the pension schedules.

**CITY OF AVONDALE, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO PENSION PLAN SCHEDULES
 JUNE 30, 2019**

NOTE 1 - ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarially determined contribution rates are calculated as of June 30 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. 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 2016 actuarial valuation	20 years
Asset valuation method	7-year smoothed market value; 20% market corridor
Actuarial assumptions:	
Investment rate of return	7.5%, net of investment and administrative expenses.
Projected salary increases	3.00%; No explicit price inflation assumption is used in this valuation.
Wage inflation	4.0%
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	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females).

Other Information

Assumed Future Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.75% for this valuation.
--	--

NOTE 2 - PENSION SCHEDULES

Information prior to the measurement date of fiscal year 2014 was not available. Ten years of data will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

Major Governmental Funds Budgetary Comparison Schedules

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEVELOPMENT FEES FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 3,495,129	\$ 3,386,398	\$ 1,689,994	\$ (1,696,404)
Investment income	75,840	75,840	260,310	184,470
Total revenues	<u>3,570,969</u>	<u>3,462,238</u>	<u>1,950,304</u>	<u>(1,511,934)</u>
Expenditures				
Current:				
General government	-	-	23,057	(23,057)
Public safety	-	-	69,204	(69,204)
Highways and streets	-	-	1,752,609	(1,752,609)
Debt service:				
Interest and other charges	-	-	95,538	(95,538)
Capital outlay	28,114,000	15,170,389	20,646,978	(5,476,589)
Total expenditures	<u>28,114,000</u>	<u>15,170,389</u>	<u>22,587,386</u>	<u>(7,416,997)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,543,031)</u>	<u>(11,708,151)</u>	<u>(20,637,082)</u>	<u>(8,928,931)</u>
Other financing sources (uses)				
Bonds issued	-	-	12,993,099	12,993,099
Bonds premium	-	-	1,780,084	1,780,084
Transfers in	6,329,000	3,329,000	6,325,000	2,996,000
Transfers out	(302,950)	(302,950)	(302,950)	-
Total other financing sources (uses)	<u>6,026,050</u>	<u>3,026,050</u>	<u>20,795,233</u>	<u>17,769,183</u>
Net change in fund balance	158,151	158,151	158,151	-
Fund balance, July 1, 2018	<u>9,775,051</u>	<u>9,775,051</u>	<u>9,120,527</u>	<u>(654,524)</u>
Fund balance, June 30, 2019	<u><u>9,933,202</u></u>	<u><u>9,933,202</u></u>	<u><u>9,278,678</u></u>	<u><u>(654,524)</u></u>

Nonmajor Governmental Funds Combining Financial Statements

Special Revenue Funds

Highway User Revenue Fund accounts for excise fuel taxes and other fees and charges relating to the registration and operation of motor vehicles on the public highways of the State. These revenues are distributed to cities and towns based on a formula. A constitutional provision requires that these revenues be used for highway and street purposes.

Local Transportation Assistance Fund accounts for transit grants that provide resources to support public transportation services. This fund also accounts for special distributions of state lottery monies that are restricted for transit-related projects and programs.

Senior Programs Fund accounts for senior services provided to senior citizens within the community. These services are funded mainly by federal and state programs that provide resources to preserve and promote nutrition and health, prevent and reduce the risk of chronic diseases, and to promote and maintain independence and independent living.

Judicial Collection Enhancement Fund accounts for resources required to improve, maintain, and enhance the ability to collect and manage monies assessed or received by the City Court including restitution, child support, fines and civil penalties, as well as to improve court automation projects likely to improve case processing or the administration of justice.

Grants-in-Aid Fund accounts for grant funding and private donations and contributions for specific purposes not accounted for in other special revenue funds.

Family Advocacy Center Fund accounts for resources to operate the Southwest Family Advocacy Center which provides services to victims of domestic violence and other crimes. The City jointly funds and administers the Center with the municipalities and police departments of Avondale, Buckeye, Goodyear, and the Maricopa County Sheriff's Office through the County of Maricopa.

Environmental Fees Fund accounts for environment fees collected and spent by the City to administer and enforce environmental programs such as the National Pollutant Discharge Elimination System Program and Particulate Matter Program.

Capital Projects Funds

Vehicle Replacement Fund accounts for reserves set aside for the replacement of city vehicles other than those vehicles used in the City's enterprise activities. A consistent methodology is used to accumulate replacement reserves for operating department vehicle replacement needs. Vehicles are assigned replacement values and estimated useful lives. Operating departments are then charged annual replacement charges such that the replacement reserves are available upon retirement of the vehicles.

Equipment Replacement Fund accounts for reserves set aside for the replacement of city technology equipment other than equipment used in the City's enterprise activities. A consistent methodology is used to accumulate replacement reserves for operating department replacement needs. Equipment is assigned replacement values and estimated useful lives. Operating departments are then charged annual replacement charges such that the replacement reserves are available upon retirement of the equipment.

Other Capital Projects accounts for capital resources and activities not accounted for in other capital project funds.

Debt Service Funds

General Obligation Bonds Fund accounts for the accumulation of resources and payment of principal and interest on the City's general obligation bonds. The principal and interest on general obligation bonds is normally paid with revenues generated from the secondary property tax levy sufficient to make required debt service payments.

Highway User Revenue Bonds Fund accounts for the accumulation of resources and payment of principal and interest on the City's street and highway revenue bonds. The City has pledged excise fuel taxes to make the required debt service payments.

Dedicated Sales Tax Revenue Bonds Fund accounts for the accumulation of resources and payment of principal and interest on MDC revenue bonds and pledged revenue refunding obligations issued by the City. The City has pledged the voter-approved 0.5-cent sales tax revenues and general excise taxes to make the required debt services payments.

Other Debt Service Fund accounts for the accumulation of resources and payment of principal and interest on the City's general long-term bond indebtedness not accounted for in the other debt service funds. The City has pledged its general excise taxes to make the required debt service payments.

**CITY OF AVONDALE, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019**

Special Revenue Funds

	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Collection Enhancement	Grants-In-Aid
ASSETS					
Cash and cash equivalents	\$ 5,201,275	\$ 1,637,112	\$ -	\$ 575,987	\$ 2,138,658
Investments	2,021,974	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	1,209	-	53,315	-	201,965
Interest	9,629	-	-	-	-
Due from other funds	-	-	-	-	5
Due from other governments	515,761	-	1,300	4,023	223,270
Inventories	174,839	11,699	5,640	-	-
Prepaid items	-	2,500	14,490	-	1,498
Restricted cash with fiscal agents	-	-	-	-	-
Total assets	<u>7,924,687</u>	<u>1,651,311</u>	<u>74,745</u>	<u>580,010</u>	<u>2,565,396</u>
LIABILITIES					
Accounts payable	250,252	1,354	9,751	10,578	126,876
Accrued payroll and employee benefits	44,190	2,446	10,398	1,415	88,168
Accrued liabilities	-	11,972	-	-	-
Deposits held for others	-	-	-	-	21,875
Sales taxes payable	290	-	-	-	-
Due to other funds	737	-	21,322	-	12,523
Total liabilities	<u>295,469</u>	<u>15,772</u>	<u>41,471</u>	<u>11,993</u>	<u>249,442</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	-	-	-	-	110,794
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,794</u>
FUND BALANCES					
Nonspendable	174,839	14,199	20,130	-	1,498
Restricted	7,454,379	1,621,340	13,144	568,017	2,203,662
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>7,629,218</u>	<u>1,635,539</u>	<u>33,274</u>	<u>568,017</u>	<u>2,205,160</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,924,687</u>	<u>\$ 1,651,311</u>	<u>\$ 74,745</u>	<u>\$ 580,010</u>	<u>\$ 2,565,396</u>

(continued on next page)

**CITY OF AVONDALE, ARIZONA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

(continuation)	Special Revenue Funds		Capital Projects Funds		
	Family Advocacy Center	Environmental Fees	Vehicle Replacement	Equipment Replacement	Other Capital Projects
ASSETS					
Cash and cash equivalents	\$ 106,270	\$ 924,247	\$ 3,525,628	\$ 1,149,763	\$ 23,049,210
Investments	-	-	5,369,212	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	46,461	3,135	-	5,401
Interest	-	-	20,257	-	-
Due from other funds	-	-	-	-	-
Due from other governments	294,377	-	-	-	-
Inventories	-	-	-	190,792	-
Prepaid items	7,600	-	-	162,824	-
Restricted cash with fiscal agents	-	-	-	-	-
Total assets	<u>408,247</u>	<u>970,708</u>	<u>8,918,232</u>	<u>1,503,379</u>	<u>23,054,611</u>
LIABILITIES					
Accounts payable	8,200	6,313	33,088	76,096	229,841
Accrued payroll and employee benefits	19,108	3,652	-	-	-
Accrued liabilities	-	-	-	-	-
Deposits held for others	-	-	-	-	-
Sales taxes payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>27,308</u>	<u>9,965</u>	<u>33,088</u>	<u>76,096</u>	<u>229,841</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - other	7,521	-	-	-	-
Total deferred inflows of resources	<u>7,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	7,600	-	-	353,616	-
Restricted	274,366	960,743	-	-	10,798,973
Committed	91,452	-	-	-	-
Assigned	-	-	8,885,144	1,073,667	12,025,797
Total fund balances	<u>373,418</u>	<u>960,743</u>	<u>8,885,144</u>	<u>1,427,283</u>	<u>22,824,770</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 408,247</u>	<u>\$ 970,708</u>	<u>\$ 8,918,232</u>	<u>\$ 1,503,379</u>	<u>\$ 23,054,611</u>

Debt Service Funds

General Obligation Bonds	Highway User Revenue Bonds	Dedicated Sales Tax Revenue Bonds	Other Debt Service	Total Nonmajor Governmental Funds
\$ 103,685	\$ -	\$ -	\$ 1,278,299	\$ 39,690,134
-	-	-	-	7,391,186
50,589	-	-	-	-
-	-	-	-	50,589
-	-	-	-	311,486
-	-	1,571	-	31,457
-	-	-	-	5
-	-	-	-	1,038,731
-	-	-	-	382,970
-	-	-	-	188,912
2,711,472	-	5,341,439	269,436	8,322,347
<u>2,865,746</u>	<u>-</u>	<u>5,343,010</u>	<u>1,547,735</u>	<u>\$ 57,407,817</u>
17,999	-	-	-	\$ 770,348
-	-	-	-	169,377
466,472	-	401,359	20,774	900,577
-	-	-	-	21,875
-	-	-	-	290
-	-	967,993	-	1,002,575
<u>484,471</u>	<u>-</u>	<u>1,369,352</u>	<u>20,774</u>	<u>2,865,042</u>
35,282	-	-	-	35,282
-	-	-	-	118,315
<u>35,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,597</u>
-	-	-	-	571,882
2,345,993	-	3,973,658	1,526,961	31,741,236
-	-	-	-	91,452
-	-	-	-	21,984,608
<u>2,345,993</u>	<u>-</u>	<u>3,973,658</u>	<u>1,526,961</u>	<u>54,389,178</u>
<u>\$ 2,865,746</u>	<u>\$ -</u>	<u>\$ 5,343,010</u>	<u>\$ 1,547,735</u>	<u>\$ 57,407,817</u>



CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Collection Enhancement	Grants-In-Aid
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	5,738,055	292,790	346,398	-	2,139,107
Charges for services	-	-	-	68,598	-
Interest income	215,039	39,541	3,163	9,713	21,196
Net decrease in fair value of investments	-	-	-	-	-
Contributions	-	-	22,531	-	476,772
Miscellaneous	24,213	12,500	-	5,242	227,608
Total revenue	5,977,307	344,831	372,092	83,553	2,864,683
Expenditures					
Current:					
General government	-	-	-	91,324	15,820
Public safety	-	-	-	-	267,332
Highway and streets	1,681,376	-	-	-	-
Health and welfare	-	-	591,626	-	1,088,337
Economic and community development	2,327,107	-	-	-	166,849
Culture and recreation	-	-	-	-	500,661
Transportation	-	1,248,002	-	-	-
Debt service:					
Principal	152,242	-	-	-	-
Interest and other charges	66,766	-	-	-	-
Capital outlay	23,977	-	-	-	327,481
Total expenditures	4,251,468	1,248,002	591,626	91,324	2,366,480
Excess (deficiency) of revenues over (under) expenditures	1,725,839	(903,171)	(219,534)	(7,771)	498,203
Other financing sources (uses)					
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	138,762	770,510	331,200	-	149,880
Transfers out	(3,227,790)	(1,070)	(23,790)	-	(226,070)
Total other financing sources (uses)	(3,089,028)	769,440	307,410	-	(76,190)
Net change in fund balances	(1,363,189)	(133,731)	87,876	(7,771)	422,013
Fund balances, July 1, 2018	8,992,407	1,769,270	(54,602)	575,788	1,783,147
Fund balances, June 30, 2019	\$ 7,629,218	\$ 1,635,539	\$ 33,274	\$ 568,017	\$ 2,205,160

(continued on next page)

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		Capital Projects Funds		
	Family Advocacy Center	Environmental Fees	Vehicle Replacement	Equipment Replacement	Other Capital Projects
(continuation)					
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	283,196	-	-	-
Intergovernmental	1,127,667	-	-	-	-
Charges for services	-	-	-	-	-
Interest income	745	10,675	181,308	22,829	235,856
Net increase in the fair value of investments	-	-	100,386	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	58,894
Total revenue	<u>1,128,412</u>	<u>293,871</u>	<u>281,694</u>	<u>22,829</u>	<u>294,750</u>
Expenditures					
Current:					
General government	-	-	4,591	326,974	30,422
Public safety	1,269,469	-	-	-	-
Highway and streets	-	-	-	-	-
Health and welfare	-	187,734	-	-	-
Economic and community development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Transportation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	61,742
Capital outlay	17,078	-	1,301,562	483,577	777,415
Total expenditures	<u>1,286,547</u>	<u>187,734</u>	<u>1,306,153</u>	<u>810,551</u>	<u>869,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,135)</u>	<u>106,137</u>	<u>(1,024,459)</u>	<u>(787,722)</u>	<u>(574,829)</u>
Other financing sources (uses)					
Bond issued	-	-	-	-	8,396,901
Bond premium	-	-	-	-	1,150,395
Sale of capital assets	-	-	150,798	-	-
Transfers in	360,400	-	1,779,190	916,520	1,840,000
Transfers out	(41,320)	(1,070)	-	-	-
Total other financing sources (uses)	<u>319,080</u>	<u>(1,070)</u>	<u>1,929,988</u>	<u>916,520</u>	<u>11,387,296</u>
Net change in fund balances	160,945	105,067	905,529	128,798	10,812,467
Fund balances, July 1, 2018	<u>212,473</u>	<u>855,676</u>	<u>7,979,615</u>	<u>1,298,485</u>	<u>12,012,303</u>
Fund balances, June 30, 2019	<u>\$ 373,418</u>	<u>\$ 960,743</u>	<u>\$ 8,885,144</u>	<u>\$ 1,427,283</u>	<u>\$ 22,824,770</u>

Debt Service Funds

General Obligation Bonds	Highway User Revenue Bonds	Dedicated Sales Tax Revenue Bonds	Other Debt Service	Total Nonmajor Governmental Funds
\$ 4,174,643	\$ -	\$ -	\$ -	\$ 4,174,643
-	-	-	-	283,196
-	-	-	-	9,644,017
-	-	-	-	68,598
40,485	-	70,916	18,001	869,467
-	-	-	-	100,386
-	-	-	-	499,303
110	-	-	-	328,567
<u>4,215,238</u>	<u>-</u>	<u>70,916</u>	<u>18,001</u>	<u>15,968,177</u>
-	-	-	-	469,131
-	-	-	-	1,536,801
-	-	-	-	1,681,376
-	-	-	-	1,867,697
-	-	-	-	2,493,956
-	-	-	-	500,661
-	-	-	-	1,248,002
3,190,000	-	4,725,610	216,216	8,284,068
837,544	-	809,502	41,648	1,817,202
-	-	-	-	2,931,090
<u>4,027,544</u>	<u>-</u>	<u>5,535,112</u>	<u>257,864</u>	<u>22,829,984</u>
187,694	-	(5,464,196)	(239,863)	(6,861,807)
-	-	-	-	8,396,901
-	-	-	-	1,150,395
-	-	-	-	150,798
-	-	5,502,950	400,000	12,189,412
-	(138,762)	-	-	(3,659,872)
<u>-</u>	<u>(138,762)</u>	<u>5,502,950</u>	<u>400,000</u>	<u>18,227,634</u>
187,694	(138,762)	38,754	160,137	11,365,827
<u>2,158,299</u>	<u>138,762</u>	<u>3,934,904</u>	<u>1,366,824</u>	<u>43,023,351</u>
<u>\$ 2,345,993</u>	<u>\$ -</u>	<u>\$ 3,973,658</u>	<u>\$ 1,526,961</u>	<u>\$ 54,389,178</u>



SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds Budgetary Comparison Schedules

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,207,080	\$ 5,207,080	\$ 5,738,055	\$ 530,975
Investment income	20,150	20,150	215,039	194,889
Miscellaneous	330	330	24,213	23,883
Total revenues	<u>5,227,560</u>	<u>5,227,560</u>	<u>5,977,307</u>	<u>749,747</u>
Expenditures				
Current:				
Highways and streets	2,122,127	1,874,482	1,681,376	193,106
Economic and community development	2,790,115	2,696,635	2,327,107	369,528
Debt service:				
Principal	152,242	152,242	152,242	-
Interest and other charges	66,766	66,766	66,766	-
Capital outlay	-	18,820	23,977	(5,157)
Total expenditures	<u>5,131,250</u>	<u>4,808,945</u>	<u>4,251,468</u>	<u>557,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,310</u>	<u>418,615</u>	<u>1,725,839</u>	<u>1,307,224</u>
Other financing sources (uses)				
Transfers in	-	-	138,762	(138,762)
Transfers out	(227,790)	(227,790)	(3,227,790)	(3,000,000)
Total other financing sources (uses)	<u>(227,790)</u>	<u>(227,790)</u>	<u>(3,089,028)</u>	<u>(3,138,762)</u>
Net change in fund balance	(131,480)	190,825	(1,363,189)	(1,554,014)
Fund balance, July 1, 2018	<u>8,992,407</u>	<u>8,992,407</u>	<u>8,992,407</u>	<u>-</u>
Fund balance, June 30, 2019	<u>8,860,927</u>	<u>9,183,232</u>	<u>7,629,218</u>	<u>(1,554,014)</u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL TRANSPORTATION ASSISTANCE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 418,470	\$ 383,470	\$ 292,790	\$ (90,680)
Interest income	8,130	8,130	39,541	31,411
Miscellaneous	22,150	22,150	12,500	(9,650)
Total revenues	<u>448,750</u>	<u>413,750</u>	<u>344,831</u>	<u>(68,919)</u>
Expenditures				
Current:				
Transportation	1,393,050	1,392,170	1,248,002	144,168
Total expenditures	<u>1,393,050</u>	<u>1,392,170</u>	<u>1,248,002</u>	<u>144,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(944,300)</u>	<u>(978,420)</u>	<u>(903,171)</u>	<u>75,249</u>
Other financing sources (uses)				
Transfers in	770,510	770,510	770,510	-
Transfers out	(1,070)	(1,070)	(1,070)	-
Total other financing sources (uses)	<u>769,440</u>	<u>769,440</u>	<u>769,440</u>	<u>-</u>
Net change in fund balance	(174,860)	(208,980)	(133,731)	75,249
Fund balance, July 1, 2018	<u>1,769,270</u>	<u>1,769,270</u>	<u>1,769,270</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>1,594,410</u></u>	<u><u>1,560,290</u></u>	<u><u>1,635,539</u></u>	<u><u>75,249</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SENIOR PROGRAMS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 323,450	\$ 406,213	\$ 346,398	\$ (59,815)
Interest income	690	690	3,163	2,473
Contributions	17,120	16,650	22,531	5,881
Total revenues	<u>341,260</u>	<u>423,553</u>	<u>372,092</u>	<u>(51,461)</u>
Expenditures				
Current:				
Health and welfare	569,924	603,187	591,626	11,561
Total expenditures	<u>569,924</u>	<u>603,187</u>	<u>591,626</u>	<u>11,561</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(228,664)</u>	<u>(179,634)</u>	<u>(219,534)</u>	<u>(39,900)</u>
Other financing sources (uses)				
Transfers in	331,200	322,796	331,200	8,404
Transfers out	(23,790)	(23,790)	(23,790)	-
Total other financing sources (uses)	<u>307,410</u>	<u>299,006</u>	<u>307,410</u>	<u>8,404</u>
Net change in fund balance	78,746	119,372	87,876	(31,496)
Fund balance, July 1, 2018	<u>(54,602)</u>	<u>(54,602)</u>	<u>(54,602)</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>24,144</u></u>	<u><u>64,770</u></u>	<u><u>33,274</u></u>	<u><u>(31,496)</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JUDICIAL COLLECTION ENHANCEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 87,390	\$ 87,390	\$ 68,598	\$ (18,792)
Interest income	1,470	1,470	9,713	8,243
Miscellaneous	-	-	5,242	5,242
Total revenues	<u>88,860</u>	<u>88,860</u>	<u>83,553</u>	<u>(5,307)</u>
Expenditures				
Current:				
General government	<u>104,240</u>	<u>94,067</u>	<u>91,324</u>	<u>2,743</u>
Total expenditures	<u>104,240</u>	<u>94,067</u>	<u>91,324</u>	<u>2,743</u>
Net change in fund balance	(15,380)	(5,207)	(7,771)	(2,564)
Fund balance, July 1, 2018	<u>575,788</u>	<u>575,788</u>	<u>575,788</u>	<u>0</u>
Fund balance, June 30, 2019	<u><u>560,408</u></u>	<u><u>570,581</u></u>	<u><u>568,017</u></u>	<u><u>(2,564)</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS-IN-AID FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 712,800	\$ 1,323,294	\$ 2,139,107	\$ 815,813
Interest income	240	240	21,196	20,956
Contributions	242,390	263,390	476,772	213,382
Miscellaneous	5,351,840	193,923	227,608	33,685
Total revenues	<u>6,307,270</u>	<u>1,780,847</u>	<u>2,864,683</u>	<u>1,083,836</u>
Expenditures				
Current:				
General government	5,171,613	70,095	15,820	54,275
Public safety	147,980	257,982	267,332	(9,350)
Economic and community development	-	233,802	166,849	66,953
Health and welfare	579,957	1,300,610	1,088,337	212,273
Culture and recreation	-	606,579	500,661	105,918
Capital outlay	59,478	411,243	327,481	83,762
Total expenditures	<u>5,959,028</u>	<u>2,880,311</u>	<u>2,366,480</u>	<u>513,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>348,242</u>	<u>(1,099,464)</u>	<u>498,203</u>	<u>1,597,667</u>
Other financing sources (uses)				
Transfers in	149,880	149,880	149,880	-
Transfers out	(230,070)	(226,070)	(226,070)	-
Total other financing sources (uses)	<u>(80,190)</u>	<u>(76,190)</u>	<u>(76,190)</u>	<u>-</u>
Net change in fund balance	268,052	(1,175,654)	422,013	1,597,667
Fund balance, July 1, 2018	<u>813,762</u>	<u>813,762</u>	<u>1,783,147</u>	<u>969,385</u>
Fund balance, June 30, 2019	<u><u>1,081,814</u></u>	<u><u>(361,892)</u></u>	<u><u>2,205,160</u></u>	<u><u>2,567,052</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FAMILY ADVOCACY CENTER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,081,190	\$ 1,399,549	\$ 1,127,667	\$ (271,882)
Interest income	-	-	745	745
Contributions	400	-	-	-
Miscellaneous	170	-	-	-
Total revenues	<u>1,081,760</u>	<u>1,399,549</u>	<u>1,128,412</u>	<u>(271,137)</u>
Expenditures				
Current:				
Public safety	1,107,960	1,413,118	1,269,469	143,649
Capital Outlay	92,300	92,300	17,078	75,222
Total expenditures	<u>1,200,260</u>	<u>1,505,418</u>	<u>1,286,547</u>	<u>218,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,500)</u>	<u>(105,869)</u>	<u>(158,135)</u>	<u>(52,266)</u>
Other financing sources (uses)				
Transfers in	360,400	360,400	360,400	-
Transfers out	(41,320)	(41,320)	(41,320)	-
Total other financing sources (uses)	<u>319,080</u>	<u>319,080</u>	<u>319,080</u>	<u>-</u>
Net change in fund balance	200,580	213,211	160,945	(52,266)
Fund balance, July 1, 2018	<u>212,473</u>	<u>212,473</u>	<u>212,473</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>413,053</u></u>	<u><u>425,684</u></u>	<u><u>373,418</u></u>	<u><u>(52,266)</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENVIRONMENTAL FEES FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 268,370	\$ 268,370	\$ 283,196	\$ 14,826
Interest income	170	170	10,675	10,505
Total revenues	<u>268,540</u>	<u>268,540</u>	<u>293,871</u>	<u>25,331</u>
Expenditures				
Current:				
Health and welfare	<u>292,600</u>	<u>238,590</u>	<u>187,734</u>	<u>50,856</u>
Total expenditures	<u>292,600</u>	<u>238,590</u>	<u>187,734</u>	<u>50,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,060)</u>	<u>29,950</u>	<u>106,137</u>	<u>76,187</u>
Other financing sources (uses)				
Transfers out	<u>(1,070)</u>	<u>(1,070)</u>	<u>(1,070)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,070)</u>	<u>(1,070)</u>	<u>(1,070)</u>	<u>-</u>
Net change in fund balance	(25,130)	28,880	105,067	76,187
Fund balance, July 1, 2018	<u>855,676</u>	<u>855,676</u>	<u>855,676</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>830,546</u></u>	<u><u>884,556</u></u>	<u><u>960,743</u></u>	<u><u>76,187</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 24,830	\$ 24,830	\$ 181,308	\$ 156,478
Use of property	-	-	100,386	100,386
Total revenues	<u>24,830</u>	<u>24,830</u>	<u>281,694</u>	
Expenditures				
Current:				
General government	5,345	5,345	4,591	754
Capital outlay	<u>3,586,090</u>	<u>2,453,990</u>	<u>1,301,562</u>	<u>1,152,428</u>
Total expenditures	<u>3,591,435</u>	<u>2,459,335</u>	<u>1,306,153</u>	<u>1,153,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,566,605)</u>	<u>(2,434,505)</u>	<u>(1,024,459)</u>	<u>1,410,046</u>
Other financing sources (uses)				
Sale of capital assets	100,000	100,000	150,798	50,798
Transfers in	<u>1,779,190</u>	<u>1,779,190</u>	<u>1,779,190</u>	<u>-</u>
Total other financing sources (uses)	<u>1,879,190</u>	<u>1,879,190</u>	<u>1,929,988</u>	<u>50,798</u>
Net change in fund balance	(1,687,415)	(555,315)	905,529	1,460,844
Fund balance, July 1, 2018	<u>7,979,615</u>	<u>7,979,615</u>	<u>7,979,615</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>6,292,200</u></u>	<u><u>7,424,300</u></u>	<u><u>8,885,144</u></u>	<u><u>1,460,844</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 1,810	\$ 1,810	\$ 22,829	\$ 21,019
Total revenues	<u>1,810</u>	<u>1,810</u>	<u>22,829</u>	<u>21,019</u>
Expenditures				
Current:				
General government	289,400	419,000	326,974	92,026
Capital outlay	1,108,600	979,000	483,577	495,423
Total expenditures	<u>1,398,000</u>	<u>1,398,000</u>	<u>810,551</u>	<u>587,449</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,396,190)</u>	<u>(1,396,190)</u>	<u>(787,722)</u>	<u>608,468</u>
Other financing sources (uses)				
Transfers in	916,520	916,520	916,520	-
Total other financing sources (uses)	<u>916,520</u>	<u>916,520</u>	<u>916,520</u>	<u>-</u>
Net change in fund balance	(479,670)	(479,670)	128,798	608,468
Fund balance, July 1, 2018	<u>1,298,485</u>	<u>1,298,485</u>	<u>1,298,485</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>818,815</u></u>	<u><u>818,815</u></u>	<u><u>1,427,283</u></u>	<u><u>608,468</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 5,030	\$ 5,030	\$ 235,856	\$ 230,826
Miscellaneous	38,000	38,000	58,894	20,894
Total revenues	<u>43,030</u>	<u>43,030</u>	<u>294,750</u>	<u>251,720</u>
Expenditures				
Current:				
General government	-	-	30,422	(30,422)
Debt service:				
Interest and other charges	-	-	61,742	(61,742)
Capital outlay	<u>50,208,000</u>	<u>9,780,534</u>	<u>777,415</u>	<u>9,003,119</u>
Total expenditures	<u>50,208,000</u>	<u>9,780,534</u>	<u>869,579</u>	<u>8,910,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,164,970)</u>	<u>(9,737,504)</u>	<u>(574,829)</u>	<u>9,162,675</u>
Other financing sources (uses)				
Bonds issued	-	-	8,396,901	8,396,901
Bond premium	-	-	1,150,395	1,150,395
Transfers in	<u>41,840,000</u>	<u>1,840,000</u>	<u>1,840,000</u>	<u>-</u>
Total other financing sources (uses)	<u>41,840,000</u>	<u>1,840,000</u>	<u>11,387,296</u>	<u>9,547,296</u>
Net change in fund balance	(8,324,970)	(7,897,504)	10,812,467	18,709,971
Fund balance, July 1, 2018	<u>12,012,303</u>	<u>12,012,303</u>	<u>12,012,303</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>3,687,333</u></u>	<u><u>4,114,799</u></u>	<u><u>22,824,770</u></u>	<u><u>18,709,971</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,102,600	\$ 4,102,600	\$ 4,174,643	\$ 72,043
Investment income	8,510	8,510	40,485	31,975
Miscellaneous	-	-	110	110
Total revenues	<u>4,111,110</u>	<u>4,111,110</u>	<u>4,215,238</u>	<u>104,128</u>
Expenditures				
Debt service:				
Principal	2,800,000	2,800,000	3,190,000	(390,000)
Interest and other charges	<u>1,262,940</u>	<u>1,262,940</u>	<u>837,544</u>	<u>425,396</u>
Total expenditures	<u>4,062,940</u>	<u>4,062,940</u>	<u>4,027,544</u>	<u>35,396</u>
Excess (deficiency) of revenues over (under) expenditures	48,170	48,170	187,694	139,524
Fund balance, July 1, 2018	<u>2,158,299</u>	<u>2,158,299</u>	<u>2,158,299</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>2,206,469</u></u>	<u><u>2,206,469</u></u>	<u><u>2,345,993</u></u>	<u><u>139,524</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HIGHWAY USER REVENUE BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 250	\$ 250	\$ -	\$ (250)
Total revenues	<u>250</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Expenditures				
Debt service:				
Interest and other charges	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,750</u>	<u>250</u>	<u>-</u>	<u>(250)</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(138,762)</u>	<u>(138,762)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(138,762)</u>	<u>(138,762)</u>
Net change in fund balance	2,750	250	(138,762)	(139,012)
Fund balance, July 1, 2018	<u>138,762</u>	<u>138,762</u>	<u>138,762</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>141,512</u></u>	<u><u>139,012</u></u>	<u><u>-</u></u>	<u><u>(139,012)</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEDICATED SALES TAX REVENUE BONDS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 21,930	\$ 21,930	\$ 70,916	\$ 48,986
Total revenues	<u>21,930</u>	<u>21,930</u>	<u>70,916</u>	<u>48,986</u>
Expenditures				
Debt service:				
Principal	4,725,615	4,725,615	4,725,610	5
Interest and other charges	812,725	812,725	809,502	3,223
Total expenditures	<u>5,538,340</u>	<u>5,538,340</u>	<u>5,535,112</u>	<u>3,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,516,410)</u>	<u>(5,516,410)</u>	<u>(5,464,196)</u>	<u>52,214</u>
Other financing sources (uses)				
Transfers in	5,502,950	5,502,950	5,502,950	-
Total other financing sources (uses)	<u>5,502,950</u>	<u>5,502,950</u>	<u>5,502,950</u>	<u>-</u>
Net change in fund balance	(13,460)	(13,460)	38,754	52,214
Fund balance, July 1, 2018	<u>3,934,904</u>	<u>3,934,904</u>	<u>3,934,904</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>3,921,444</u></u>	<u><u>3,921,444</u></u>	<u><u>3,973,658</u></u>	<u><u>52,214</u></u>

CITY OF AVONDALE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OTHER DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 350	\$ 350	\$ 18,001	\$ 17,651
Total revenues	<u>350</u>	<u>350</u>	<u>18,001</u>	<u>17,651</u>
Expenditures				
Debt service:				
Principal	216,220	216,220	216,216	4
Interest and other charges	51,550	51,550	41,648	9,902
Total expenditures	<u>267,770</u>	<u>267,770</u>	<u>257,864</u>	<u>9,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(267,420)</u>	<u>(267,420)</u>	<u>(239,863)</u>	<u>27,557</u>
Other financing sources (uses)				
Transfers in	400,000	400,000	400,000	-
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	132,580	132,580	160,137	27,557
Fund balance, July 1, 2018	<u>1,366,824</u>	<u>1,366,824</u>	<u>1,366,824</u>	<u>-</u>
Fund balance, June 30, 2019	<u><u>1,499,404</u></u>	<u><u>1,499,404</u></u>	<u><u>1,526,961</u></u>	<u><u>27,557</u></u>



SUPPLEMENTARY INFORMATION

Internal Service Funds Combining Financial Statements

Risk Management Fund accounts for the City's property and liability self-insurance program. Coverage is provided using a combination of self-insurance and private carrier insurance. This fund provides liability insurance coverage for claims over the self-insurance limit; claims under the limit are charged directly to the fund. The fund charges city departments a premium. The premiums are intended to cover current claims, administration, and to establish and maintain a reserve to cover the risk that is being transferred to the fund.

Worker's Compensation Fund accounts for the City's self insured worker's compensation program. The fund charges city departments a premium. The premiums are intended to cover current claims, administration, excess insurance coverage, and to establish and maintain a reserve to cover the risk that is being transferred to the fund.

Printing Services Fund accounts for the City's internal copier and printing fees with costs supported by billing user departments for print and copy services provided.

Fleet Management Fund accounts for the operation, maintenance, and repair of city-owned fleet vehicles and equipment with costs supported by billing user departments for administrative costs, labor, parts, and fuel charges when fleet services are provided.

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities - Internal Service Funds				Total
	Risk Management	Workers' Compensation	Printing Services	Fleet Management	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,757,916	\$ 2,813,502	\$ 1,051,341	\$ -	\$ 5,622,759
Receivables	8,548	-	1,620	-	10,168
Interest receivable	11,403	-	-	-	11,403
Due from other funds	307,536	-	-	-	307,536
Inventories	-	-	-	222,253	222,253
Prepaid items	99	-	-	-	99
Total current assets	<u>2,085,502</u>	<u>2,813,502</u>	<u>1,052,961</u>	<u>222,253</u>	<u>6,174,218</u>
Noncurrent assets:					
Investments	3,154,307	-	-	-	3,154,307
Capital assets, depreciable (net)	29,356	-	142,802	151,527	323,685
Total noncurrent assets	<u>3,183,663</u>	<u>-</u>	<u>142,802</u>	<u>151,527</u>	<u>3,477,992</u>
Total assets	<u>5,269,165</u>	<u>2,813,502</u>	<u>1,195,763</u>	<u>373,780</u>	<u>9,652,210</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions other postemployment benefits	25,286	10,577	-	114,397	150,260
Total deferred outflows of resources	<u>25,286</u>	<u>10,577</u>	<u>-</u>	<u>114,397</u>	<u>150,260</u>
LIABILITIES					
Current liabilities:					
Accounts payable	2,879	9,811	1,808	73,000	87,498
Accrued payroll and employee benefits	597	4,433	-	20,956	25,986
Claims payable	1,117,800	60,040	-	-	1,177,840
Due to other funds	-	-	-	307,519	307,519
Compensated absences	5,150	7,619	-	54,658	67,427
Total current liabilities	<u>1,126,426</u>	<u>81,903</u>	<u>1,808</u>	<u>456,133</u>	<u>1,666,270</u>
Noncurrent liabilities:					
Claims payable	406,075	213,536	-	-	619,611
Compensated absences	1,288	1,905	-	13,664	16,857
Net pension and other postemployment liability	189,887	-	-	600,298	790,185
Total noncurrent liabilities	<u>597,250</u>	<u>215,441</u>	<u>-</u>	<u>613,962</u>	<u>1,426,653</u>
Total liabilities	<u>1,723,676</u>	<u>297,344</u>	<u>1,808</u>	<u>1,070,095</u>	<u>3,092,923</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions and other postemployment benefits	24,507.00	-	-	72,632.00	97,139
Total deferred inflows of resources	<u>24,507</u>	<u>-</u>	<u>-</u>	<u>72,632</u>	<u>97,139</u>
NET POSITION					
Net investment in capital assets	29,356	-	142,802	151,527	323,685
Unrestricted	3,516,912	2,526,735	1,051,153	(806,077)	6,288,723
Total net position (deficit)	<u>\$ 3,546,268</u>	<u>\$ 2,526,735</u>	<u>\$ 1,193,955</u>	<u>\$ (654,550)</u>	<u>\$ 6,612,408</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				Total
	Self-Insurance	Wokers' Compensation	Printing Services	Fleet Management	
Operating revenues:					
Charges for services	\$ 1,934,540	\$ 1,021,143	\$ 328,819	\$ 2,357,035	\$ 5,641,537
Miscellaneous	117,198	-	-	2,098	119,296
Total operating revenues	<u>2,051,738</u>	<u>1,021,143</u>	<u>328,819</u>	<u>2,359,133</u>	<u>5,760,833</u>
Operating expenses:					
Salaries, wages and benefits	113,279	114,616	-	623,716	851,611
Contractual services, materials and supplies	79,888	219,025	90,084	1,694,549	2,083,546
Insurance claims and expenses	1,693,895	410,767	-	-	2,104,662
Depreciation	13,382	-	115,260	21,529	150,171
Total operating expenses	<u>1,900,444</u>	<u>744,408</u>	<u>205,344</u>	<u>2,339,794</u>	<u>5,189,990</u>
Operating income (loss)	<u>151,294</u>	<u>276,735</u>	<u>123,475</u>	<u>19,339</u>	<u>570,843</u>
Nonoperating revenues:					
Interest income	120,902	-	17,281	-	138,183
Net decrease in fair value of investments	59,433	-	-	-	59,433
Total non-operating revenues	<u>180,335</u>	<u>-</u>	<u>17,281</u>	<u>-</u>	<u>197,616</u>
Income before transfers	331,629	276,735	140,756	19,339	768,459
Transfers in	-	2,250,000	-	-	2,250,000
Transfers out	(1,501,180)	-	-	(18,940)	(1,520,120)
Change in net position	<u>(1,169,551)</u>	<u>2,526,735</u>	<u>140,756</u>	<u>399</u>	<u>1,498,339</u>
Net position (deficit), July 1, 2018	<u>4,715,819</u>	<u>-</u>	<u>1,053,199</u>	<u>(654,949)</u>	<u>5,114,069</u>
Net position (deficit), June 30, 2019	<u>\$ 3,546,268</u>	<u>\$ 2,526,735</u>	<u>\$ 1,193,955</u>	<u>\$ (654,550)</u>	<u>\$ 6,612,408</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Risk Management	Workers' Compensation	Printing Services	Fleet Management	Total
Cash flows from operating activities:					
Receipts from customers	\$ 1,925,992	\$ 1,021,143	\$ 328,822	\$ 2,357,221	\$ 5,633,178
Payments to suppliers for goods and services	(1,224,044)	(346,405)	(92,512)	(1,734,701)	(3,397,662)
Payments to employees for services	(112,027)	(111,236)	-	(693,592)	(916,855)
Miscellaneous	117,198	-	-	2,098	119,296
Net cash provided (used) by operating activities:	707,119	563,502	236,310	(68,974)	1,437,957
Cash flows from noncapital financing activities:					
Interfund borrowing	(307,536)	-	-	161,476	(146,060)
Transfers in	-	2,250,000	-	-	2,250,000
Transfers out	(1,501,180)	-	-	(18,940)	(1,520,120)
Net cash provided (used) for noncapital financing activities:	(1,808,716)	2,250,000	-	142,536	583,820
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	(116,035)	(73,562)	(189,597)
Net cash provided (used) for capital and related financing activities:	-	-	(116,035)	(73,562)	(189,597)
Cash flows from investing activities:					
Purchase of investments	(100,719)	-	-	-	(100,719)
Investment income	119,713	-	17,281	-	136,994
Net cash provided (used) by investing activities:	18,994	-	17,281	-	36,275
Net increase (decrease) in cash and cash equivalents:	(1,082,603)	2,813,502	137,556	-	1,868,455
Cash and Cash Equivalents - Beginning of Year	2,840,519	-	913,785	-	3,754,304
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,757,916	\$ 2,813,502	\$ 1,051,341	\$ -	\$ 5,622,759
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 151,294	\$ 276,735	\$ 123,475	\$ 19,339	\$ 570,843
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	13,382	-	115,260	21,529	150,171
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources					
(Increase) decrease in accounts receivable	(8,548)	-	3	186	(8,359)
(Increase) decrease in inventories	-	-	-	(6,619)	(6,619)
(Increase) decrease in prepaid items	(99)	-	-	129	30
(Increase) decrease in deferred outflows of resource:					
related to pensions and other postemployment benefits:					
Increase (decrease) in accounts payable	(39,005)	9,811	(2,428)	(33,662)	(65,284)
Increase (decrease) in accrued payroll and employee benefits:	597	4,433	-	(22,861)	(17,831)
Increase (decrease) in compensated absences	(122)	9,524	-	(16,661)	(7,259)
Increase (decrease) in claims payable	588,843	273,576	-	-	862,419
Increase (decrease) in pension and other postemployment benefits liability	(13,491)	-	-	(40,895)	(54,386)
Increase (decrease) in deferred inflows of resources:					
related to pensions and other postemployment benefits:					
	12,539	-	-	38,022	50,561
Net cash provided (used) by operating activities:	\$ 707,119	\$ 563,502	\$ 236,310	\$ (68,974)	\$ 1,437,957
Noncash capital, financing and investing activities:					
Change in fair value of investments	59,433	-	-	-	59,433

CITY OF AVONDALE, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 466,763,910	\$ 484,872,851	\$ 489,161,664	\$ 494,754,961
Restricted	57,592,957	30,174,849	27,637,885	20,548,326
Unrestricted	36,971,792	45,218,881	45,541,352	50,737,518
Total governmental activities net position	<u>\$ 561,328,659</u>	<u>\$ 560,266,581</u>	<u>\$ 562,340,901</u>	<u>\$ 566,040,805</u>
Business-type activities				
Net investment in capital assets	\$ 497,810,394	\$ 488,787,961	\$ 482,912,493	\$ 479,033,932
Restricted	14,798,748	14,520,330	15,358,409	12,092,990
Unrestricted	41,606,778	44,374,708	44,766,194	46,511,771
Total business-type activities net position	<u>\$ 554,215,920</u>	<u>\$ 547,682,999</u>	<u>\$ 543,037,096</u>	<u>\$ 537,638,693</u>
Primary government				
Net investment in capital assets	\$ 964,574,304	\$ 973,660,812	\$ 972,074,157	\$ 973,788,893
Restricted	72,391,705	44,695,179	42,996,294	32,641,316
Unrestricted	78,578,570	89,593,589	90,307,546	97,249,289
Total primary government net position	<u>\$ 1,115,544,579</u>	<u>\$ 1,107,949,580</u>	<u>\$ 1,105,377,997</u>	<u>\$ 1,103,679,498</u>

¹ In 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The 2014 net position has been restated for comparative purposes to reflect the implementation.

² Beginning net position was restated due to implementation of GASB No. 75.

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 1

2014 ¹	2015	2016	2017	2018 ²	2019
\$ 499,739,936	\$ 504,180,483	\$ 503,290,685	\$ 514,022,743	\$ 512,002,472	\$ 534,401,329
23,376,185	27,279,288	31,111,470	31,791,041	37,254,164	43,841,243
14,469,385	16,252,006	23,773,087	21,900,625	33,300,813	36,069,630
<u>\$ 537,585,506</u>	<u>\$ 547,711,777</u>	<u>\$ 558,175,242</u>	<u>\$ 567,714,409</u>	<u>\$ 582,557,449</u>	<u>\$ 614,312,202</u>
\$ 474,668,428	\$ 469,377,530	\$ 458,698,957	\$ 449,877,043	\$ 446,239,125	\$ 444,455,024
8,607,019	7,247,176	11,795,732	26,297,393	15,578,778	21,853,516
42,327,797	43,955,822	48,661,412	43,521,686	60,239,113	72,371,991
<u>\$ 525,603,244</u>	<u>\$ 520,580,528</u>	<u>\$ 519,156,101</u>	<u>\$ 519,696,122</u>	<u>\$ 522,057,016</u>	<u>\$ 538,680,531</u>
\$ 974,408,364	\$ 973,558,013	\$ 961,989,642	\$ 963,899,786	\$ 958,241,597	\$ 978,856,353
31,983,204	34,526,464	42,907,202	58,088,434	52,832,942	65,694,759
56,797,182	60,207,828	72,434,499	65,422,311	93,539,926	108,441,621
<u>\$ 1,063,188,750</u>	<u>\$ 1,068,292,305</u>	<u>\$ 1,077,331,343</u>	<u>\$ 1,087,410,531</u>	<u>\$ 1,104,614,465</u>	<u>\$ 1,152,992,733</u>

CITY OF AVONDALE, ARIZONA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

Schedule 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 12,862,710	\$ 15,364,915	\$ 12,194,735	\$ 12,769,952	\$ 12,331,057	\$ 12,920,373	\$ 13,902,546	\$ 14,309,548	\$ 17,413,185	\$ 13,286,390
Public safety	24,168,796	25,139,168	24,509,660	26,087,882	27,920,756	29,193,364	31,025,502	42,260,573	38,601,762	38,891,455
Highways and streets	12,322,104	13,246,764	12,514,335	12,144,322	12,363,230	14,148,176	12,849,769	12,539,013	13,797,634	14,906,217
Health and welfare	2,470,031	2,511,615	2,748,093	3,937,970	3,491,716	3,086,230	3,509,117	3,200,864	3,592,893	3,476,278
Economic and community development	7,985,413	5,091,504	5,015,366	5,036,147	5,489,089	5,318,125	6,205,863	6,418,604	6,354,065	6,924,053
Culture and recreation	3,190,869	3,268,540	3,675,781	3,813,472	4,783,299	5,048,110	5,576,173	5,416,224	5,964,961	6,790,207
Transportation	1,902,347	1,581,404	1,824,128	1,236,160	1,280,435	890,857	744,751	890,706	1,138,438	1,357,022
Interest on long-term debt	5,129,250	4,849,805	4,573,048	4,357,797	3,788,220	3,574,631	3,368,741	2,887,484	1,268,556	1,722,511
Total governmental activities expenses	70,031,520	71,053,715	67,055,146	69,383,702	71,447,802	74,179,866	77,182,462	87,923,016	88,131,494	87,354,133
Business-type activities:										
Water utility	15,442,478	16,686,715	15,517,184	15,879,676	15,313,614	14,978,673	15,648,760	16,242,773	16,560,738	15,843,476
Wastewater utility	10,252,684	11,361,012	11,232,156	11,500,364	11,992,043	12,039,948	11,862,023	12,389,737	11,620,939	10,355,180
Sanitation utility	3,613,617	3,530,472	3,748,396	3,860,578	4,373,521	4,573,971	4,742,323	4,578,856	4,809,711	5,028,104
Total business-type activities expenses	29,308,779	31,578,199	30,497,736	31,240,618	31,679,178	31,592,592	32,253,106	33,211,366	32,991,388	31,226,760
Total primary government expenses	\$ 99,340,299	\$ 102,631,914	\$ 97,552,882	\$ 100,624,320	\$ 103,126,980	\$ 105,772,458	\$ 109,435,568	\$ 121,134,382	\$ 121,122,882	\$ 118,580,893
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,656,665	\$ 1,465,160	\$ 1,543,248	\$ 1,962,825	\$ 1,791,970	\$ 2,024,897	\$ 1,959,842	\$ 1,747,987	\$ 2,074,885	\$ 175,579
Public safety	407,961	415,243	290,321	458,799	469,192	515,920	493,996	516,750	440,119	389,186
Highway and streets	-	-	-	-	-	-	-	-	97,442	-
Economic and community development	576,436	895,233	614,765	862,360	800,438	1,118,951	1,501,234	2,637,557	3,255,772	4,595,774
Culture and recreation	575,046	257,614	413,832	360,924	333,734	404,179	404,776	369,495	383,379	413,902
Operating grants and contributions	12,712,420	10,449,880	8,665,735	9,373,853	9,393,303	8,653,787	8,362,914	9,058,945	9,759,508	10,156,821
Capital grants and contributions	1,795,711	3,639,920	1,642,679	1,973,402	1,118,868	2,044,100	2,552,008	5,509,985	5,841,412	14,680,697
Total governmental activities program revenues	17,724,239	17,123,050	13,170,580	14,992,163	13,907,505	14,761,834	15,274,770	19,840,719	21,852,517	30,411,959
Business-type activities:										
Charges for Services:										
Water	11,097,099	11,315,015	12,241,675	11,882,083	12,227,233	11,527,730	12,840,329	14,655,947	15,451,443	15,024,198
Wastewater	7,220,779	7,466,785	7,695,007	7,746,807	7,963,581	7,988,157	8,247,723	9,133,838	9,731,664	10,515,981
Sanitation	4,732,011	4,845,058	4,909,423	4,954,195	5,032,187	5,055,904	5,104,181	5,139,643	5,247,119	5,326,271
Capital grants and contributions	1,648,926	719,803	444,983	1,042,780	653,419	1,299,643	3,590,768	4,107,998	4,242,922	3,293,949
Total business-type activities program revenues	24,698,815	24,346,661	25,291,088	25,625,865	25,876,420	25,871,434	29,783,001	33,037,426	34,673,148	34,160,399
Total primary government program revenues	\$ 42,423,054	\$ 41,469,711	\$ 38,461,668	\$ 40,618,028	\$ 39,783,925	\$ 40,633,268	\$ 45,057,771	\$ 52,878,145	\$ 56,525,665	\$ 64,572,358

(continued on next page)

CITY OF AVONDALE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Schedule 2

(Continuation)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense) Revenue										
Governmental activities	\$ (52,307,281)	\$ (53,930,665)	\$ (53,884,566)	\$ (54,391,539)	\$ (57,540,297)	\$ (59,418,032)	\$ (61,907,692)	\$ (68,082,297)	\$ (66,278,977)	\$ (56,942,179)
Business-type activities	(4,609,964)	(7,231,538)	(5,206,648)	(5,614,753)	(5,802,758)	(5,721,158)	(2,470,105)	(173,940)	1,681,760	2,933,640
Total primary government net (expenses) revenues	\$ (56,917,245)	\$ (61,162,203)	\$ (59,091,214)	\$ (60,006,292)	\$ (63,343,055)	\$ (65,139,190)	\$ (64,377,797)	\$ (68,256,237)	\$ (64,597,217)	\$ (54,008,539)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales and use taxes	\$ 30,298,359	\$ 30,417,802	\$ 32,914,546	\$ 35,929,759	\$ 37,639,556	\$ 40,955,916	\$ 43,352,256	\$ 46,473,655	\$ 49,443,328	\$ 52,003,028
Property taxes, levied for general purposes	2,063,316	2,210,771	2,278,643	2,302,649	2,421,361	2,478,599	2,607,457	2,681,915	2,794,009	2,939,551
Property taxes, levied for debt service	4,716,859	3,473,069	2,985,899	2,268,323	3,209,741	3,373,624	3,336,779	3,275,427	3,166,482	4,174,643
Franchise taxes	1,047,312	1,950,000	1,096,920	1,101,693	1,132,811	1,150,766	1,090,135	1,135,350	1,256,448	1,223,384
State shared revenues, unrestricted	15,644,558	14,410,652	14,870,469	16,617,488	17,896,107	19,151,120	19,590,959	20,499,811	21,713,658	22,314,405
Investment income	417,727	318,931	282,485	(127,021)	408,645	342,423	399,174	400,040	660,720	3,113,051
Gain on sale of capital assets	25,307	7,794	33,435	19,498	56,600	138,810	248,858	268,568	(40,759)	590,335
Miscellaneous	2,376,003	1,084,568	1,646,489	1,170,396	1,571,790	2,103,045	1,895,539	3,036,698	2,748,927	2,167,739
Transfers	(8,876,219)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(300,000)
Total governmental activities	47,713,222	53,723,587	55,958,886	59,132,785	64,186,611	69,544,303	72,371,157	77,621,464	81,592,813	88,226,136
Business-type activities:										
Investment income	195,602	166,893	196,973	(69,172)	279,812	286,576	381,482	310,375	500,622	2,678,897
Gain on sale of capital assets	75,345	-	-	-	83,030	25,231	155,204	104,002	124,425	38,168
Miscellaneous	135,320	381,724	213,772	263,193	241,999	236,635	358,992	149,584	456,716	-
Transfers	8,876,219	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	300,000
Total business-type activities	9,282,486	698,617	560,745	344,021	754,841	698,442	1,045,678	713,961	1,231,763	3,017,065
Total primary government	\$ 56,995,708	\$ 54,422,204	\$ 56,519,631	\$ 59,476,806	\$ 64,941,452	\$ 70,242,745	\$ 73,416,835	\$ 78,335,425	\$ 82,824,576	\$ 91,243,201
Changes in Net Position										
Governmental activities	\$ (4,594,059)	\$ (1,062,078)	\$ 2,074,320	\$ 4,741,246	\$ 6,646,314	\$ 10,126,271	\$ 10,463,465	\$ 9,539,167	\$ 15,313,836	\$ 31,283,957
Business-type activities	4,672,522	(6,532,921)	(4,645,903)	(5,270,732)	(5,047,917)	(5,022,716)	(1,424,427)	540,021	2,913,523	5,950,705
Total primary government	\$ 78,463	\$ (7,594,999)	\$ (2,571,583)	\$ (529,486)	\$ 1,598,397	\$ 5,103,555	\$ 9,039,038	\$ 10,079,188	\$ 18,227,359	\$ 37,234,662

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

CITY OF AVONDALE, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2011¹	2012
General Fund			
Reserved	\$ 77,125	\$ -	\$ -
Unreserved	29,013,029	-	-
Nonspendable:			
Inventory	-	3,783	3,176
Prepaid items	-	164,012	271,673
Due from other funds	-	-	-
Advances to other funds	-	-	-
Restricted for:			
Public safety	-	326,879	349,992
Committed to:			
Budgetary stabilization	-	20,107,819	16,192,523
Assigned to:			
Other purposes	-	2,150,250	7,253,410
Unassigned	-	3,036,074	7,916,399
Total General Fund	<u>\$ 29,090,154</u>	<u>\$ 25,788,817</u>	<u>\$ 31,987,173</u>
All other governmental funds			
Reserved	\$ 30,429,893	\$ -	\$ -
Unreserved, reported in:			
Special Revenue Funds	9,323,672	-	-
Capital Projects Funds	22,958,296	-	-
Nonspendable:			
Inventory	-	225,904	220,837
Prepaid items	-	612,457	771,513
Restricted for:			
Transit services	-	61,744	1,688,441
Highway and streets	-	3,249,085	3,334,517
Court	-	516,711	554,471
Grant and contributor purposes	-	1,139,954	955,553
Public safety	-	1,233,782	2,090,147
Debt service	-	12,648,785	11,726,347
Capital projects	-	8,810,461	4,073,188
Water, sewer and street projects	-	523,204	420,781
Crime victim advocacy	-	93,903	155,389
Committed to:			
Capital projects	-	2,871,197	668,344
Crime victim advocacy	-	46,951	77,694
Assigned to:			
Vehicle replacement	-	6,442,998	7,062,662
Equipment replacement	-	1,033,740	331,294
Capital projects	-	4,536,974	4,288,987
Transit services	-	2,945,885	-
Unassigned	-	-	-
Total all other governmental funds	<u>\$ 62,711,861</u>	<u>\$ 46,993,735</u>	<u>\$ 38,420,165</u>

¹ The City implemented GASB 54 in fiscal year 2011. Prior years' financial statements were not restated to provide the five fund balance classifications.

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 3

2013	2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,202	449	-	434	6,526	-	185,773
131,888	131,306	342,255	112,432	66,495	86,099	207,169
1,200,000	4,156,428	3,838,468	833,000	-	-	-
-	-	-	-	833,000	833,000	128,000
171,150	130,205	335,058	254,758	102,794	50,965	77,977
15,389,437	18,934,773	19,405,505	20,092,995	21,400,558	21,867,357	26,907,594
5,453,049	8,721,580	4,882,920	3,997,254	12,651,519	2,386,030	6,990,024
10,382,138	1,800,250	7,521,330	16,497,354	15,704,372	22,849,263	22,997,628
<u>\$ 32,729,864</u>	<u>\$ 33,874,991</u>	<u>\$ 36,325,536</u>	<u>\$ 41,788,227</u>	<u>\$ 50,765,264</u>	<u>\$ 48,072,714</u>	<u>\$ 57,494,165</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
281,218	309,973	320,636	305,262	307,706	267,598	382,970
671,092	688,572	361,123	400,766	61,168	7,765	189,741
1,627,956	1,137,018	977,138	1,356,976	1,579,099	1,752,045	1,621,340
3,601,986	3,853,579	4,673,503	5,826,016	7,169,856	8,739,999	7,454,379
613,134	634,184	657,831	639,778	613,041	575,788	568,017
119,721	597,631	914,738	817,062	1,337,527	1,805,961	2,216,806
3,362,724	4,685,520	6,033,061	7,438,683	7,790,078	8,602,953	9,772,966
5,830,512	7,879,134	8,430,380	8,912,477	6,117,403	7,598,789	7,846,612
2,442,036	792,935	1,291,443	1,388,787	1,436,817	2,664,535	21,794,996
1,099,439	1,765,548	2,251,750	2,908,567	4,059,144	5,659,841	7,617,695
154,178	131,924	163,340	141,475	143,216	156,204	274,366
3,956,556	322,646	263,234	3,544,816	1,667,731	2,969,597	-
51,393	43,974	54,447	47,158	47,738	52,068	91,452
8,438,757	8,171,863	7,519,081	7,271,801	6,923,450	7,979,615	8,885,144
335,328	664,109	762,199	1,051,461	1,013,680	1,298,485	1,073,667
4,588,564	7,178,750	7,728,456	5,245,637	4,787,077	15,498,698	12,025,797
-	-	-	-	-	-	-
(185,532)	(632,375)	(741,111)	(35,283)	(77,490)	(77,490)	(1,717,345)
<u>\$ 36,989,062</u>	<u>\$ 38,224,985</u>	<u>\$ 41,661,249</u>	<u>\$ 47,261,439</u>	<u>\$ 44,977,241</u>	<u>\$ 65,552,451</u>	<u>\$ 80,098,603</u>

CITY OF AVONDALE, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 40,966,295	\$ 38,227,410	\$ 37,206,864	\$ 39,383,889	\$ 41,645,010
Licenses and permits	3,134,769	1,996,430	1,073,233	1,342,998	2,076,599
Intergovernmental	27,035,675	27,626,462	26,755,077	23,743,672	25,607,050
Charges for services	1,179,405	944,332	1,322,030	891,777	1,129,782
Fines, forfeitures, and penalties	1,357,050	1,262,853	1,152,077	1,175,041	1,357,243
Investment income	580,422	415,395	315,685	279,999	(130,638)
Contributions	1,137,849	942,440	813,886	1,042,296	268,399
Miscellaneous	261,427	2,431,170	1,117,621	1,364,648	1,222,169
Total revenues	<u>75,652,892</u>	<u>73,846,492</u>	<u>69,756,473</u>	<u>69,224,320</u>	<u>73,175,614</u>
Expenditures					
General government	10,970,755	9,477,910	12,077,265	11,049,852	11,679,121
Public safety	23,939,534	22,881,143	23,717,192	23,360,386	24,810,275
Highways and streets	2,177,687	2,605,224	3,472,183	2,518,264	1,766,303
Health and welfare	2,719,779	4,931,655	2,660,252	2,766,874	3,966,243
Economic and community development	6,588,345	5,528,640	4,886,947	5,015,247	5,055,207
Culture and recreation	4,021,204	3,396,173	3,409,346	2,484,829	2,480,049
Transportation	870,662	1,895,324	1,580,838	1,823,627	1,234,845
Debt Service					
Principal	7,684,563	8,620,474	8,585,695	8,554,217	13,712,314
Interest and other charges	3,855,789	5,427,681	5,023,373	4,706,601	4,621,821
Capital outlay	22,182,625	15,262,429	23,240,459	9,223,066	4,656,036
Total expenditures	<u>85,010,943</u>	<u>80,026,653</u>	<u>88,653,550</u>	<u>71,502,963</u>	<u>73,982,214</u>
Excess of revenues over (under) expenditures	(9,358,051)	(6,180,161)	(18,897,077)	(2,278,643)	(806,600)
Other Financing Sources (Uses)					
Bond issuance	15,000,000	29,800,000	-	-	-
Refunding bonds issued	-	2,815,000	-	-	9,275,000
Payment to refunding bonds escrow agent	-	(2,753,893)	-	-	(9,469,388)
Bond premium (discount)	91,235	48,388	-	-	427,048
Capital leases	-	116,358	-	-	-
Sale of capital assets	223,770	-	7,794	38,369	19,498
Transfer in	18,277,333	41,785,235	12,859,860	10,356,562	18,827,399
Transfer out	(36,322,538)	(50,661,454)	(12,990,040)	(10,491,502)	(18,961,369)
Total other financing sources (uses)	<u>(2,730,200)</u>	<u>21,149,634</u>	<u>(122,386)</u>	<u>(96,571)</u>	<u>118,188</u>
Net change in fund balances	<u>\$ (12,088,251)</u>	<u>\$ 14,969,473</u>	<u>\$ (19,019,463)</u>	<u>\$ (2,375,214)</u>	<u>\$ (688,412)</u>
Debt service as a percentage of noncapital expenditures	18.4%	21.7%	20.8%	21.3%	26.4%

Source: Audited City of Avondale, Arizona, Comprehensive Annual Financial Reports.

Schedule 4

2014	2015	2016	2017	2018	2019
\$ 44,454,517	\$ 48,121,583	\$ 50,433,911	\$ 53,621,688	\$ 56,655,533	\$ 60,385,319
1,435,548	2,532,559	3,687,377	5,297,673	7,142,796	4,427,131
26,568,228	27,061,879	27,914,071	29,665,270	31,229,183	32,551,139
1,111,375	1,244,710	1,233,719	1,677,400	2,149,686	1,502,560
1,219,003	1,403,457	1,255,197	1,059,626	1,275,599	1,257,723
406,914	335,873	375,359	380,740	627,961	2,915,435
814,318	320,386	315,948	362,695	338,603	514,193
1,682,888	2,345,170	2,087,860	2,373,397	2,295,587	2,167,739
<u>77,692,791</u>	<u>83,365,617</u>	<u>87,303,442</u>	<u>94,438,489</u>	<u>101,714,948</u>	<u>105,721,239</u>
11,106,677	11,269,744	12,885,068	12,325,497	14,597,179	12,853,986
26,267,504	27,588,742	29,453,443	31,889,715	34,895,720	36,287,670
1,943,651	3,645,538	2,354,255	2,572,848	2,908,744	3,433,985
3,542,511	3,109,810	3,590,178	3,300,924	3,719,705	3,456,788
5,341,635	5,491,412	6,049,229	6,094,461	6,332,025	6,885,367
3,509,702	3,851,074	3,716,124	3,849,886	4,185,181	4,764,881
1,277,281	894,655	704,440	772,784	1,029,151	1,248,002
5,278,486	6,324,153	6,436,835	7,131,893	6,621,797	8,315,593
3,844,374	3,614,285	3,409,627	3,282,008	1,914,361	2,003,434
12,992,364	11,544,285	7,799,212	13,693,511	12,936,782	27,127,880
<u>75,104,185</u>	<u>77,333,698</u>	<u>76,398,411</u>	<u>84,913,527</u>	<u>89,140,645</u>	<u>106,377,586</u>
2,588,606	6,031,919	10,905,031	9,524,962	12,574,303	(656,347)
-	-	-	-	-	21,390,000
-	-	-	23,457,070	21,350,000	-
-	-	-	(29,768,467)	(23,395,316)	-
-	-	-	3,012,110	2,464,479	2,930,479
-	-	-	304,326	4,542,254	-
58,094	187,050	295,690	283,585	487,210	1,333,351
15,114,320	19,485,856	15,549,460	15,862,362	27,045,943	18,514,412
(15,379,970)	(19,818,016)	(15,687,300)	(15,983,109)	(27,186,213)	(19,544,292)
<u>(207,556)</u>	<u>(145,110)</u>	<u>157,850</u>	<u>(2,832,123)</u>	<u>5,308,357</u>	<u>24,623,950</u>
<u>\$ 2,381,050</u>	<u>\$ 5,886,809</u>	<u>\$ 11,062,881</u>	<u>\$ 6,692,839</u>	<u>\$ 17,882,660</u>	<u>\$ 23,967,603</u>
14.7%	15.1%	14.4%	14.6%	12.2%	13.0%

CITY OF AVONDALE, ARIZONA
ASSESSED VALUE, ESTIMATED ACTUAL VALUE AND ASSESSMENT RATIOS OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Owner Occupied Property	Residential Rental Property	Commercial and Industrial Property	Agricultural and Vacant Property	Railroad Property	Residential Historical Property
2019	\$ 163,970,338	\$ 93,961,360	\$ 136,339,793	\$ 91,429,994	\$ 319,883	\$ -
2018	149,686,468	92,400,739	126,136,282	90,465,727	900,915	-
2017	137,409,818	90,426,563	118,616,719	88,235,352	333,596	25,525
2016	128,105,887	88,843,605	117,207,777	87,680,276	366,205	31,770
2015	132,908,565	93,145,393	118,877,122	93,364,094	394,449	146,376
2014	113,438,968	75,890,104	116,797,461	99,601,422	363,777	166,031
2013	134,867,886	67,361,870	132,735,913	102,602,512	358,763	-
2012	151,109,673	72,776,766	157,022,411	117,887,415	335,769	-
2011	196,235,454	85,274,561	212,453,689	149,830,377	364,145	-
2010	292,044,995	92,215,354	212,214,174	154,112,452	376,314	-

Assessment Ratios³ of Taxable Property

Fiscal Year	Residential Owner Occupied Property	Residential Rental Property	Commercial and Industrial Property	Agricultural and Vacant Property	Railroad Property	Residential Historical Property
2019	10.0 %	10.0 %	18.0 %	15.0 %	15.0 %	5.0 %
2018	10.0	10.0	18.0	15.0	15.0	5.0
2017	10.0	10.0	18.0	15.0	15.0	5.0
2016	10.0	10.0	18.0	15.0	14.0	5.0
2015	10.0	10.0	18.5	16.0	15.0	5.0
2014	10.0	10.0	19.0	16.0	16.0	5.0
2013	10.0	10.0	19.5	16.0	15.0	5.0
2012	10.0	10.0	20.0	16.0	15.0	5.0
2011	10.0	10.0	20.0	16.0	15.0	5.0
2010	10.0	10.0	21.0	16.0	17.0	5.0

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

² Property in Maricopa County is required to be reassessed yearly. Tax rates are determined using assessed using property assessed values and the required tax levy. The assessed value divided by 100 multiplied by the tax rate determines the taxes billed.

³ The assessment ratios for each property classification is applied to the total property assessed value to determine the respective assessed valuation for tax levy purposes.

⁴ Includes tax exempt property.

Source: Maricopa County Assessor's Office and Arizona Department of Revenue, *Abstract of the Assessment Roll* and the Maricopa County Tax Rate Book web publication for the applicable years.

Municipal Property Improvements	Gross Valuation	Less: Tax Exempt Real Property	Total Property Assessed Value¹	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value⁴
\$ 81,557	\$ 486,102,925	\$ (87,813,977)	\$ 398,288,948	1.76	\$ 3,956,687,355	12.29 %
45,801	459,635,932	(88,713,776)	370,922,156	1.60	3,734,960,323	12.31
44,438	435,092,011	(85,989,407)	349,102,604	1.70	3,534,105,675	12.31
-	422,235,520	(85,077,008)	337,158,512	1.75	3,355,310,655	12.58
59,574	438,895,573	(88,208,960)	350,686,613	1.75	3,478,927,843	12.62
-	406,257,763	(91,282,079)	314,975,684	1.80	3,118,036,373	13.03
-	437,926,944	(92,254,812)	345,672,132	1.33	3,329,277,135	13.15
-	499,132,034	(96,728,376)	402,403,658	1.33	3,762,818,468	13.26
-	644,158,226	(119,852,877)	524,305,349	1.11	4,765,228,782	13.52
-	750,963,289	(109,200,312)	641,762,977	1.11	5,772,182,553	13.01

CITY OF AVONDALE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$100 of assessed valuation)

Fiscal Year	Direct Rate	Overlapping Rates ¹					
	City of Avondale, Arizona	County-wide	Community College	Tolleson Elementary School District No. 17	Tolleson Union High School District No. 214	Pendergast Elementary School District No. 92	
2019	Primary	0.73	1.40	1.17	2.14	2.67	2.16
	Secondary	<u>1.03</u> 1.76	0.00	0.20	2.71	1.78	4.55
2018	Primary	0.75	1.40	1.20	2.12	2.16	2.26
	Secondary	<u>0.85</u> 1.60	0.00	0.21	2.35	1.77	4.60
2017	Primary	0.77	1.40	1.24	2.22	2.27	2.16
	Secondary	<u>0.93</u> 1.70	0.00	0.23	2.59	1.29	4.53
2016	Primary	0.78	1.36	1.26	2.07	2.40	2.53
	Secondary	<u>0.97</u> 1.75	0.00	0.23	2.71	1.61	4.35
2015	Primary	0.78	1.32	1.28	1.98	2.86	2.68
	Secondary	<u>0.97</u> 1.75	0.00	0.24	2.59	1.68	4.51
2014	Primary	0.79	1.28	1.29	1.92	3.22	2.76
	Secondary	<u>1.02</u> 1.81	0.00	0.24	2.27	2.27	4.51
2013	Primary	0.68	1.24	1.16	2.38	2.30	2.05
	Secondary	<u>0.66</u> 1.34	0.00	0.22	1.67	2.54	4.33
2012	Primary	0.58	1.24	1.01	2.47	1.96	1.82
	Secondary	<u>0.75</u> 1.33	0.00	0.20	2.46	2.11	4.79
2011	Primary	0.45	1.05	0.79	2.19	1.51	1.69
	Secondary	<u>0.65</u> 1.10	0.00	0.18	3.11	1.21	4.11
2010	Primary	0.36	0.99	0.72	0.98	1.06	1.77
	Secondary	<u>0.74</u> 1.10	0.00	0.16	2.93	1.04	3.44

¹ Overlapping rates are those of local and county governments that apply to the property owners within the City of Avondale. Not all overlapping rates apply to all Avondale property owners. For example, although county property tax rates apply to all city property owners, the school district rates apply only to those property owners whose property is located within the district's geographical boundaries.

Source: Maricopa County Finance Department web publication, 2018 Tax Rates Maricopa County, Arizona.

Schedule 6

Overlapping Rates ¹				
Litchfield Elementary School District No. 79	Avondale Elementary School District No. 44	Agua Fria Union High School District No. 216	Littleton Elementary School District No. 65	Liberty Elementary School District No. 25
1.97	2.12	2.03	2.20	2.01
1.88	2.90	1.45	3.38	1.53
2.04	2.28	2.46	2.42	2.07
1.44	2.94	1.26	3.46	1.66
2.24	3.31	2.08	2.33	2.00
1.57	3.09	1.39	3.64	1.80
2.26	3.11	2.07	2.48	2.55
1.57	3.12	1.19	3.45	1.72
2.33	2.74	2.99	2.59	2.80
1.45	3.06	1.21	3.31	1.70
2.44	2.31	2.29	2.42	1.91
1.54	2.33	1.28	3.55	1.55
2.31	2.02	2.04	2.45	2.07
1.58	2.31	1.13	1.93	1.47
1.94	2.77	1.69	1.33	1.87
1.32	2.03	0.99	2.47	1.33
1.62	1.51	1.62	1.60	1.96
1.30	1.43	0.83	1.87	1.34
1.62	1.96	2.04	2.51	1.49
1.01	1.36	0.65	1.26	1.18

**CITY OF AVONDALE, ARIZONA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Schedule 7

Taxpayer	2019			2010		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Phoenix Speedway Corp	\$ 9,098,026	1	2.61 %	\$ 7,673,389	1	1.31 %
J&J Coldwater LLC	7,544,112	2	2.16			
Inland Westland Avondale McDowell LLC	5,816,463	3	1.67	6,942,640	2	1.18
Arizona Public Service Company	4,478,402	4	1.28			
Moreland Properties LLC	3,545,625	5	1.02	5,500,204	3	0.94
Avondale Commerce LLC	3,419,988	6	0.98			
Gateway Crossing SC LLC	3,380,104	7	0.97			
MREI IV Lux LLC	3,260,805	8	0.93			
Mechanic (AZ) QRS 15-41 INC	3,257,696	9	0.93	3,766,746	7	0.64
Crystal Springs Apartments LLC	3,155,564	10	0.90			
Raintree Pad 2 LLC				5,295,839	4	0.90
Smiths Food & Drug Centers INC				4,714,123	5	0.80
D H Ventures LLC				4,026,529	6	0.69
1250 N El Mirage Road - Avondale LLC				3,714,585	8	0.63
1050 N El Mirage Rd - Avondale LLC				3,415,677	9	0.58
Harkins Phoenix Cinemas LLC				3,323,985	10	0.57
Total	\$ 46,956,785		13.45 %	\$ 48,373,717		8.24 %

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

Source: Maricopa County Assessor records.

CITY OF AVONDALE, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Schedule 8

Fiscal Year	Original Property Tax Levy	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 7,049,735	\$ 6,960,919	98.74 %	\$ -	\$ 6,960,919	98.74 %
2018	5,941,343	5,858,479	98.61	70,432	5,928,911	99.79
2017	5,913,568	5,825,124	98.50	68,686	5,893,809	99.67
2016	5,882,634	5,781,431	98.28	75,460	5,856,891	99.56
2015	5,948,064	5,830,887	98.03	83,609	5,914,496	99.44
2014	5,659,729	5,545,279	97.98	70,067	5,615,346	99.22
2013	4,589,635	4,474,610	97.49	71,414	4,546,024	99.05
2012	5,294,450	5,131,506	96.92	80,488	5,211,994	98.44
2011	5,632,413	5,413,477	96.11	116,669	5,530,146	98.18
2010	6,843,611	6,526,469	95.37	243,275	6,769,744	98.92

¹ Property taxes are payable in two installments. The first installment becomes due on the first day of October and is delinquent after the first business day of November. The second installment is due on the first day of March and becomes delinquent after the first business day of May. Delinquent property taxes are subject to a penalty of 16% per annum, prorated at a monthly rate of 1.33%.

Source: Maricopa County Budget Department and Maricopa County Treasurer's Office, *Secured Levy Report Through June 30, 2019*.

**DIRECT AND OVERLAPPING NET LIMITED ASSESSED PROPERTY VALUES AND TAX RATES
PER \$100 ASSESSED VALUATION**

Overlapping Jurisdiction	2018-19 Net Limited Assessed Value for Tax Purposes	2018-19 Total Tax Rate Per \$100 Net Limited Assessed Value for Tax Purposes
State of Arizona	\$ 62,328,439,592	None
Maricopa County	40,423,232,423	\$ 1.8750 (a)
Maricopa County Community College District	40,423,232,423	1.3754
Maricopa County Fire District Assistance Tax	40,423,232,423	0.0107
Maricopa County Special Health Care District	40,489,188,615	0.2941
Maricopa County Library District	40,423,232,423	0.0556
Maricopa County Flood Control District	37,003,666,851	0.1792
Central Arizona Water Conservation District	40,489,188,615	0.1400
Tolleson Elementary School District No. 17	180,969,758	4.8445
Liberty Elementary School District No. 25	242,901,538	3.5351
Avondale Elementary School District No. 44	367,311,044	5.0118
Littleton Elementary School District No. 65	249,928,457	5.5811
Litchfield Elementary School District No. 79	819,761,974	3.8499
Pendergast Elementary School District No. 92	316,256,282	6.7091
Agua Fria Union High School District No. 216	1,187,073,018	3.4776
Buckeye Union High School District No. 201	707,975,119	3.2729
Tolleson Union High School District No. 214	1,134,931,491	4.4450
Western Maricopa Education Center	14,779,081,648	0.1494
City of Avondale	398,288,948	1.7619

(a) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4741 per \$100 Net Limited Assessed Property Value for fiscal year 2018-19. Such amount is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276.

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association.



**CITY OF AVONDALE, ARIZONA
TRANSACTION PRIVILEGE TAXES BY INDUSTRY CLASSIFICATION
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013	2014
Retail	\$ 18,244,074	\$ 18,832,147	\$ 20,938,049	\$ 22,749,307	\$ 24,510,356
Construction	2,061,391	1,188,487	1,415,172	1,323,781	1,139,469
Real Estate & Rentals	3,487,130	3,890,097	4,131,206	3,909,022	4,025,883
Communication & Utilities	2,061,554	2,022,346	2,041,519	2,082,661	2,049,404
Restaurants & Bars	2,277,265	2,459,856	2,695,339	2,875,647	3,226,930
Amusement	661,557	592,433	590,559	616,874	666,567
Use Tax	204,191	201,255	249,884	235,002	278,274
Equipment Rental	518,471	531,363	541,950	579,379	665,089
All Others	353,481	302,290	284,956	311,003	318,829
Total	\$ 29,869,114	\$ 30,020,274	\$ 32,888,634	\$ 34,682,676	\$ 36,880,801

	Year-over-Year Increase (Decrease)				
Retail	(8.1) %	3.2 %	11.2 %	8.7 %	7.7
Construction	(44.2)	(42.3)	19.1	(6.5)	(13.9)
Real Estate & Rentals	0.3	11.6	6.2	(5.4)	3.0
Communication & Utilities	3.2	(1.9)	0.9	2.0	(1.6)
Restaurants & Bars	(6.5)	8.0	9.6	6.7	12.2
Amusement	(11.9)	(10.4)	(0.3)	4.5	8.1
Use Tax	(3.8)	(1.4)	24.2	(6.0)	18.4
Equipment Rental	(5.6)	2.5	2.0	6.9	14.8
All Others	18.8	(14.5)	(5.7)	9.1	2.5
Total	(10.2) %	0.5 %	9.6 %	5.5 %	6.3

¹ Totals may differ from governmental activities tax revenues due to differences in reporting periods.

Source: City records.

Schedule 10

2015	2016	2017	2018	2019
\$ 26,986,156	\$ 28,562,740	\$ 30,102,662	\$ 31,705,835	\$ 33,716,323
1,155,268	1,346,678	2,952,141	3,648,705	3,500,442
4,278,607	4,280,205	4,300,470	4,494,779	4,789,384
2,031,513	2,142,543	2,022,266	1,933,124	1,871,771
3,164,390	3,487,810	3,780,226	4,311,152	4,566,490
679,671	734,094	672,178	698,255	716,798
340,492	346,127	440,636	488,579	548,682
739,617	805,719	1,135,654	1,069,078	1,171,147
385,657	430,470	466,508	516,266	546,654
<u>\$ 39,761,371</u>	<u>\$ 42,136,386</u>	<u>\$ 45,872,741</u>	<u>\$ 48,865,773</u>	<u>\$ 51,427,691</u>

Year-over-Year Increase (Decrease)						
%	10.1 %	5.8 %	5.4 %	5.3 %	6.3 %	
	1.4	16.6	119.2	23.6	(4.1)	
	6.3	0.0	0.5	4.5	6.6	
	(0.9)	5.5	(5.6)	(4.4)	(3.2)	
	(1.9)	10.2	8.4	14.0	5.9	
	2.0	8.0	(8.4)	3.9	2.7	
	22.4	1.7	27.3	10.9	12.3	
	11.2	8.9	40.9	(5.9)	9.5	
	21.0	11.6	8.4	10.7	5.9	
%	<u>7.8 %</u>	<u>6.0 %</u>	<u>8.9 %</u>	<u>6.5 %</u>	<u>5.2 %</u>	

CITY OF AVONDALE, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities ¹				
	General Obligation Bonds	HURF Bonds	Municipal Development Corporation Bonds ²	Pledged Revenue Refunding Obligations ²	Capital Leases
2019	\$ 44,785	\$ -	\$ -	\$ 19,360	\$ 4,359
2018	24,001	-	-	24,738	4,542
2017	22,315	330	-	30,175	273
2016	24,762	720	32,902	5,063	-
2015	26,540	1,093	34,899	7,474	-
2014	28,598	1,451	36,823	9,580	-
2013	31,596	1,800	38,679	9,641	137
2012	34,449	2,133	58,144	-	551
2011	37,237	2,456	63,275	-	948
2010	40,085	2,780	67,350	-	1,329

¹ Amounts are presented net of unamortized discounts and premiums.

² The City issued Pledged Revenue Refunding Obligations and refunded all outstanding Municipal Development Corporation Bonds in fiscal year 2017.

³ See Demographics and Economic Statistics Schedule 20 on page 177 for personal income and population data.

Source: City records.

Business-Type Activities ¹						
Water and Sewer System Revenue Obligations	Municipal Development Corporation Bonds ²	Pledged Revenue Refunding Obligations ²	WIFA Loans	Total Primary Government	Percentage of Personal Income ³	Per Capita ³
\$ 9,259	\$ -	\$ 559	\$ -	\$ 78,322	1.99 %	948
10,872	-	700	-	64,853	1.80	810
11,110	-	843	-	65,046	1.81	812
2,472	1,177	-	-	67,096	2.02	851
2,980	1,240	-	-	74,226	2.25	951
3,190	1,589	-	-	81,231	2.49	1,048
4,770	1,696	-	-	88,319	2.79	1,116
6,785	1,800	-	-	103,862	3.74	1,327
8,625	2,166	-	-	114,707	4.07	1,482
8,625	2,085	-	-	122,254	4.29	1,604

**CITY OF AVONDALE, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property Assessed Value ²	\$ 641,762,977	\$ 524,305,349	\$ 402,403,658
<u>20% Limitation</u>			
Debt limit	128,352,595	104,861,070	80,480,732
Net debt applicable to limit	<u>38,570,000</u>	<u>35,805,000</u>	<u>33,195,000</u>
Legal debt margin	<u>\$ 89,782,595</u>	<u>\$ 69,056,070</u>	<u>\$ 47,285,732</u>
Total net debt applicable to the limit as a percentage of debt limit	30.1%	34.1%	41.2%

6% Limitation

Debt limit	\$ 38,505,779	\$ 31,458,321	\$ 24,144,219
Net debt applicable to limit	<u>1,515,000</u>	<u>1,355,000</u>	<u>1,190,000</u>
Legal debt margin	<u>\$ 36,990,779</u>	<u>\$ 30,103,321</u>	<u>\$ 22,954,219</u>
Total net debt applicable to the limit as a percentage of debt limit	3.9%	4.3%	4.9%

¹ Under the provisions of the Arizona Constitution, the City's combined outstanding general obligation bonded debt for water, sewer, light, open space preserves, parks, playgrounds and recreational facilities may not exceed 20% of the City's net secondary assessed valuation, nor may general obligation bonded debt for all other purposes exceed 6% of the City's net secondary assessed valuation. In fiscal

² Prior to FY 2016, property assessed value was based on secondary assessed property value. Beginning in FY 2016, with a voter-approved Constitutional amendment, property assessed value is based on full cash assessed property

Source: Maricopa County Assessor and City records.

Legal Debt Margin Calculation:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net assessed	\$ 463,069,349	510,270,136	569,188,401
Debt limit (20%)	92,613,870	102,054,027	113,837,680
Less amount of debt applicable to limit:			
General obligation bonds outstanding	22,085,000	21,740,000	31,543,099
Less fund balance available for repayment of general obligation debt	<u>(218,803)</u>	<u>(2,158,299)</u>	<u>(2,345,992)</u>
Total net debt applicable to the limit	<u>21,866,197</u>	<u>19,581,701</u>	<u>29,197,107</u>
Legal debt margin	<u>70,747,673</u>	<u>82,472,326</u>	<u>84,640,573</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016²</u>	<u>2017²</u>	<u>2018²</u>	<u>2019²</u>
\$ 345,672,132	\$ 314,975,684	\$ 350,686,613	\$ 427,620,861	\$ 463,069,349	\$ 510,270,136	\$ 569,188,401
69,134,426	62,995,137	70,137,323	85,524,172	92,613,870	102,054,027	113,837,680
<u>30,530,000</u>	<u>27,730,000</u>	<u>25,880,000</u>	<u>24,315,000</u>	<u>21,866,197</u>	<u>19,581,701</u>	<u>29,197,107</u>
<u>\$ 38,604,426</u>	<u>\$ 35,265,137</u>	<u>\$ 44,257,323</u>	<u>\$ 61,209,172</u>	<u>\$ 70,747,673</u>	<u>\$ 82,472,326</u>	<u>\$ 84,640,573</u>
44.2%	44.0%	36.9%	28.4%	23.6%	19.2%	25.6%

Legal Debt Margin Calculation:

Net assessed valuation:	463,069,349	510,270,136	569,188,401
Debt limit (6% of assessed value):	27,784,161	30,616,208	34,151,304
Less amount of debt applicable to limit:			
General obligation bonds outstanding	<u>225,000</u>	<u>-</u>	<u>8,396,901</u>
Less fund balance available for repayment of general obligation debt	<u>-</u>	<u>-</u>	<u>-</u>
Total net debt applicable to the limit	<u>225,000</u>	<u>-</u>	<u>8,396,901</u>
Legal debt margin	<u>27,559,161</u>	<u>30,616,208</u>	<u>25,754,403</u>

\$ 20,740,328	\$ 18,898,541	\$ 21,041,197	\$ 25,657,252	\$ 27,784,161	\$ 30,616,208	\$ 34,151,304
<u>1,015,000</u>	<u>830,000</u>	<u>635,000</u>	<u>435,000</u>	<u>225,000</u>	<u>-</u>	<u>8,396,901</u>
<u>\$ 19,725,328</u>	<u>\$ 18,068,541</u>	<u>\$ 20,406,197</u>	<u>\$ 25,222,252</u>	<u>\$ 27,559,161</u>	<u>\$ 30,616,208</u>	<u>\$ 25,754,403</u>
4.9%	4.4%	3.0%	1.7%	0.8%	0.0%	24.6%

**CITY OF AVONDALE, ARIZONA
 AVONDALE WATER AND SEWER SYSTEMS
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total operating revenues ¹	\$ 18,357,018	\$ 18,416,763	\$ 19,984,828	\$ 19,715,295
Total operating expenses ²	<u>13,843,483</u>	<u>14,591,625</u>	<u>13,850,258</u>	<u>14,301,632</u>
Net operating income	<u>4,513,535</u>	<u>3,825,138</u>	<u>6,134,570</u>	<u>5,413,663</u>
Other revenues	<u>1,846,783</u>	<u>874,992</u>	<u>633,797</u>	<u>376,262</u>
Net revenues before debt service	<u>\$ 6,360,318</u>	<u>\$ 4,700,130</u>	<u>\$ 6,768,367</u>	<u>\$ 5,789,925</u>
Debt service ³	\$ 2,437,250	\$ 2,193,686	\$ 2,287,400	\$ 1,723,741
Debt service coverage	2.61	2.14	2.96	3.36

¹ Includes all water and sewer operating revenues.

² Excludes depreciation and interest expenses.

³ Debt service includes all bonds having a water and sewer system revenue pledge.

Note: See Note 9 - Long-term Obligations on pages 84-90 for additional detailed information on the City's long-term debt and pledged revenues.

Source: City records

Schedule 13

2014	2015	2016	2017	2018	2019
\$ 20,231,533	\$ 19,580,966	\$ 21,267,916	\$ 23,838,505	\$ 25,588,712	\$ 26,769,958
14,321,784	14,030,221	13,969,692	14,413,815	13,875,307	12,239,449
5,909,749	5,550,745	7,298,224	9,424,690	11,713,405	14,530,509
928,994	1,560,864	3,791,014	4,186,861	4,491,307	4,277,594
<u>\$ 6,838,743</u>	<u>\$ 7,111,609</u>	<u>\$ 11,089,238</u>	<u>\$ 13,611,551</u>	<u>\$ 16,204,712</u>	<u>\$ 18,808,103</u>
\$ 578,600	\$ 575,100	\$ 576,300	\$ 1,166,883	\$ 1,347,593	\$ 1,281,404
11.82	12.37	19.24	11.66	12.02	14.68

**CITY OF AVONDALE, ARIZONA
ACTUAL EXCISE TAX REVENUES
LAST TEN FISCAL YEARS**

Source	2010	2011	2012	2013
City sales tax	\$ 29,664,531	\$ 30,079,230	\$ 32,639,353	\$ 35,455,829
State sales tax	5,089,719	5,351,475	5,957,260	6,240,221
State revenue sharing	8,208,394	6,750,611	6,434,543	7,787,548
Utility and cable franchise fees	1,067,061	1,095,000	1,096,920	1,101,693
Licenses and permits	1,810,205	810,508	827,949	1,041,295
Fines and forfeitures	1,328,659	1,032,246	1,047,582	1,166,102
Totals	\$ 47,168,569	\$ 45,119,070	\$ 48,003,607	\$ 52,792,688

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements.

Source: City records.

Schedule 14

2014	2015	2016	2017	2018	2019
\$ 37,387,063	\$ 40,533,299	\$ 43,026,818	\$ 46,288,365	\$ 49,355,518	\$ 52,003,028
6,635,966	6,967,295	7,217,550	7,402,225	7,970,742	8,467,056
8,497,693	9,229,081	9,179,045	9,871,106	10,265,600	10,175,417
1,132,811	1,150,766	1,090,134	1,135,350	1,256,448	1,223,385
846,554	1,263,670	1,580,691	2,652,563	3,202,591	2,795,566
1,000,841	1,208,797	1,105,057	937,816	1,095,068	1,102,503
\$ 55,500,928	\$ 60,352,908	\$ 63,199,295	\$ 68,287,425	\$ 73,145,967	\$ 75,766,955

CITY OF AVONDALE, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	Property Assessed Value^{1,2}	General Obligation Bonds⁴	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonded Debt⁴	Percentage of Net Bonded Debt to Estimated Actual Taxable Value of Property	Per Capita³
2019	\$ 398,288,948	\$ 44,784,665	\$ 2,345,992	\$ 42,438,673	10.66 %	514
2018	370,922,156	23,999,105	2,158,299	21,840,806	5.89 %	268
2017	349,102,604	22,315,363	218,803	22,096,560	6.33	276
2016	337,158,512	24,761,775	555,127	24,206,648	7.18	307
2015	350,686,613	26,539,823	182,462	26,357,361	7.52	338
2014	314,975,684	28,597,872	52,625	28,545,247	9.06	368
2013	345,672,132	31,595,918	1,158,775	30,437,143	8.81	385
2012	402,403,658	34,448,966	3,126,687	31,322,279	7.78	400
2011	524,305,349	37,237,014	4,343,222	32,893,792	6.27	425
2010	641,762,977	40,085,000	5,371,632	34,713,368	5.41	449

¹ Prior to FY 2016, secondary assessed property value was used for secondary ad valorem taxes levied for debt service. Beginning in FY 2016, with a voter-approved Constitutional amendment, secondary ad valorem taxes are now levied on limited assessed property value.

² See Assessed Value, Estimated Actual Value and Assessment Ratios of Taxable Property Schedule on page 155 for property assessed valuation data.

³ See Demographics and Economic Statistics Schedule on page 183 for population data.

⁴ Bonds amounts are presented net of unamortized discounts and premiums.

Source: Maricopa County Assessor's Office and Arizona Department of Revenue, *Abstract of the Assessment Role (1999-2016)* and city records.

CITY OF AVONDALE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019
(amounts expressed in thousands)

Schedule 16

Governmental Unit	Debt Outstanding²	Proportion Applicable to the City³	
		Approximate Percent	Net Debt Amount
Overlapping debt—General obligation bonded debt:			
State of Arizona	None	0.64 %	None
Maricopa County	None	0.99	None
Maricopa County Community College District	\$ 312,450	0.99	\$ 3,079
Maricopa County Special Health Care District	459,125	0.99	4,524
Tolleson Elementary School District No. 17	17,780	8.78	1,560
Avondale Elementary School District No. 44	30,625	14.74	4,515
Littleton Elementary School District No. 65	23,935	57.82	13,839
Litchfield Elementary School District No. 79	46,335	9.97	4,618
Pendergast Elementary School District No. 92	39,450	32.25	12,725
Agua Fria Union High School District No. 216	87,815	11.45	10,055
Tolleson Union High School District No. 214	123,460	23.12	28,544
Western Maricopa Education Center District No. 402	116,510	2.69	3,134
Total overlapping repaid with property taxes			<u>\$ 86,592</u>
Direct debt—City of Avondale:			
General obligation bonded debt	44,785	100.00	\$ 44,785
Pledged revenue refunding obligations	19,360	100.00	19,360
Capital lease	4,359	100.00	4,359
Total direct debt			<u>\$ 68,504</u>
Total Direct and Overlapping Debt			<u><u>\$ 155,096</u></u>

¹ Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Avondale. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering a City's ability to issue and repay long-term debt, the entire debt burden borne by residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

² General obligation bonded debt does not include outstanding principal amounts of certificates of participation, revenue obligations, loan obligations, improvement bonds, or other debt not secured by ad valorem property taxes. Includes total stated principal amount of general obligation bonds outstanding, however, does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may be authorized by voters within overlapping jurisdictions pursuant to future elections. Direct bonded debt is presented net of unamortized bond discounts and premiums.

³ Proportion applicable to the City for overlapping debt was provided by Stifel, Nicolaus & Company, Incorporated.

Source: The various entities, Property Tax Rates and Assessed Values, Arizona Tax Research Association, Treasurer and Assessor of Maricopa County records, and city records.

**CITY OF AVONDALE, ARIZONA
SOURCES OF THE WATER SYSTEM
LAST NINE CALENDAR YEARS**

Schedule 17

Legal Availability (Acre-Feet)	2012	2013	2014	2015	2016	2017	2018	2019
Central Arizona Project (CAP) ²	5,416	5,416	5,416	5,416	5,416	5,416	5,416	5,416
Salt River Project (SRP) ³	15,913	15,950	15,950	16,030	15,364	15,364	15,394	15,269
City-owned wells ⁴	35,779	35,779	35,779	35,779	35,779	35,779	35,779	35,779
Reclaimed water delivered to City's underground storage facility (USF) ⁵	3,830	6,131	6,131	5,766	5,616	5,616	5,856	5,831
Underground Storage Facility (USF) ⁶	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	<u>75,938</u>	<u>83,276</u>	<u>83,276</u>	<u>82,991</u>	<u>82,175</u>	<u>82,175</u>	<u>82,445</u>	<u>82,295</u>
Volume Produced (Acre-Feet)								
Central Arizona Project (CAP) ⁷	6,648	5,416	5,416	5,380	5,416	5,416	5,383	5,416
Salt River Project (SRP) ⁸	5,724	6,482	6,204	3,712	5,855	5,855	6,117	7,080
City-owned wells ⁹	14,463	14,393	13,177	13,727	13,974	13,974	14,056	14,044
Reclaimed water delivered to City's underground storage facility (USF) ¹⁰	2,092	4,308	5,695	4,808	5,616	5,616	5,856	5,831
Underground Storage Facility (USF) ¹¹	12,121	10,790	11,936	9,533	11,471	11,471	11,973	14,566
	<u>41,048</u>	<u>41,389</u>	<u>42,428</u>	<u>37,160</u>	<u>42,332</u>	<u>42,332</u>	<u>43,385</u>	<u>46,937</u>
Volume Produced (Gallons in Millions)								
Central Arizona Project (CAP)	2,166	1,765	1,765	1,753	1,765	1,765	1,754	1,765
Salt River Project (SRP)	1,865	2,112	2,022	1,210	1,907	1,907	1,993	2,307
City-owned wells	4,713	4,690	4,294	4,473	4,553	4,553	4,580	4,576
Reclaimed water delivered to City's underground storage facility (USF)	682	1,404	1,856	1,567	1,830	1,830	1,908	1,900
Underground Storage Facility (USF)	3,950	3,515	3,889	3,106	3,737	3,737	3,901	4,746
	<u>13,376</u>	<u>13,486</u>	<u>13,826</u>	<u>12,109</u>	<u>13,792</u>	<u>13,792</u>	<u>14,136</u>	<u>15,294</u>

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2012 so only seven years are presented. The City monitors and reports its water rights and related activities on a calendar year basis. This schedule is presented on the same basis.

² Includes the City's standard CAP Municipal and Industrial Contract Allocation.

³ According to SRP records, there were 4,627 acres of land legally eligible to receive SRP allocation of 3.3 acre-feet per acre.

⁴ Represents the capacity of active wells if run 24 hours a day, 365 days a year. The City can legally pump as much as its wells can produce.

⁵ Amount of water treated by the Wolf Water Resource Center.

⁶ Permitted capacity of the City's Underground Storage Facility.

⁷ Includes additional CAP allocation received from SRP as an exchange.

⁸ The City can only take the amount to satisfy their SRP customer demand.

⁹ Amount recovered from one or more of the City's wells for delivery to customers.

¹⁰ Amount of water that was recharged at the City's USF.

¹¹ Amount of water (surface and reclaimed) delivered to the City's USF.

Source: City Public Works Department.



CITY OF AVONDALE, ARIZONA
SCHEDULE OF WATER AND SEWER SALES, NUMBER OF CUSTOMERS,
AND OTHER FEES AND REVENUE
LAST NINE FISCAL YEARS

Water System	2011	2012	2013	2014
Water Sales ²				
Residential	\$ 6,913,307	\$ 7,473,951	\$ 7,499,382	\$ 7,628,120
Commercial	3,888,735	4,204,097	4,163,085	4,233,400
Total	<u>\$ 10,802,042</u>	<u>\$ 11,678,048</u>	<u>\$ 11,662,467</u>	<u>\$ 11,861,520</u>
Number of Water Customers ³				
Residential	20,051	20,561	20,719	20,804
Commercial ⁴	1,304	1,342	1,346	1,436
Total	<u>21,355</u>	<u>21,903</u>	<u>22,065</u>	<u>22,240</u>
Other Fees and Revenue				
Meter Installation	\$ 20,290	\$ 13,620	\$ 17,210	\$ 26,640
Turn-on Fees	498,511	520,560	479,091	479,471
Interest Earnings	91,916	105,241	81,571	66,008
Total	<u>\$ 610,717</u>	<u>\$ 639,421</u>	<u>\$ 577,872</u>	<u>\$ 572,119</u>
Sewer System				
Sewer Sales ²				
Residential	\$ 6,639,027	\$ 6,846,885	\$ 6,946,342	\$ 7,042,305
Commercial	820,553	846,244	793,124	842,036
Total	<u>\$ 7,459,580</u>	<u>\$ 7,693,129</u>	<u>\$ 7,739,466</u>	<u>\$ 7,884,341</u>
Number of Sewer Customers ³				
Residential	20,048	20,316	20,476	20,640
Commercial ⁴	1,244	1,287	1,288	1,295
Total	<u>21,292</u>	<u>21,603</u>	<u>21,764</u>	<u>21,935</u>
Other Fees and Revenue				
Tap Fees	\$ 12,900	\$ 5,100	\$ 9,900	\$ 15,600
Interest Earnings	69,657	86,915	57,036	54,127
Total	<u>\$ 82,557</u>	<u>\$ 92,015</u>	<u>\$ 66,936</u>	<u>\$ 69,727</u>

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2011, so only eight years are presented.

² Sales revenues presented in this schedule may differ from enterprise fund revenues due to differences in reporting periods.

³ Customer counts reflect the number of unique customer accounts billed during the year.

⁴ Commercial customers include industrial and multi-unit customers. The City imposes the same user rates and fees on all commercial customers.

Source: City records.

Schedule 18

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 7,267,073	\$ 8,049,255	\$ 8,677,097	\$ 9,324,192	\$ 9,017,975
3,885,595	4,334,215	5,255,829	5,589,036	5,051,352
<u>\$ 11,152,668</u>	<u>\$ 12,383,470</u>	<u>\$ 13,932,926</u>	<u>\$ 14,913,228</u>	<u>\$ 14,069,328</u>
21,053	21,260	26,032	25,954	22,136
1,359	1,353	1,343	1,352	1,228
<u>22,412</u>	<u>22,613</u>	<u>27,375</u>	<u>27,306</u>	<u>23,364</u>
\$ 45,060	\$ 124,283	\$ 135,593	\$ 132,060	\$ 58,040
455,755	425,777	457,448	414,507	391,277
148,629	126,072	208,814	411,330	713,287
<u>\$ 649,444</u>	<u>\$ 676,132</u>	<u>\$ 801,855</u>	<u>\$ 957,897</u>	<u>\$ 1,162,604</u>
\$ 7,025,034	\$ 7,413,869	\$ 8,081,505	\$ 8,573,843	\$ 9,176,311
885,157	916,321	894,066	966,950	992,668
<u>\$ 7,910,191</u>	<u>\$ 8,330,190</u>	<u>\$ 8,975,571</u>	<u>\$ 9,540,793</u>	<u>\$ 10,168,979</u>
20,806	21,012	25,187	25,261	24,999
1,296	1,280	618	631	653
<u>22,102</u>	<u>22,292</u>	<u>25,805</u>	<u>25,892</u>	<u>25,652</u>
\$ 23,400	\$ 72,300	\$ 81,143	\$ 80,400	\$ 30,000
58,242	40,392	60,775	129,569	265,385
<u>\$ 81,642</u>	<u>\$ 112,692</u>	<u>\$ 141,918</u>	<u>\$ 209,969</u>	<u>\$ 295,385</u>

**CITY OF AVONDALE, ARIZONA
CURRENT YEAR STATISTICS
LAST EIGHT FISCAL YEARS**

Statistics	2012	2013
General Obligation Bonds Outstanding	\$ 34,385,000	\$ 31,545,000
Water and Sewer System Revenue Obligations Outstanding	8,200,719	6,129,507
Excise Tax Revenue Bonded Debt Outstanding	57,329,000	472,585,492
Net Limited Assessed Property Value (formerly referred to as Primary Assessed Valuation)	400,801,769	344,925,286
Net Full Cash Assessed Value (formerly referred to as Secondary Assessed Valuation)	402,403,958	345,672,132
Estimated Net Full Cash Value	3,033,609,972	2,627,923,084

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2012 so only eight years are presented.

Source: City records and State of Arizona Department of Revenue, *Abstract of the Assessment Roll*.

Schedule 19

2014	2015	2016	2017	2018	2019
\$ 28,560,000	\$ 26,515,000	\$ 24,750,000	\$ 22,310,000	\$ 21,740,000	\$ 39,940,000
4,490,978	3,980,130	3,456,965	9,915,000	9,080,000	8,270,000
45,479,021	41,559,868	37,263,034	28,175,000	23,045,001	17,975,001
311,630,868	327,955,701	337,158,512	349,102,604	370,922,156	398,288,948
314,975,684	350,686,613	427,620,861	463,069,349	510,270,136	569,188,401
2,417,444,609	2,779,735,083	3,490,967,838	3,812,520,675	4,202,837,020	4,728,955,006

CITY OF AVONDALE, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Schedule 20

Fiscal Year	Population⁴	Personal Income (in thousands)¹	Per Capita Personal Income¹	Estrella Mountain Community College Enrollment²	City of Avondale Unemployment Rate³	State of Arizona Unemployment Rate³
2019	82,605	\$ 3,939,763	\$ 47,694	15,061	4.5 %	4.9 %
2018	81,621	3,719,714	45,573	15,385	4.4	4.7
2017	80,073	3,594,077	44,885	14,811	4.6	5.1
2016	78,885	3,317,351	42,053	14,404	5.2	5.8
2015	78,090	3,256,665	41,704	13,915	6.0	6.4
2014	77,511	3,267,554	42,156	14,507	7.0	7.5
2013	79,132	3,162,590	39,966	14,444	7.9	8.0
2012	78,256	2,778,566	35,506	14,562	9.1	8.9
2011	77,388	2,818,267	36,417	15,093	8.4	9.6
2010	76,238	2,847,642	37,352	14,273	8.4	9.5

¹ Per Capita Personal Income is based on data obtained from the U.S. Department of Commerce, Bureau of Economic Analysis for Maricopa County. Personal Income (in thousands) is an estimate based on the population, multiplied by the Per Capita Personal Income.

² Obtained from Estrella Mountain Community College.

³ Based on data obtained from the U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Economic Security.

⁴ Based on data obtained from the Maricopa Association of Governments, U.S. Census Bureau, and Arizona Department of Administration Office of Employment & Population Statistics.

**CITY OF AVONDALE, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Schedule 21

Employer	2019			2010		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
City of Avondale	540	1	1.19 %	355	5	1.01 %
Avondale Elementary School District 44	470	2	1.03	395	2	1.12
Frys Food Stores	460	3	1.01	360	4	1.02
Tolleson Union High School District 214	350	4	0.77	345	6	0.98
Earnhardt Auto Center	320	5	0.70	-	-	-
Littleton Elementary School District 65	310	6	0.68	-	-	-
Agua Fria Union High School District 216	310	7	0.68	305	7	0.87
Costco Wholesale	310	8	0.68	210	9	0.60
Maricopa County Community College District	290	9	0.64	-	-	-
State of Arizona	290	10	0.64	-	-	-
Walmart			-	470	1	1.34
Avondale Automotive INC			-	385	3	1.09
Cummins Rock Mountain LLC			-	295	8	0.84
Universal Technical Institute (UTI)			-	205	10	0.58
Total	3,650		8.03 %	2,825		9.45 %

Source: Maricopa Association of Governments Employer Database and U.S. Department of Labor, Bureau of Labor Statistics - MAG 2019 and 2010 Employer Database

CITY OF AVONDALE, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013
General government				
City administration	9.0	10.0	10.0	9.0
Finance and budget	27.5	28.5	28.5	28.5
City court	14.0	13.0	13.0	13.0
Planning and building services	23.0	0.0	0.0	0.0
Other	37.2	36.2	36.2	28.0
Public safety				
Police				
Officers	121.8	120.8	120.8	133.0
Civilians	50.0	46.0	46.0	37.0
Fire				
Firefighters and officers	50.0	49.0	49.0	56.0
Civilians	8.0	8.0	8.0	3.0
Highways and streets				
Engineering and development services	18.0	34.0	34.0	20.0
Maintenance	10.0	10.0	10.0	23.0
Health and welfare	22.5	21.0	21.0	17.0
Economic and community development	1.0	3.0	3.0	9.0
Sanitation	18.0	19.0	19.0	21.2
Culture and recreation	38.0	29.0	29.0	33.0
Water resources	37.0	37.1	37.1	33.9
Sewer	19.0	18.9	18.9	20.9
Total	<u>504.0</u>	<u>483.5</u>	<u>483.5</u>	<u>485.5</u>

Source: City of Avondale, Arizona *Annual Budget and Financial Plan* for the applicable fiscal year.

Schedule 22

2014	2015	2016	2017	2018	2019
9.0	11.0	10.0	10.0	10.00	10.00
28.5	28.5	29.5	29.5	29.50	30.50
13.0	13.0	13.0	13.0	14.00	14.00
0.0	0.0	0.0	0.0	0.00	0.00
40.0	40.0	45.5	40.5	33.00	33.00
124.0	127.0	128.0	128.0	134.00	138.00
47.0	45.0	47.0	54.0	50.00	48.00
71.0	63.0	63.0	65.0	64.00	64.00
3.0	11.0	12.0	10.0	13.00	13.00
28.0	17.0	16.0	29.0	31.00	31.00
12.0	10.0	12.0	9.3	16.90	18.90
19.8	10.0	10.0	24.5	22.50	22.50
4.0	4.0	4.0	4.0	4.00	5.00
18.0	35.8	36.8	20.3	20.50	21.50
28.3	33.0	26.3	27.8	27.75	34.75
35.1	33.1	33.1	34.5	33.80	33.80
20.9	21.1	21.1	21.5	21.80	21.80
<u>501.5</u>	<u>502.5</u>	<u>507.3</u>	<u>520.9</u>	<u>525.75</u>	<u>539.75</u>

**CITY OF AVONDALE, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2010	2011	2012	2013
Police				
Calls for service	73,884	78,961	77,800	80,901
Citations	6,167	6,487	7,348	6,461
Physical arrests	3,080	4,234	3,461	3,727
Fire				
Number of emergency responses	5,965	6,057	6,601	8,307
Inspections	3,077	3,296	3,041	3,286
Number of fires extinguished	493	451	241	233
Sanitation				
Refuse collected (tons per day)	134	141	132	133
Recyclables collected (tons per day)	46	52	48	44
Water				
New connections	22,992	23,251	23,616	23,839
Water mains breaks	12	10	14	13
Average daily consumption (thousands of gallons)	11,850	11,300	13,992	13,694
Wastewater				
Average daily sewage treatment (thousands of gallons)	4,886	5,159	5,310	5,740

¹ Indicators are not available for the general government function.

Source: City departments.

Schedule 23

2014	2015	2016	2017	2018	2019
73,718	76,687	74,491	76,704	69,878	67,581
4,930	7,165	5,238	2,497	2,964	3,148
3,792	4,635	4,418	4,355	4,186	3,431
8,471	9,861	10,004	10,578	11,532	10,670
3,265	3,529	3,384	2,151	2,422	2,516
245	416	557	403	403	1,361
134	143	145	146	146	147
46	47	47	49	49	49
23,058	23,150	24,560	27,375	27,306	24,287
6	7	9	-	-	6
13,835	12,849	12,863	13,698	13,497	11,867
6,092	5,810	5,627	5,718	5,711	5,741

**CITY OF AVONDALE, ARIZONA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2010	2011	2012	2013
Public Safety				
Police:				
Stations	4	4	5	5
Patrol units	93	116	101	101
Fire stations				
Stations	3	3	3	3
Fire trucks	7	7	7	8
Fire vehicles (excl. fire trucks)	16	16	16	14
Sanitation				
Collection trucks	18	18	18	20
Highways and streets				
Streets (miles)	285	285	286	286
Streetlights	7,739	7,739	7,771	7,829
Traffic signals	42	46	46	46
Culture and recreation				
Parks acreage	265	265	265	265
Parks	11	11	11	11
Racquetball courts	0	0	0	0
Basketball courts	14	18	18	18
Volleyball courts	0	0	0	0
Baseball fields	4	4	4	4
Softball fields	7	7	7	7
Soccer fields	12	14	14	14
Swimming pools	0	0	0	0
Tennis courts	2	2	2	2
Community centers	1	1	1	1
Dog park	1	1	1	1
Playgrounds	8	8	8	8
Amphitheatre	2	2	2	2
Ramadas	12	12	12	12
Football Field	1	1	1	1
Splash Pad	0	0	0	0
Pickleball Courts	0	0	0	0
Water				
Number of service connections	22,992	23,251	23,616	23,839
Water mains (miles)	318	330	330	330
Fire hydrants	2,703	2,711	2,714	2,719
Sewer				
Number of service connections	21,471	21,479	21,852	21,979
Sanitary sewers (miles)	235	235	235	235
Storm sewers (miles)	37	37	39	39
Wastewater				
Treatment plants	1	1	1	1

¹ Indicators are not available for the general government function.

Source: City departments.

Schedule 24

2014	2015	2016	2017	2018	2019
5	5	5	5	5	5
102	107	108	116	111	113
4	4	4	4	4	4
9	10	10	10	11	11
18	12	12	18	14	19
17	22	19	19	18	18
294	294	266	283	261	309
7,829	7,843	7,958	7,964	7,964	8,113
47	47	48	47	49	48
265	265	265	265	265	310
11	11	11	11	11	11
0	0	0	0	0	0
18	18	18	18	18	20
0	2	2	2	2	2
4	4	4	4	4	6
7	7	7	7	7	7
14	14	12	12	12	12
0	0	0	0	0	0
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	2
8	8	8	8	8	9
2	2	2	2	2	2
12	12	15	15	15	20
1	1	1	1	1	1
0	0	1	1	1	2
0	0	4	4	4	8
23,058	23,150	23,276	23,610	24,259	24,287
450	451	444	335	444	448
2,728	2,733	2,733	2,831	2,752	2,764
22,042	22,125	22,130	22,683	22,162	22,199
237	237	237	243	243	243
60	60	58	58	35	36
1	1	1	1	1	1